



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)



2015 Annual Report
年報



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EXECUTIVE DIRECTORS 執行董事

WU Kebo (*Chairman*)
伍克波 (主席)

MAO Yimin
毛義民

LI Pei Sen
李培森

WU Keyan
伍克燕

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

LEUNG Wing Chong
梁穎莊

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

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

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

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
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

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

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

WEBSITE
網址

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

STOCK CODE
股份代號

1132

Biographical Details of Directors

董事個人履歷

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Wu Kebo (“Mr. Wu”)

Aged 52

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

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Mr. Mao Yimin (“Mr. Mao”)

Aged 38

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」)

五十二歲

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

執行董事兼首席執行官兼首席財務官

毛義民先生(「毛先生」)

三十八歲

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本公司首席執行官(「首席執行官」)。毛先生由二零一一年五月六日至二零一二年一月一日出任首席財務官。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，累積豐富之法定報告、財務分析、風險控制及併購經驗。毛先生於二零零三年畢業於澳洲新南威爾士大學，獲得商業碩士學位，彼亦為澳洲會計師公會會員。

EXECUTIVE DIRECTORS

Mr. Li Pei Sen (“Mr. Li”)

Aged 68

Mr. Li joined the Company as a non-executive director in March 2009 and was re-designated as an executive director of the Company in April 2010. He is also the associate chairman of OSEG. Mr. Li was an associate director of China TV Production Centre in 1994 and the general manager of China Central Television in 1996. In 1997, Mr. Li joined China International Television Corporation (“TVC”) as president and was involved in its corporate structuring. During his presidency at TVC, Mr. Li was also in charge of television production, as well as the domestic and global licensing business of Chinese television programmes. Prior to joining OSEG as the associate chairman, Mr. Li served as the director of China TV Production Centre in 2000. Mr. Li has over 15 years of working experience in film and television series production and acted as the producer of more than a thousand episodes of television series, including a number of popular and high audience rating titles such as *All men are brothers: blood of the leopard*, *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 45

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

執行董事

李培森先生(「李先生」)

六十八歲

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

伍克燕女士(「伍女士」)

四十五歲

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

Biographical Details of Directors

董事個人履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 62

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

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

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

Aged 67

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 the chairman of Acer Inc., and a supervisor of 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.

獨立非執行董事

梁民傑先生 (「梁先生」)

六十二歲

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

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

黃少華先生 (「黃先生」)

六十七歲

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之主席以及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。

Ms. Wong Sze Wing (“Ms. Wong”)

Aged 37

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.

黃斯穎女士(「黃女士」)

三十七歲

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



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 hereby present this annual report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 (the "Year") to our shareholders.

During the Year, the Group recorded revenue of HK\$1,277 million, representing an increase of 18% year-on-year. However, the Group suffered from a net loss of approximately HK\$181 million for the year ended 31 December 2015. The net loss was mainly due to an exchange loss suffered from the depreciation of renminbi, loss on invested film, cost associated with the share options granted under the share option scheme of the Company, impairment of assets as well as increased operating and financing costs for developing and running of the exhibition business in the PRC. During the Year, the Group opened 11 new cinemas with 75 screens, bringing total numbers of operating cinemas to 97 cinemas with 716 screens across the PRC, Hong Kong, Taiwan and Singapore. The Group maintained its leading position and steady growth in matured markets in 2015. Moreover, the exhibition business of the Group hit a

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」)向股東呈報本公司及其附屬公司(「本集團」)截至二零一五年十二月三十一日止年度(「本年度」)之年報。

於本年度，本集團收入按年上升18%至12.77億港元。然而，截至二零一五年十二月三十一日止年度，本集團錄得淨虧損約1.81億港元。淨虧損主要由於人民幣貶值導致匯兌虧損、電影投資虧損、按本公司購股權計劃下授出購股權產生之成本、資產減值，以及於中國發展及經營影城業務之營運和融資成本增加。於本年度，本集團新增11家影城，共75塊銀幕，令集團於中國、香港、台灣及新加坡營運之影城總數達97家，共有銀幕716塊。本集團於二零



record high admission by serving approximately 51 million patrons representing an increase of approximately 20% and generated a total of approximately HK\$2,670 million gross box office receipts, which was in line with the general market.

BUSINESS REVIEW

The PRC's movie market has been fueled by a growing urban middle class with more disposable income and improving movie quality in recent years. 2015 was a stellar year for the PRC movie market in which broke through the RMB 40 billion benchmark in terms of box office revenue for the first time in history, recorded an increase of 48.7% to RMB 44 billion. That pace of revenue growth made the PRC the world's second largest movie market and is expected to take over the U.S. as the largest market in the coming years. The awareness of the PRC home-made movies also increased and accounted for nearly 60% of the total box office revenue regardless the international box office powerhouses *Fast & Furious 7* (*狂野時速7*) topped the chart. The 3D fantasy adventure film *Monster Hunt* (*捉妖記*) became the country's highest-grossing home-made film in the Year. In order to capture the huge potential of the PRC movie market, the Hollywood blockbusters have added more Chinese related components in films flourishing the overall PRC movie market and established joint venture companies with PRC production houses and equity investors to grasp this market opportunity. The massive expansion of new multiplexes not only stimulated the industry growth but also causing intense ticket price competition among the industry that affect the Group's box ticket revenue and the market share in the Year. During the year under review, the Group's gross box office receipts generated by multiplexes in Mainland China increased by 30% to RMB752 million compared with the same period last year.

一五年在成熟的市場保持領導地位及穩定增長。此外，本集團影城業務錄得新高入場觀眾人次約5,100萬，增長約20%及為總票房帶來合共約26.7億港元，走勢與整體市場一致。

業務回顧

近年，城市的中產階級崛起，可支配收入亦較高，加上電影質素提升，推動中國電影市場迅速擴張。二零一五年是中國電影市場輝煌的一年，票房收入增長48.7%至人民幣440億元，是史上首次突破人民幣400億元大關。這收入增長的步伐讓中國成為世界第二大的電影市場，並且有望於未來數年超越美國成為全球最大電影市場。市場對國產電影的關注度亦有所提高，撇除全球票房冠軍《*狂野時速7*》，國產電影佔總票房收入近60%，而3D奇幻冒險電影《*捉妖記*》更成為本年度全國最賣座國產電影。為捕捉中國電影市場的龐大潛力，荷里活大片紛紛於電影中加入更多中國元素，讓中國整體電影市場發展更蓬勃，並透過與中國制作公司及股份投資者成立合營企業，抓緊市場機遇。多廳影城大規模擴張雖刺激行業增長，但亦為行業引來激烈的票價競爭，影響本集團本年度票房收入及市場份額。回顧年內，本集團於中國內地影城之票房總收入為人民幣7.52億元，較去年同期增長約30%。

Chairman's Statement

主席報告書

The Group invested in numerous cinemas in the PRC, Hong Kong, Taiwan and Singapore in the past years. In 2015, the revenue of the market box office in Hong Kong, Taiwan and Singapore recorded an increase of 21.5%, 18.5% and 5% respectively. In the Year, 3 self-owned cinemas in the PRC with 25 screens have been built, together with 6 cinemas with 32 screens acquired in the PRC during the year, the Group has totally operated 97 cinemas with 716 screens. A new cinema located at Tainan Dream Mall comprising 10 screens was opened in January 2015 which includes one of the largest IMAX theatres in Tainan and a Gold Glass theatre with full kitchen. In Hong Kong region, Whampao GH Cinema was renovated in late 2015 with an aim to offer better audio and visual experience and comfort to our audience. The Group will continue to expand its footprint in second tier cities in the PRC seeing the huge penetration potential of the movie market in the PRC, and simultaneously identifying collaboration or acquisition opportunities in its existing business areas in order to safeguard our leading position in the movie industry of the region.

In an environment of exploding choices for customers, it is more vital than ever that we engage audiences with experiences that break out and endure. We installed advanced sound and screening system and equipment such as panorama Dolby Atmos sound system, digital IMAX screen, giant screen, 4K Projection System, 4DK and D-Box Motion Chairs in the cinemas of most of our operating regions so that consumers can experienced the first-class movies viewing enjoyment especially the high spending audiences. Benefiting from our membership scheme, official web-site and APP channels of which not only allowed consumers a more convenient ticketing practice, but also reinforced loyalty of our customers. We will keep serving with complete set of advanced hardware so as to bring audiences to the reality in movies.

Breakthrough content drives ultimate value of our movies. In 2015, the Group distributed 2 of the top 10 Hong Kong movies, *Little Big Master* (五個小孩的校長) and *From Vegas to Macau II* (賭城風雲II) in terms of box office revenue, in particular, the former was ranked the bestselling movie in Hong Kong. The Group remains a leading position in the Hong Kong movie market and drive the trend in movie market continuously. The Group is confident in film distribution business and devotes in sourcing quality film from different markets in order to capture various customers' preferences. The Group also had a few good scripts of both movies and TV series on hand awaiting for production in the coming years.

PROSPECTS

Looking forward, despite the unsatisfactory economic environment, for the six days of Lunar New Year, the market box office revenue of the PRC recorded RMB 3 billion representing an increase of approximately 70%, marked the strongest Chinese New Year box office in history. The exhibition industry in the PRC market is expected to out-perform US and become the world's largest market within the next decade. The Group will continue to captivate audience attention by distribution and production of quality films in variety to monetize our content, and thus strengthen our competitive edge and company value. In addition, the Group will continue to expand our cinema network through organic growth as well as acquisitions and at the same time improved the efficiency of matured cinemas and drive for better profitability. The Group plans to accelerate the construction of cinemas in the next 3 years, with the increase in the number of screens not less than 20% on average each year.

本集團過去數年積極於中國、香港、台灣及新加坡投資多間影城。於二零一五年，香港、台灣及新加坡市場的票房收入分別錄得增長21.5%、18.5%及5%。於本年度，中國自建3家共25塊銀幕的影院，連同本年度於中國收購6間共32塊銀幕的影院，本集團共營運97家影院，共716塊銀幕。台南夢時代商場的新影院已於二零一五年一月開業，屬台南最大的IMAX影院之一，配有10塊銀幕，並設有設備齊全的廚房之「Gold Class」影院。香港方面，為提供更優質的聽覺及視覺感受，以及更舒適的體驗，嘉禾黃埔影院於二零一五年下半年完成翻新工程。有見中國電影市場的龐大滲透潛力，本集團將會繼續在內地二線城市擴張業務，並同時在現有業務範圍地區物色合作或收購的機會，以確保我們於區內電影行業的領導地位。

在顧客選擇多不勝數的環境下，提供具突破性及持久的經驗以吸引觀眾變得史無前例地重要。本集團在大部分經營地區之影院配備杜比全景聲音響系統、數碼IMAX銀幕、巨型銀幕、4K投影系統、4DK及D-Box Motion Chairs等先進影音系統及設備，讓顧客尤其高消費觀眾可享受一級電影觀賞體驗。受惠於我們的會員制度，官方網頁及應用程式渠道不但令顧客購票更便捷，亦能增強顧客的忠誠度。我們將持續為影院配備先進的硬件配套，讓觀眾猶如置身於電影的情節當中。

突破性的內容是我們電影之最終價值。於二零一五年，香港十大票房收入最高的電影中，《五個小孩的校長》及《賭城風雲II》兩部電影均由本集團發行，尤其前者更成為香港全年最賣座電影。本集團一直穩站於香港電影市場的領導地位，並持續帶領電影市場的潮流。本集團對電影發行業務充滿信心，並致力於不同市場上尋找具質素的電影以迎合不同顧客的喜好。本集團手上亦有多部優質電影及電視連續劇劇本供未來數年制作之用。

前景

展望將來，雖然經濟環境表現未如理想，但在農曆新年6天內，中國錄得電影票房增長約70%至人民幣30億元，為史上最強新春檔期。中國市場的影城業務預期將會超越美國，十年內成為全球最大電影市場。本集團將會繼續透過發行及制作多元化的優質電影吸引觀眾，創造盈利，從而提升競爭力及公司價值。此外，本集團將繼續透過內部增長及收購雙線擴展電影院網絡，並同時改善成熟影院的效率，以爭取更高的盈利能力。本集團計劃於未來三年加快電影院建設，每年新增屏幕平均不少於20%。

One of the main factors causing the loss of the Year was depreciation of renminbi. The Group will cautiously control the risk due to the fluctuation of currencies to secure our development sustainability. Besides, in spite of the current unfavorable economic prospects, the Group has been continuously supported by institutional investors, enabling us to expand our business on an ongoing basis. The investors not only show their confidence to the Company but also the movie industry as a whole. The Group will keep diversifying our funding sources through equity financing and will continue to invite strategic investors and industry partners to join our business.

In response to the price-sensitive consumers, the Group will anticipate in ticket pricing strategy enhancement optimising our profitability. We will increase our average ticket price in a stable pace and at the same time improve and strengthen our price adjusting system to react quickly to market responses. The Group will continue to explore movie and other entertainment-related investment opportunities and further expand our business scale conquering the industry boom in the PRC to consolidate the Orange Sky Golden Harvest as one of the top Chinese movie distributors and entertainment providers in the region.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to our valuable directors, stakeholders and business partners for their support. Also, I would like to extend my heartfelt thanks to the management team and staff members from different regions for their efforts and contributions under the fierce market situation, bring the Group forward to attain better results.

人民幣貶值乃導致本集團本年度錄得虧損的主因之一，本集團將會謹慎地控制外匯波動所帶來的風險，確保我們可持續發展。另外，縱使目前經濟前景未如理想，本集團仍得到投資機構的持續支持，讓我們不斷擴展業務。投資者不但對本公司，更對整體電影行業充滿信心。本集團將會繼續透過股權融資擴闊資金來源，並會持續邀請策略投資者及同業伙伴參與業務。

為應對對價格敏感度高的消費者，本集團將預期加強票價訂價策略，提升我們的盈利能力。我們將穩定地上調平均票價，並同時改善及加強我們的票價調整機制，以迅速回應市場反應。本集團將繼續發掘更多電影及其他與娛樂相關的投資機會，抓緊中國電影行業爆發的時機，進一步擴展業務規模，從而鞏固橙天嘉禾作為區內最大華語電影發行商及娛樂供應商之一的地位。

致謝

本人藉此機會就尊貴的董事們、權益持份者及商業伙伴所給予的支持深表謝意。另外，本人衷心感謝不同地區的管理團隊及員工在艱難的市場環境中的付出及貢獻，領導本集團繼續向前，創造更佳成績。

Management

Discussion & Analysis

管理層討論及分析



ORANGE SKY GOLDEN HARVEST'S CINEMA PORTFOLIO

橙天嘉禾影城組合

(as of 31 December 2015 截至二零一五年十二月三十一日)

		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	22	153	5.7	35
Southern	華南區	14	101	6.8	46
Central Western	中西區	14	107	3.7	35
Northern	華北區	17	113	5.1	42
Hong Kong	香港	6	24	2.7	78
Taiwan	台灣	13	127	17.4	58
Singapore	新加坡	11	91	9.3	57
Total	總計	97	716	50.7	53

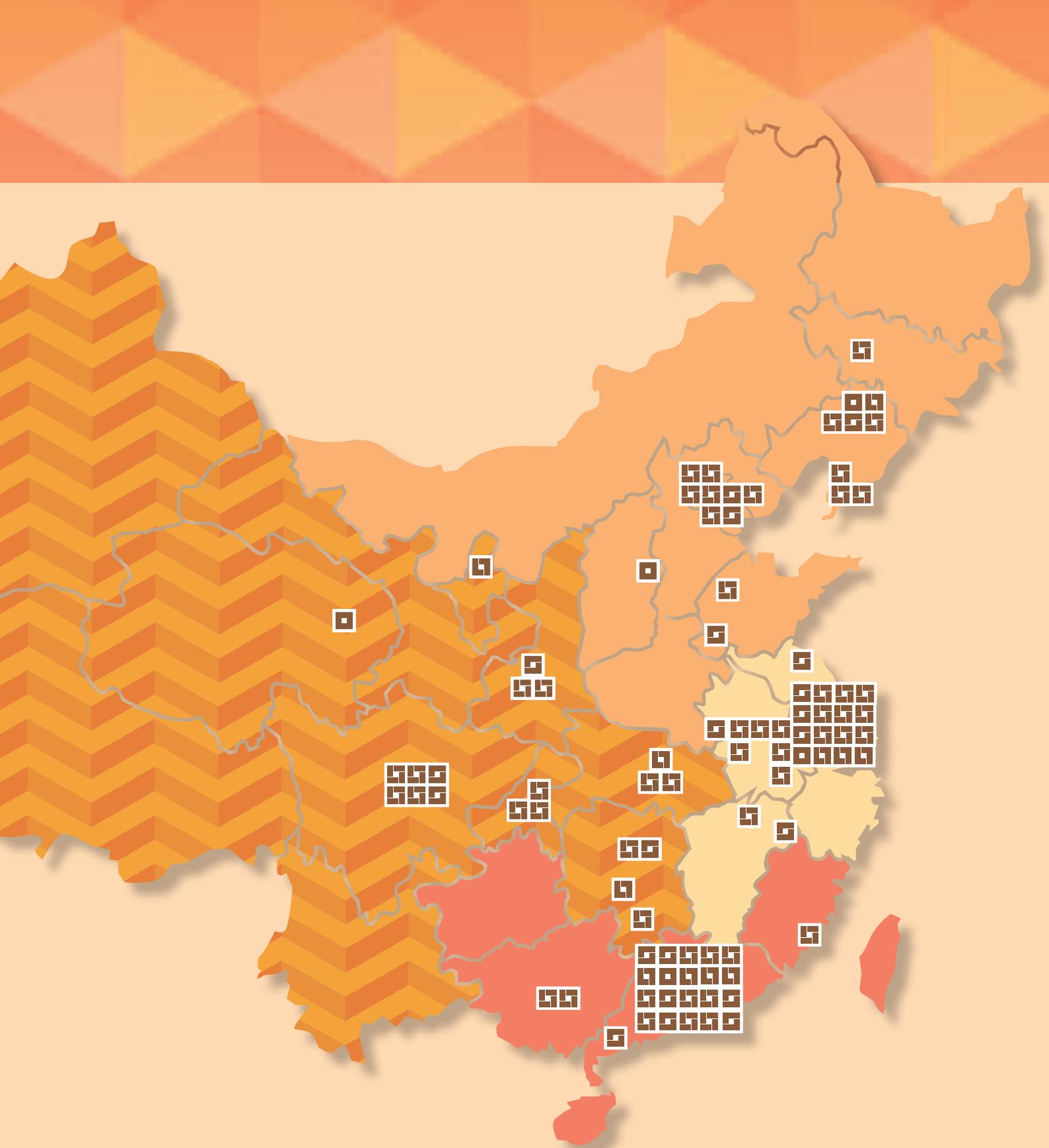
Acknowledgement 鳴謝

Anniversary 紀念日
Sun Entertainment Culture Limited 太陽娛樂文化有限公司

Insanity 暴瘋語
Distribution Workshop (HK) Limited 發行工作室(香港)有限公司

Paris Holiday 巴黎假期
Universe Entertainment Limited 寰宇娛樂有限公司





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)

Management Discussion & Analysis

管理層討論及分析

Northern China Region 華北區

17 Cinemas / 影城
113 Screens / 銀幕

Southern China Region 華南區

14 Cinemas / 影城
101 Screens / 銀幕

Eastern China Region 華東區

22 Cinemas / 影城
153 Screens / 銀幕

Central Western China Region 中西區

14 Cinemas / 影城
107 Screens / 銀幕

In 2015, the Group's revenue totalled **HK\$1,277 million**, an increase of **18%**

Gross profit grew from **HK\$641 million** to **HK\$729 million**

於二零一五年本集團錄得收益合共 **12.77 億港元**，增加 **百分之十八**

毛利由 **6.41 億港元** 增至 **7.29 億港元**

Management Discussion and Analysis

管理層討論及分析

OPERATION AND FINANCIAL REVIEW

As the production and operating costs of the movie industry were more challenging than before, during the year under review, the Group reported a net loss of HK\$181 million. The Group's revenue increased by 18% to HK\$1,277 million and the gross profit margin decreased 2% to 57% compared with the same period last year.

The revenue of the Group's cinemas slightly increased in different regions. The operations in Hong Kong recorded a steady growth in revenue in line with the market compared with the same period last year. As a result of the Renminbi depreciation during the year, the Group suffered from an exchange loss of HK\$41 million for the year. In addition, loss on an invested film of approximately HK\$14 million; a fair value loss relating to Mainland China's investment property of HK\$5 million and increased operating costs of newly opened cinemas for the year and other operating cost in Mainland China resulted in a net loss for the year.

As of 31 December 2015, the cash and cash equivalents of the Group amounted to HK\$187 million (2014: HK\$406 million). The Group's gearing ratio increased to 29% (2014: 26%). This was mainly due to bank borrowings increasing in the second half of the year.

BUSINESS REVIEW

Film Exhibition

During the year, the Group opened 11 cinemas with 75 screens. As of 31 December 2015, the Group operated 97 cinemas with 716 screens in total across Mainland China, Hong Kong, Taiwan and Singapore. Our cinemas served close to 51 million guests compared with 42 million guests for the same period last year. Gross box office receipts on a full and aggregated basis, were registered at HK\$2,670 million, representing a growth of 13% from last year. The major Hollywood blockbusters released this year were *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元), *Jurassic World* (侏羅紀世界), *Fast & Furious 7* (狂野時速7), *Mission Impossible: Rogue Nation* (職業特工隊: 叛逆帝國), *Ant-Man* (蟻俠) and *The Martian* (火星任務). The major Chinese-language blockbusters were *Goodbye Mr Loser* (夏洛特煩惱) and *Monster Hunt* (捉妖記) in Mainland China, *Little Big Master* (五個小孩的校長) and *From Vegas To Macau II* (賭城風雲II) in Hong Kong, *Our Times* (我的少女時代) and *The wonderful wedding* (大囍臨門) in Taiwan and *Ah Boys To Men 3: Frogmen* (新兵正傳3: 蛙人傳) in Singapore.

OPERATING STATISTICS OF THE GROUP'S CINEMAS

(For the year ended 31 December 2015)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	67	6	13	11
Number of screens*	474	24	127	91
Admissions (million)	21.3	2.7	17.4	9.3
Net average ticket price (HK\$)	40	78	58	57

* as of 31 December 2015

營運及財務回顧

由於娛樂行業的製作及經營成本均較以往更具挑戰性，回顧年內，本集團錄得淨虧損為1.81億港元。收益增加18%至12.77億港元，毛利率則比上年同期減少2%至57%。

本集團在各地的影城收益輕微增加，香港地區影城的收益與市場同步平穩增長。受人民幣貶值影響，本集團於年內產生之匯兌虧損4,100萬港元。此外，投資影片虧損約1,400萬港元；中國內地投資物業之公允價值虧損5百萬港元，年內新開幕影城之經營費用及中國內地其他經營費用增加，令年內產生淨虧損。

於二零一五年十二月三十一日，本集團之現金及現金等值項目為1.87億港元(二零一四年: 4.06億港元)。本集團之資產負債比率增加至29%(二零一四年: 26%)，主要由於下半年銀行借貸有所增加。

業務回顧

影城業務

年內，本集團開設11家影城共75塊銀幕，截至二零一五年十二月三十一日，本集團於中國內地、香港、台灣及新加坡共營運97家影城及716塊銀幕。本集團影城觀眾接近5,100萬人次，而去年同期為4,200萬人次。如按全數及總額基準計算，票房總收入達26.70億港元，較去年增長13%。年內上畫的荷里活猛片計有《復仇者聯盟2：奧創紀元》、《侏羅紀世界》、《狂野時速7》、《職業特工隊：叛逆帝國》、《蟻俠》及《火星任務》。華語大片則有中國內地上映之《夏洛特煩惱》及《捉妖記》；香港上映之《五個小孩的校長》、《賭城風雲II》；台灣上映之《我的少女時代》、《大囍臨門》及新加坡上映之《新兵正傳3：蛙人傳》。

本地集團各地影城之營運數據

(截至二零一五年十二月三十一日止年度)

	中國內地	香港	台灣	新加坡
影城數目*	67	6	13	11
銀幕數目*	474	24	127	91
入場觀眾(百萬人次)	21.3	2.7	17.4	9.3
平均淨票價(港元)	40	78	58	57

* 截至二零一五年十二月三十一日

Management Discussion and Analysis

管理層討論及分析

The Group is committed to provide a high-class and high-quality visual and audio effect for our audiences. All screens in the Group's operating regions have been fully installed with digital equipment and are 3D compatible. The Group added one digital IMAX screen in Taiwan this year and ultra-high resolution SONY 4K Projection Systems are installed in most of our Mainland China multiplexes.

Meanwhile, all of our cinemas in Hong Kong are equipped with D-Box Motion Chairs and continue to own the exclusive right to operate D-Box Motion Chairs in the region. In Taiwan, the Group operates 7 digital IMAX screens, business-class theatres served by a dedicated catering team and new concessionary counters branded "CHEF JOHN" and "WOOD CASE" were launched this year to meet rapidly changing consumer expectations for the ancillary movie-watching experience. In Singapore, the Group has revamped the shopping mall in Tiong Bahru Plaza with private lounges and plush electronic recliner seats installed for our VIPs and members.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	2015	2014
Number of cinemas*	67	59
Number of screens*	474	420
Admissions (million)	21.3	16.5
Net average ticket price (RMB)	33	32
Gross box office receipts (RMB million)#	752	581

* as of 31 December 2015

before deduction of government taxes and charges

本集團將繼續提供優質聲畫服務，為觀眾帶來完美的觀賞體驗。本集團各地之影城銀幕均已安裝數碼設備，並支援3D放映。於台灣，本集團於年內安裝一塊數碼IMAX銀幕並於中國內地大部分多廳影城安裝索尼4K超高解像投影系統。

而香港影城亦全配備D-Box Motion Chairs，並繼續擁有D-Box Motion Chairs之獨家經營權。於台灣，本集團於年內經營7塊數碼IMAX銀幕，並引入設有專人餐飲團隊提供服務之商務影城，及新增設品牌專賣櫃位「CHEF JOHN」及「WOOD CASE」，務求滿足消費者對周邊觀賞體驗不斷轉變的期望。於新加坡，本集團於年內翻新中峇魯商場，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。

中國內地

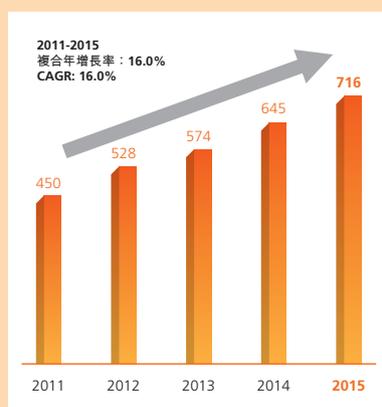
本集團中國內地影城之營運數據

	二零一五年	二零一四年
影城數目*	67	59
銀幕數目*	474	420
入場觀眾(百萬人次)	21.3	16.5
平均淨票價(人民幣元)	33	32
票房總收入(人民幣百萬元)#	752	581

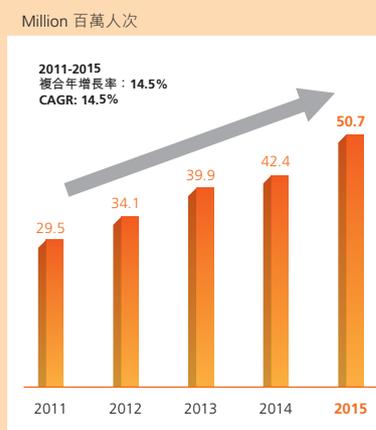
* 截至二零一五年十二月三十一日

扣除政府稅項及徵費前

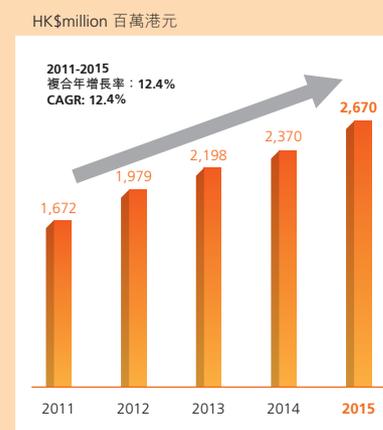
OSGH CINEMAS TOTAL SCREENS NUMBERS 橙天嘉禾影城的銀幕總數



OSGH CINEMAS TOTAL ADMISSIONS 橙天嘉禾影城的總觀影人次



OSGH CINEMAS TOTAL BOX OFFICE RECEIPTS 橙天嘉禾影城的總票房收入



Management Discussion and Analysis

管理層討論及分析

In 2015, the market gross box office receipts of urban areas in Mainland China increased by 48% to RMB44 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 30% compared with the same period last year. During the year under review, the Group opened 3 new cinemas with 25 screens in the cities of Shenyang, Wuhan and Changsha and acquired 6 cinemas with 32 screens from local operators in the cities of Shenzhen, Shanghai, Changchun and Fushun. The Group's multiplexes in Mainland China served approximately 21 million patrons, representing 29% growth from the same period last year. A new concept store at Mission Hill, the first standalone IMAX building in southern China comprising 7 three dimensional theatres with 4K digital technology, commenced trial operation in December 2015 and successfully opened in January 2016. The concept store consists of a book store, food and beverage sections, creating a comprehensive and relaxing entertainment environment for our customers. The average ticket price slightly increased from RMB32 to RMB33 because more 3D films with higher ticket prices were released and because of our price adjusting policy launched in third quarter of the year.

A lot of popular films released during the year like *Monster Hunt* (捉妖記), *Goodbye Mr. Loser* (夏洛特煩惱), and *Fast & Furious 7* (狂野時速7), successfully attracted a lot of supporters. Local home made movies accounted for 62% of the national box office revenue this year. The Group still offers special discount promotions for our newly opened multiplexes to attract traffics and membership. To attract and retain our audiences, the Group will continue to offer discount promotions, membership privilege programs and activities as well as on-line and app ticket purchasing to drive the growth of the average ticket price and watching frequency of our customers and members and at the same time provide a better value for money experience and better service to our audiences.

The net loss of our exhibition business in Mainland China was HK\$96.8 million this year. In response to the price-sensitive consumers, the Group will review its ticket pricing strategy enhancement to optimise our profitability. We will increase our average ticket price at a stable pace next year and at the same time improve and strengthen our price adjusting system to react quickly to market responses. More importantly, the Group will improve the performance efficiency of existing mature cinemas by boosting box and non box office revenue as well as implementing cost controls. In order to diversify the Group's business, the Group will continue to identify investment opportunities in entertainment and other business sectors with potential to further diversify its business and broaden the income sources to maximise the return to its shareholders.

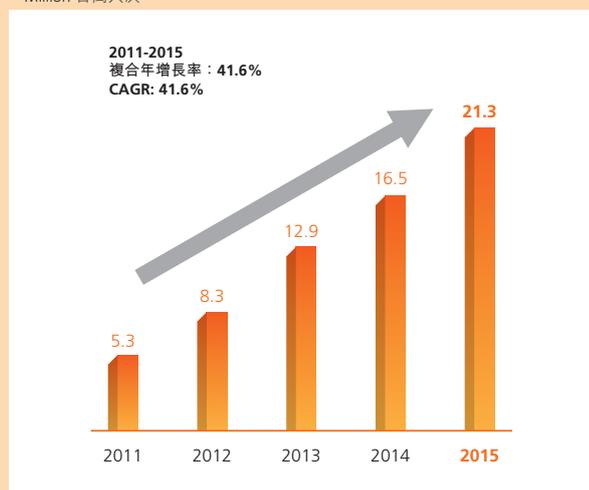
於二零一五年，中國內地城市地區之票房總收入上升48%至人民幣440億元，而本集團在中國內地之多廳影城所產生票房總收入則較去年同期增加30%。於回顧年內，本集團於瀋陽、武漢及長沙共增設3家新影城共25塊銀幕，併購本地營運商取得6家影城共32塊銀幕，影城分佈於深圳、上海、長春及撫順。本集團於中國內地之多廳影城服務觀眾約2,100萬人次，較去年同期增長29%。位於觀瀾湖的全新概念影院於二零一五年十二月試業，並於二零一六年一月正式開業，是華南首個單棟式IMAX影廳，備有7家配合4K數碼技術的3D影院。該概念影院同時包含書店、餐飲區，將更完善、輕鬆的娛樂環境帶給每位顧客。年內上映之高票價3D電影數量較多，故平均票價由人民幣32元微升至人民幣33元，年內第三季度作出的格價調整修訂也有助提升。

年內有多套受歡迎之電影上映包括《捉妖記》、《夏洛特煩惱》及《狂野時速7》等，均吸引無數觀眾支持。本地製作之電影佔全國票房總收入62%。為吸引人流及會員，本集團仍然為新開業多廳影城提供特別折扣優惠。由於現今觀眾對高質素娛樂需求日益增加，為了留住影迷，本集團將進行更多市場推廣活動，例如提供折扣優惠，透過增加會員福利計劃、專享活動包括透過網上或應用程式購票，吸引顧客及會員的觀影頻次，加上不斷提升影城的服務質素，藉以推動平均票價增長，務求為觀眾帶來物超所值之體驗。

年內，中國內地影城業務之淨虧損為9,680萬港元。對於價格敏感的消費者而言，本集團將不斷檢視票價策略，從而優化本集團的營利能力，並於下年度確在穩健的步伐中將票價向上調整，同時亦會因應市場反應，致力改善及加強票價調整機制。本集團亦將實行成本控制，以及改善票房及非票房收入，務求令現有成熟影城能提供更理想的回報。為了令本集團的業務更多元化，本集團將繼續於娛樂及其他有潛力的業務領域物色各種投資機遇，以進一步多元化其業務及拓展收入來源，從而使股東回報得以最大化。

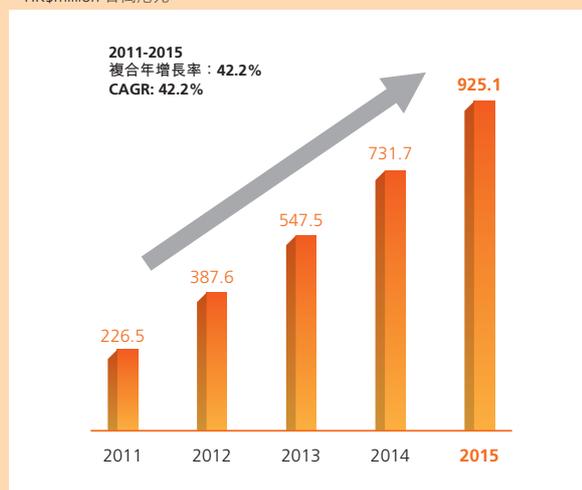
OSGH PRC CINEMAS ADMISSIONS 橙天嘉禾中國內地影城的觀影人次

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 and Analysis

管理層討論及分析

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	2015	2014
Number of cinemas*	6	6
Number of screens*	24	24
Admissions (million)	2.7	2.4
Net average ticket price (HK\$)	78	72
Gross box office receipts (HK\$ million)	212	174

* as of 31 December 2015

During the year under review, the Hong Kong market as a whole recorded box office receipts of HK\$1.98 billion, substantially up by 20% from HK\$1.65 billion for the same period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$212 million this year (31 December 2014: HK\$174 million), representing an increase of 21.8% over the same period last year, slightly better than the general growth in the market. GH Whampoa cinema was revamped in late 2015 with new stadium seating which offers better sightline and a higher level of comfortableness to audiences. The advance DTS:X sound system also provides an audio chilling experience. The GH Whampoa high concept design is also getting very good word of mouth comments from both customers and landlords. In 2016, we shall revamp our GH Citywalk to provide a more comfy and stylish environment. Also we shall continue our negotiation with potential landlords, hoping to secure 1 to 2 more cinema sites. In addition, concession-wise, we pumped up our product variety and pushed the sales of movie themed combo sets, successfully increasing our spending per person by over 11%. Our Coffee Corner "Why n.O.T.", with professional baristas preparing handcrafted coffee is a new try out in the cinema industry and was very well received. In 2016, we shall expand "Why n.O.T." to more locations.

During the year, we showed 21 alternative contents including a live concert in our circuit, a big jump from 2014 by more than 50%. Among all these, the Live Broadcast of Love Live Concert sold out over 2000 tickets within 1 hour. We successfully cultivated a big group of alternative content fans, making our cinema a real entertainment hub. In 2016, we foresee more than 40 alternative contents will be shown.

香港

本集團中國內地影城之營運數據

	二零一五年	二零一四年
影城數目*	6	6
銀幕數目*	24	24
入場觀眾(百萬人次)	2.7	2.4
平均淨票價(港元)	78	72
票房總收入(百萬港元)	212	174

* 截至二零一五年十二月三十一日

於回顧年內，香港市場之整體票房收入錄得19.8億港元，較去年同期之16.5億港元顯著增加20%。本年度，本集團香港影城之票房收入錄得2.12億港元（二零一四年十二月三十一日：1.74億港元），較去年同期增加21.8%，較市場一般的增幅略好。嘉禾黃埔影城於二零一五年下旬進行翻新工程，全新的影廳配備斜坡座位及DTS:X影音系統，務求為專貴客戶提供更好的視覺及聽覺享受，寬闊坐椅亦為影迷提供更好的觀感視線及為顧客提供更好的舒適度，這全新及高品質概念贏盡顧客及業主不少口碑。於二零一六年，本集團將會翻新嘉禾荃新天地影城，務求為顧客提供更舒適及時尚的優質環境。另外，本集團會繼續與潛在業主磋商，期望令業務擴展多一至兩個地點。再者，自本集團推出多元化的服務及專享優惠預訂小食，人均消費成功增加逾11%，我們更與優質品牌咖啡營辦商「Why n.O.T.」的專業咖啡師合作提供人工拉花咖啡，亦是首次於電影行業內提供該項嘗試。二零一六年，本集團會繼續擴充「Why n.O.T.」至其他影城。

年內，本集團上演21場電影以外之特備節目，較二零一四年增長超過50%。而且「Love Live Concert」更於1小時內賣出逾2000張門券。本集團成功構建一群圍繞電影以外的觀眾，致使我們的影城能正真成為提供娛樂的樞紐。於二零一六年，本集團將預計有多於40項節目帶給觀眾。

OSGH HONG KONG CINEMAS ADMISSIONS

橙天嘉禾香港影城的觀影人次

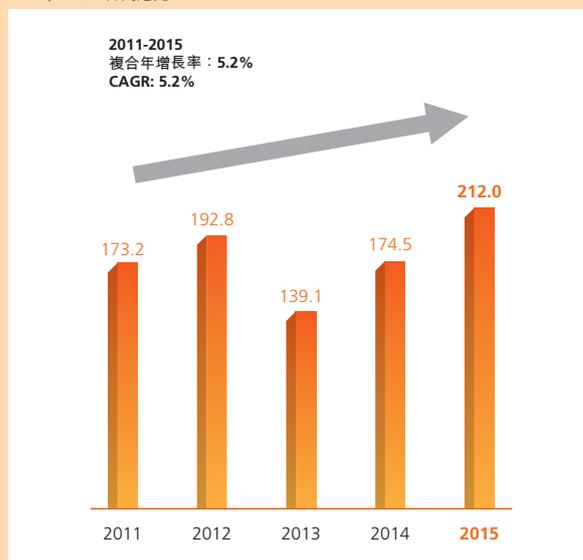
Million 百萬人次



OSGH HONG KONG CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾香港影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	2015	2014
Number of cinemas*	13	11
Number of screens*	127	109
Admissions (million)	17.4	14.4
Net average ticket price (NTD)	240	245
Gross box office receipts (NTD billion)	4.2	3.5

* as of 31 December 2015

During the year, Taipei City's market box office receipts amounted to NTD4.21 billion (2014: NTD3.71 billion), representing an increase of 13% over the previous year. The Group's 35.71% owned Vie Show cinema circuit recorded total box office receipts of NTD4,177 million (2014: NTD3,526 million), representing an increase of 18.5% compared to last year. Vie Show continued to maintain its leading position with a market share of 33%. To date, Vie Show owns 13 cinemas and 127 screens in Taiwan. The newest cinema with 9 houses and 1,749 seats is expected to have its grand opening at the MITSUI OULET PARK in Linkou of Taipei in mid-2016. During the year, box office receipts recorded an increase partially due to the opening of 2 new cinema multiplexes in Tainan and Miaoli. A digital IMAX® screen was installed in the new theatre in Tainan Dream Mall to bring a new visual experience to the audience. Meanwhile, record-breaking 3D Hollywood blockbusters released in the first half of 2015 raised both box office income and average ticket prices. The Group's share of net profit from Vie Show increased from HK\$20.7 million to HK\$38.2 million compared to the corresponding period last year. In addition, Vie Vision recorded considerable profit from distribution of *The Last Witch Hunter* (獵巫行動：大滅絕) and *The Tag-Along* (紅衣小女孩) during the year.

台灣

本集團台灣影城之營運數據

	二零一五年	二零一四年
影城數目*	13	11
銀幕數目*	127	109
入場觀眾(百萬人次)	17.4	14.4
平均淨票價(新台幣)	240	245
票房總收入(十億新台幣)	4.2	3.5

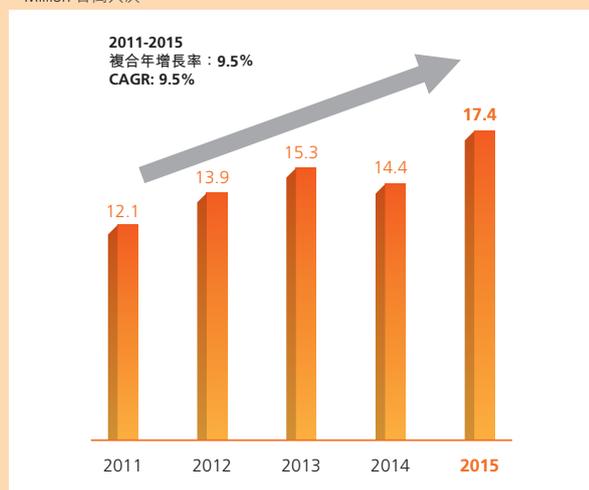
* 截至二零一五年十二月三十一日

於年內，台北市票房收入為42.1億新台幣(二零一四年：37.1億新台幣)，較去年同期增長約13%。而本集團擁有35.71%權益之威秀院線錄得票房總收入則較去年增加18.5%至41.77億新台幣(二零一四年：35.26億新台幣)。威秀一直佔據領先地位，其市場佔有率為33%。目前，威秀在台灣共有13座影城，127個影廳。最新一座影城預計二零一六年中於台北林口MITSUI OUTLET PARK盛大開幕，內設9個影廳及1,749個座位。本年度票房收入增加，部份原因由於台南及苗栗兩間新影城相繼開業，當中台南夢時代商場設有一塊數碼IMAX®銀幕影廳，為觀眾帶來嶄新的電影體驗。同時，二零一五年上半年電影取得較好的票房成績，尤其是破記錄的3D荷里活猛片。本集團分佔威秀之純利由去年同期2,070萬港元增至3,820萬港元。此外，威視年內發行的《獵巫行動：大滅絕》及《紅衣小女孩》亦為威視電影帶來可觀收益。

OSGH TAIWAN CINEMAS ADMISSIONS

橙天嘉禾台灣影城的觀影人次

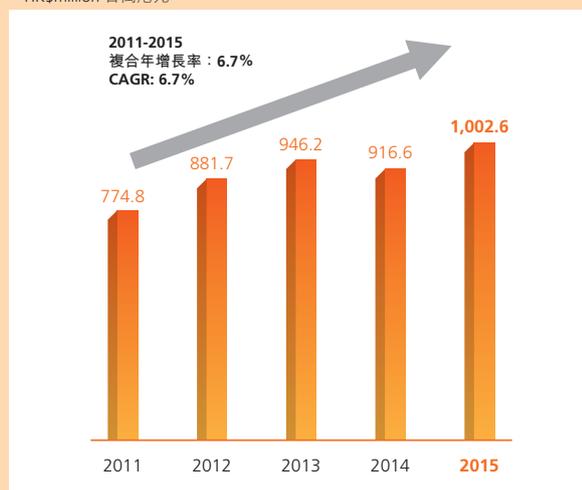
Million 百萬人次



OSGH TAIWAN CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾台灣影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

In order to upgrade service quality and efficiency, the Group adopted a comprehensive business strategy. Vie Show Cinema not only developed cinemas, but also actively developed IMAX screens and created its own restaurant brand as well as entertainment center related industry. The non-box-office revenue for the year was NTD1,617 million (2014: NTD1,289 million), representing an increase of 25% over the previous year. The Group has established "Gold-class Multiplexes" to deliver high-quality and diversified products to our customers. This attracted middle-class audiences who spent an average of NTD350 to NTD400 per person. Meanwhile, the "UNICORN" popcorn brand received a popular response from customers and has expanded its business counters to 6 cinema circuits. Vie Show will continue to launch new brands such as "CHEF JOHN" potato bar and "WOOD CASE" slow-cook fruit juice and milkshake bar to fulfil the market's demand. The Group will continue to invest in this segment and put significant effort into developing the non-box-office business and drive the growth of spending per person.

為進一步提升服務質素及效率，本集團採取了全面經營戰略。威秀不單只是發展影城，也致力發展巨幕、開創自有餐飲品牌及娛樂中心相關產業。非票房收入為16.17億新台幣(二零一四年：12.89億新台幣)，較去年同期增加25%。本集團開設了Gold-class多廳影城，為客戶提供優質多樣化的餐飲選擇，並提供高質素的餐飲服務，從而吸引更多中產階層觀眾，Gold-class的平均消費介乎350至400新台幣。此外，「UNICORN」爆米花品牌亦已成功把業務擴展至6個影城，深受客戶歡迎。此外，威秀將陸續開創新品類如「CHEF JOHN」薯條吧及「WOOD CASE」新鮮慢磨果汁及奶昔吧，以滿足市場需求。本集團將繼續投入更多資源，重點發展非票房業務，以及增加顧客平均消費額。

Singapore

Operating Statistics of the Group's Cinemas in Singapore

	2015	2014
Number of cinemas*	11	11
Number of screens*	91	92
Admissions (million)	9.3	9.1
Net average ticket price (S\$)	10.1	9.9
Gross box office receipts (S\$ million)	94	90

* as of 31 December 2015

新加坡

本集團新加坡影城之營運數據

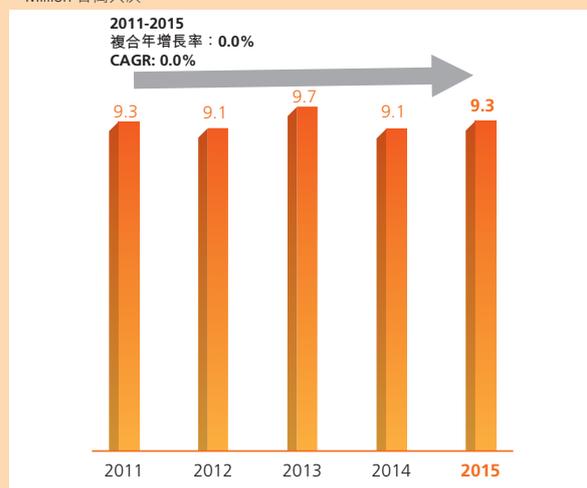
	二零一五年	二零一四年
影城數目*	11	11
銀幕數目*	91	92
入場觀眾(百萬人次)	9.3	9.1
平均淨票價(新加坡元)	10.1	9.9
票房總收入(百萬新加坡元)	94	90

* 截至二零一五年十二月三十一日

OSGH SINGAPORE CINEMAS ADMISSIONS

橙天嘉禾新加坡影城的觀影人次

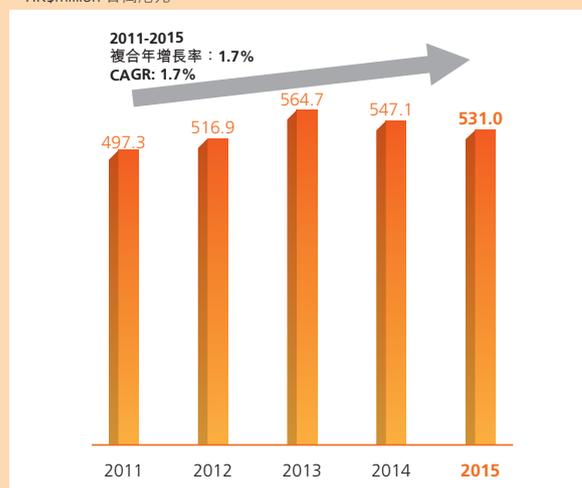
Million 百萬人次



OSGH SINGAPORE CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾新加坡影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

During the year, the Singapore market's box office receipts amounted to S\$221 million (2014: S\$208 million), representing an increase of 6.5% over the previous year. The Group's 50% owned Golden Village cinema circuit maintained its leading position with a market share of 43% by reported box office receipts of S\$94 million (2014: S\$90 million), representing an increase of 4% compared with the corresponding period last year. The increase in box office receipts was mainly due to the new cinema at the Suntec City Complex comprising 11 screens with Gold Class which opened last November. The performance of this new cinema was exceptional and able to achieve break-even during its first year of operation. Our operating cinemas continue to perform well despite renovations of Tiong Bahru sites during the year. In Singapore, GV will actively bid for potential cinema sites and expects to open 2 to 3 new cinemas in the next 2 years. Hollywood blockbusters are always popular in Singapore and bring stable profit contribution to the Group. Hollywood blockbusters released last year included *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元), *Jurassic World* (侏羅紀世界), *Fast & Furious 7* (狂野時速7), *Mission Impossible: Rogue Nation* (職業特工隊: 叛逆帝國), *Kingsman: the Secret Service* (金牌特務) and *Taken 3* (即刻救援3). During the Year, the Group's share of net profit increased by 17% from HK\$52 million for the corresponding period last year to HK\$61 million.

Film & TV Programme Distribution and Production

During the Year, the Group's film distribution and production business recorded revenue of HK\$57 million (2014: HK\$87 million), representing a decrease of 34% compared to last year. The distribution revenue was mainly generated from *Little Big Master* (五個小孩的校長), *From Vegas to Macau II* (賭城風雲II), *Full Strike* (全力扣殺), and a number of local releases in Hong Kong. For the production sector, the Group will continue to invest independently and cooperatively with local and overseas studios to produce movies and TV programmes of high quality and carry out intellectual property redevelopment in the next few years. The Group's film library with perpetual distribution rights kept on bringing steady licensing income to the Group.

於年內，新加坡票房總收入為2.21億新加坡元(二零一四年：2.08億新加坡元)，較去年同期增加6.5%。本集團擁有50%權益之嘉華院線繼續保持領導地位，市場佔有率為43%，年內錄得票房收入9,400萬新加坡元(二零一四年：9,000萬新加坡元)，較去年同期增加4%。票房收入增加主要由於新加坡新達城於去年十一月開業，內設11塊銀幕及Gold Class影廳。該新影城表現優越，營運首年已達致收支平衡。儘管Tiong Bahru影院於年內關閉裝修，但整體營運中的影院表現仍然良好。在新加坡，嘉華會積極競投有潛力的影院地點，並預計在未來2年內開設2至3個新的影院。加上荷里活猛片在新加坡市場一直叫座，為本集團帶來穩定的溢利貢獻。去年上畫的荷里活猛片主要包括《復仇者聯盟2：奧創紀元》、《侏羅紀世界》、《狂野時速7》、《職業特工隊：叛逆帝國》、《金牌特務》及《即刻救援3》。年內，本集團分佔純利由去年同期5,200萬港元上升17%至6,100萬港元。

電影及電視節目發行及製作

於回顧年內，本集團就電影發行及製作業務錄得收益5,700萬港元(二零一四年：8,700萬港元)，較去年同期減少34%。發行收入主要源自於香港區發行《五個小孩的校長》、《賭城風雲2》、《全力扣殺》及多部港產片。製作業務方面，本集團於未來數年，透過自資以及與本地及海外製作公司合作，繼續製作高質素的電影與電視或授權商品重新開發。本集團擁有永久性發行權之電影片庫，繼續為本集團帶來穩定版權收入貢獻。

PROSPECTS

Looking forward to 2016, the Group will continue our cinema networks expansion strategy. Our high calibre team in different regions will keep analysing potential sites, acquisition targets and cooperation opportunities in the market. The Group is expected to operate 79 cinemas with 530 screens in various cities in Mainland China by the end of 2016 based on lease agreements signed as at 30 March 2016. The captioned numbers above may vary due to the actual handover dates, the progress of internal renovations, applications for relevant licenses and the entering into of new lease agreements. Furthermore, a new cinema with 9 screens is expected to open in June 2016 in Taipei. Vie Show targets to develop 10 to 15 new cinemas in the coming 5 years. With regards to the cinema networks in Hong Kong, the Group will maintain a steady growth pace. We will revamp GH Citywalk to provide a more comfy and stylish environment in 2016. At the same time, we will continue our negotiation with potential landlords, hoping to secure 1 to 2 more sites. Meanwhile, we will expand the well-received coffee corner, "Why n.O.T" to more locations in order to provide customers a cosy environment to tie in with movie watching. In Singapore, GV will actively bid for potential cinema sites and expects to open 2 to 3 new cinemas in the next 2 years. GV Tiong Bahru has been entertaining movie goers for the past 22 years and was renovated to bring GV Tiong Bahru up to speed with the latest developments in cinematic infrastructure with new levels of comfort. GV Tiong Bahru will re-open in 2016 with an 800-seat theatre, with the latest cinema designs, offering a wide variety of movies and alternative content. New technological capabilities such as Quick tix™, automated ticketing machine and autogates are key features, giving patrons an easy, fast and efficient cinematic experience like none other. Through organic growth as well as potential acquisitions, plus the improvement of efficiency of mature cinemas, the profitability of the Group is expected to improve.

In recent years, more outstanding young film directors emerge in the movie industry, bringing new elements to movie production, as such, the Group will continue to support these innovative and reputable films. In addition, we continue to endeavour to source a variety of entertainments from abroad to offer a diversified choice for consumers' demand in the next few years, thereby increasing our market share and increasing our foothold in the entertainment industry. In 2016, we foresee more than 40 alternative contents will be shown in Hong Kong.

The economic slowdown clouded the Group's operations but the Group maintains a robust financial condition with adequate liquidity and will diversify our funding sources through equity financing to back our substantial development in the future. The Group will remain responsive to the price-sensitive entertainment market with a stable price adjusting pace. Adhering to not only our passion for movie production and distribution, but also the delivery of differentiated experiences that resonate with consumers, we are committed to the provision of prime entertainment in our business regions and upgrade continuously both software and hardware to reinforce the Group's core competitiveness and to rebuild the Group's recognition as the industry leader across Asia.

前景

展望二零一六年，本集團將繼續旗下特別是中國內地方面的影院網路擴張計劃，不同地區高質素團隊將持續分析市場上具潛力的地點、收購目標及合作機會。根據二零一六年三月三十日所簽訂之租賃協議，本集團預期將於二零一六年底在中國內地不同城市營運79家影城共530塊銀幕。上述數字或因實際接場日期、內部翻新及相關牌照申請進度以及訂立新租賃協定而有所變動。此外，台灣威秀影院旗下最新一座配備9塊銀幕影城預計在二零一六年六月在台北開幕。威秀目標於未來5年在台灣拓展10至15間影院。至於香港方面，本集團將會保持穩定的增長步伐。嘉禾荃新天地今年將會重新裝修，提供更舒適及時尚的環境。同時，我們將繼續與潛在開發地點的業主磋商，期望能取得一至兩個影院位置。同時，我們打算將廣受歡迎的「Why n.O.T」咖啡亭擴展至更多地點，為客戶提供一個更舒適環境觀賞電影。新加坡方面，嘉華會積極競投有潛力的影院地點，並預計在未來2年內開設2至3個新的影院。嘉華Tiong Bahru在過去22年一直為電影迷提供娛樂，該影院與時並進，目前已完成翻新工程，並已於二零一六年重開，設有800個座位，擁有最新的影院設計，提供多元化的電影及其他特別節目。全新的重點技術，包括Quick tix™、自動售票機及自動閘門，為顧客帶來前所未有的簡單、快捷及有效率之電影體驗。本集團的盈利能力將透過自身增長、收購及提高成熟影院的效率而有所改善。

近年，新進的電影導演在電影業嶄露頭角，為電影製作注入新元素，因此，本集團將會繼續支持此等創新及知名的電影。此外，為向普羅消費者提供更多選擇，我們將盡力從海外發掘不同的娛樂節目，以迎合他們未來數年的需求，從而提升本集團市佔率及增加在娛樂行業的立足點。我們預期，於二零一六年將會在香港播放逾40套電影以外的特別節目。

雖然經濟下滑的陰霾濃罩著本集團的營運，但本集團流動性充裕，可維持穩健的財政狀況，並會繼續通過股本集資令集資管道更多元化，以支持未來大量的發展計畫。我們不僅一直堅守對電影製作及發行的熱情，亦推出與眾不同的影片體驗吸引客戶，致力為業務所在地區提供優越的娛樂，同時不斷在軟體及硬體配套上升級，以加強本集團的核心競爭力及重建本集團作為亞洲電影業領導者的認可。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2015, the Group had cash and cash equivalents amounting to HK\$187 million (2014: HK\$406 million). The Group's outstanding bank loans totalled HK\$770 million (2014: HK\$724 million). The Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 29% (2014: 26%) and our cash to debt ratio at 36% (2014: 60%). As of 31 December 2015, the Group has HK\$101 million pledged cash balances to secure its banking facilities. In order to minimise potential risks for the Group's development and economic status, management will keep supervising gearing and will make relative adjustments if necessary. The Group at this moment has reasonable financial leverage. Meanwhile, the Group will take advantage of equity financing together with available bank loan facilities to aid the cinema projects, potential acquisitions in Mainland China and other business opportunities so as to act in concert with its expansion plan. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital requirements.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 31 December 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 1,566 (2014: 1,565) permanent employees. The Group remunerates its employees mainly by reference to industry practice. The Group also operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and as at 31 December 2015, there were no forfeited contributions arising from employees leaving the retirement benefit scheme.

財務資源及流動資金

截至二零一五年十二月三十一日，本集團之現金及現金等值項目達1.87億港元(二零一四年：4.06億港元)。本集團之未償還銀行貸款合共為7.70億港元(二零一四年：7.24億港元)。本集團按外部借貸除資產總值計算之資產負債比率約為29%(二零一四年：26%)，而現金負債比率則為36%(二零一四年：60%)。截至二零一五年十二月三十一日，本集團將為數1.01億港元之現金結餘質押，作為取得銀行融資之抵押。為了降低本集團的發展計畫及經濟狀況之潛在風險，管理層將繼續監察資產負債比率及於有需要時作出調整。目前，本集團財務槓桿比率合理。本集團將透過任何可動用的銀行貸款設施，為於內地的影城項目及潛在收購提供資金。本集團相信目前持有之現金及備用銀行融資將足以應付其營運資金需求。

本集團之資產與負債主要以港元及人民幣計值，惟若干與新加坡及台灣投資有關之資產及負債除外。本集團海外合營企業以當地貨幣經營業務，所承受之外匯風險較低。董事將持續評估外匯風險，並會考慮採取可行對沖措施，儘量以合理成本降低風險。截至二零一五年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務(二零一四年：無)。

僱員及薪酬政策

於二零一五年十二月三十一日，本集團聘用1,566名(二零一四年：1,565名)全職僱員。本集團主要根據行業慣例釐定僱員薪酬。本集團亦根據強制性公積金計劃條例設立定額供款退休福利計劃，而於二零一五年十二月三十一日，並無因僱員脫離退休福利計劃而產生任何沒收供款。

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 2015, the Company has complied with the code provisions of the CG Code except for the deviation from code provisions A.4.1 and E.1.2 of the CG Code with considered reasons as explained below.

Pursuant to code provision A.4.1 of the CG Code, non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. All non-executive directors of the Company were not appointed for a specific term but are subject to the requirement of retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as being appointed for a specific term. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the code provisions of the CG Code.

According to code provision E.1.2, Mr. Wu Kebo, the Chairman of the Board, shall attend the annual general meeting of the Company held on 5 June 2015. However, Mr. Wu Kebo was unable to attend the abovementioned annual general meeting due to other business commitment. Mr. Li Pei Sen, who took the chair of the said annual general meeting, together with other members of the Board who attended the general meeting were of sufficient calibre and knowledge for answering questions at the general meeting.

企業管治常規守則

董事會深明良好企業管治對維持本集團競爭力及推動業務穩健增長之重要性。本公司已採取措施，既遵守聯交所證券上市規則（「上市規則」）附錄14項下之企業管治守則（「企業管治守則」）所載守則條文，亦旨在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及E.1.2條守則條文之規定外，於截至二零一五年十二月三十一日止年度，本公司一直遵守企業管治守則之守則條文規定。

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

根據第E.1.2條守則條文，董事會主席伍克波先生須出席本公司於二零一五年六月五日舉行之股東週年大會。然而，伍克波先生因其他公務而未能出席上述股東週年大會。擔任上述股東週年大會主席之李培森先生，連同出席股東大會之其他董事會成員有足夠能力及知識於股東大會解答提問。

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 2015.

BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises four executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors" on pages 4 to 7 of this annual report.

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

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

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

董事進行證券交易

本公司已採納條款與上市規則附錄10所載上市發行人董事進行證券交易之標準守則(「標準守則」)同樣嚴格之守則。本公司已向全體本公司董事(「董事」)作出具體查詢，彼等均確認，於截至二零一五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，董事會由四名執行董事(包括董事會主席)及三名獨立非執行董事組成。彼等之履歷詳情載於本年報第4至7頁「董事個人履歷」內。

董事會共同負責監督本集團業務及事務之管理工作。董事會於年內定期會面，以討論整體策略以及本集團之營運與財務表現。有關(i)制定本集團整體策略及方向；(ii)本公司主要股東或董事之任何重大利益衝突；(iii)批准本集團年度業績、年度預算、中期業績及其他重大營運與財務交易；(iv)更改本公司之股本結構；及(v)就董事會作出重大委任之事項均由董事會決定。董事會已授權本公司執行董事及管理層負責本集團之日常管理、行政及營運，並實施及執行董事會政策及策略。

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

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

During the year ended 31 December 2015, Board meetings and general meetings of the Company were held and the composition of the Board and the attendance of the Directors at these meetings are as follows:

截至二零一五年十二月三十一日止年度曾舉行董事會會議及本公司股東大會，董事會組成及董事出席該等會議之情況如下：

Members 成員		Board Meetings Attended/Eligible to Attend	General Meetings Attended/Eligible to Attend
		曾出席／合資格 出席董事會會議	曾出席／合資格 出席股東大會
<i>Executive Directors</i> 執行董事			
Wu Kebo (Chairman)	伍克波(主席)	2/5	0/1
Wu Keyan (Note 1)	伍克燕(附註1)	5/5	1/1
Mao Yimin	毛義民	5/5	1/1
Li Pei Sen	李培森	5/5	1/1
<i>Independent non-executive Directors</i> 獨立非執行董事			
Leung Man Kit	梁民傑	4/5	1/1
Huang Shao-Hua George	黃少華	5/5	1/1
Wong Sze Wing	黃斯穎	5/5	1/1

Note:

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

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 2015, the total number of independent non-executive Directors met the minimum number as required under Rule 3.10(1) of the Listing Rules.

附註：

- 伍克燕女士為伍克波先生之胞妹。

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上述董事委員會會議之程序。全體董事及董事委員會成員須親身出席董事會及董事委員會會議，任何董事或董事委員會成員若未能親身出席該等會議，該等董事及董事委員會成員可透過已安排之電子方式參與會議。

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

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

截至二零一五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。

Corporate Governance Report

企業管治報告

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.

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 2015. Mr. Leung, Mr. Huang and Ms. Wong received briefings on updates of the new financial reporting requirements from the auditors at the audit committee meetings and were also provided with reading materials about risk management and internal controls. All the Directors, namely Mr. Wu, Mr. Mao, Mr. Li, Ms. Wu, Mr. Leung, Mr. Huang and Ms. Wong, were provided with reading materials on updates about taxation and corporate governance and also attended a seminar on the said updates organised by the Company. 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, the Board reviewed of the effectiveness of the internal controls and risk management systems of the Company.

董事會已接獲各獨立非執行董事有關彼等之獨立身分之書面確認，董事會認為，根據上市規則第3.13條，全體獨立非執行董事均屬獨立人士。

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

如有任何新委任董事，彼將獲提供所需入職培訓及資料，確保彼對本公司營運及業務以及彼根據上市規則、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。截至二零一五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獲核數師簡介新財務報告要求之最新資料，並獲提供有關風險管理及內部監控之閱覽資料。全體董事(即伍先生、毛先生、李先生、伍女士、梁先生、黃先生及黃女士)均獲提供有關稅務及企業管治最新資訊之閱覽資料，並已出席由本公司舉辦有關上述最新資訊之研討會。全體董事已根據企業管治守則各自向本公司提供彼等之培訓記錄。

企業管治功能

董事會負責履行之企業管治職責包括：

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

年內，董事會已檢討本公司內部監控及風險管理制度之成效。

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. Leung Wing Chong has been appointed as the company secretary ("Company Secretary") of the Company with effect from 30 September 2015. 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 2015, 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務之充分、完整及可靠資料。主席亦鼓勵董事積極參與董事會，為董事會全力作出貢獻，以使董事會有效運作，並能按本公司最佳利益行事。

首席執行官毛先生專責策略謀劃及評估本公司之合併與收購機會。

本公司主席與首席執行官之間並無任何財務、業務、家族或其他重大／關連關係。

非執行董事

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

公司秘書

梁穎莊女士於二零一五年九月三十日獲委任為本公司之公司秘書（「公司秘書」）。公司秘書須確保董事會成員之間資訊交流良好以及董事會政策及程序得到遵循以支援董事會。公司秘書應向董事會主席或首席執行官匯報所有相關事宜。截至二零一五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。

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 2015, 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 2015, 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 (<i>主席</i>)	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, risk management and internal control systems (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget) and risk management as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditors for audit and non-audit services. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

During the year ended 31 December 2015, 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.

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 2015.

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。於二零一五年十二月三十一日，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。

截至二零一五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、風險管理及內部監控制度(包括資源充足性、本公司會計及財務申報職能員工之資歷及經驗以及其培訓計劃及預算)及風險管理成效，並就委任及委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。審核委員會獲提供充足資源以履行其職務。

截至二零一五年十二月三十一日止年度，審核委員會已審閱本集團採納之會計原則及政策，並討論及審閱財務申報事宜，包括中期及經審核財務報表。此外，審核委員會亦審閱外聘核數師之委聘、本公司內部監控及風險管理制度是否足夠及有效，並向董事會作出推薦意見。董事會與審核委員會就甄選、委任或罷免外聘核數師並無意見分歧。

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，本公司已於截至二零一五年十二月三十一日止年度遵守有關規定。

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.

The Remuneration Committee held one meeting during the year ended 31 December 2015 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 2015 and the attendance of the members of the Remuneration Committee to the meetings of the Remuneration Committee are as follows:

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

薪酬委員會

董事會已於二零零四年十月八日成立本公司之薪酬委員會（「薪酬委員會」），並根據企業管治守則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。薪酬委員會成員現時包括一名執行董事伍先生以及兩名獨立非執行董事梁先生及擔任薪酬委員會主席之黃女士。薪酬委員會之主要職責包括根據其職權範圍，就本公司全體董事及高級管理人員之薪酬組合政策及架構向董事會作出推薦意見，其中包括實物利益、退休金權利及賠償費用（包括就離職或終止職務或委任而應付之任何賠償）。本公司董事及高級管理人員之薪酬乃參照可供比較公司支付之薪金、董事及高級管理人員投入之時間及職責、本集團各地區之僱傭條件及與表現掛鈎薪酬是否適用等因素而釐定。

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

薪酬委員會於截至二零一五年十二月三十一日止年度曾舉行一次會議，以檢討個別執行董事之薪酬待遇，並就此向董事會作出推薦意見。薪酬委員會亦已檢討及批准執行董事之服務合約條款。截至二零一五年十二月三十一日止年度薪酬委員會之組成及薪酬委員會成員出席薪酬委員會會議之情況如下：

Corporate Governance Report

企業管治報告

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management of the Group (which include the executive Directors only) by band for the year ended 31 December 2015 is set out below:

Remuneration bands (HK\$) 薪酬範圍 (港元)	Number of Individuals 人數
1,000,000–3,000,000	2
3,000,001–5,000,000	0
5,000,001–7,000,000	1
7,000,001–9,000,000	1

Details of emoluments of each Director and members of senior management are set out in note 8 to the financial statements on pages 90 to 91 of this annual report.

根據第B.1.5條企業管治守則條文，本集團高級管理人員(只包括執行董事)截至二零一五年十二月三十一日止年度之薪酬範圍載列如下：

董事及高級管理人員各自之酬金詳情，載於本年報第153至154頁之財務報表附註8。

NOMINATION COMMITTEE

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

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.

提名委員會

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

如有需要，提名委員會成員可就執行董事之提名徵詢獨立專業意見。

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

As at the date of this report, it is noted that 2 out of 7 Directors, representing 29%, are female. The Directors' ages are widely spread between 37 and 68. Regarding the educational and professional background, the Board members have accounting, finance, telecommunication and general business knowledge. It is therefore believed that the Board has achieved diversity in terms of gender, age, educational and professional background.

截至本報告日期，7名董事其中2名（佔總數29%）為女性。董事之年齡介乎37至68歲。教育及專業背景方面，董事會成員具備會計、財務、電訊及一般商業知識。因此，董事會相信，董事會在性別、年齡、教育及專業背景方面已達致多元化格局。

The Nomination Committee held one meeting during the year ended 31 December 2015 to review the structure, size and composition of the Board; to consider and recommend to the Board the re-election of the Directors; and to review the annual confirmation of independence submitted by the independent non-executive Directors.

提名委員會於截至二零一五年十二月三十一日止年度曾舉行一次會議，以檢討董事會之架構、規模及組成；考慮重選董事及就此向董事會作出推薦建議；及審閱獨立非執行董事按年提交之獨立身分確認書。

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

AUDITORS' REMUNERATION

核數師酬金

For the year ended 31 December 2015, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

截至二零一五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		Fee Paid/Payable 已付／應付費用 HK\$'000 千港元
Audit Services	審核服務	2,400
Non-audit services	非審核服務	609

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

對財務報表之責任

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

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

The statement by the auditors of the Company regarding their responsibilities for the audit of the financial statements of the Group is set out in the Independent Auditors' Report on pages 61 to 62 of this annual report.

本公司核數師就其對本集團財務報表之審核責任發出之聲明，載於本年報第61至62頁之獨立核數師報告書內。

GOING CONCERN

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

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

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 2015, 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.

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.

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

董事會全權負責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)妥善保存會計記錄；及(iii)確保遵從有關法例及規例。本集團之內部監控制度包括完善之組織架構及周全政策與準則。

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

董事會於截至二零一五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成效，包括涉及財務、營運及合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。

股東權利

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

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.

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

如符合資格出席本公司股東大會並於會上表決之本公司股東擬於任何股東大會推選董事以外之人士為董事，有關股東須將以下文件呈交本公司主要營業地點，抬頭註明公司秘書收：(i)擬於股東大會推選有關人士為董事之書面意向通知；及(ii)該名人士表明有意接受推選之書面通知，連同所需資料，呈交文件之期限應不早於寄發股東大會通告後七天開始，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。

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 2015, there has been no change in the Company's memorandum of association and the Bye-laws. The Company's memorandum of association and the Bye-laws are available on the Company's website (<http://www.osgh.com.hk>) and the Stock Exchange's website.

與股東溝通

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

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

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

規章文件

截至二零一五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

Attention to ESG has spread from a relatively small group of companies and investors, to all market participants. It has always played an important part in our corporate philosophy. During the year, we continued to adopt sustainable business practices to improve the environment, ensure the health and safety of our staff, and support charities to give back to society.

STAKEHOLDER ENGAGEMENT

Our goal is to create long-term and sustainable value for shareholders who are the ultimate owners of the Company. We also engage with our stakeholders about our activities and any potential impacts they may have on the environment, workforce or communities. At a corporate and project level, and through our environmental and social impact assessment processes, we communicate with a range of stakeholders to ensure we understand any concerns.

Shareholders

The Board maintains a continuing dialogue with the Company's shareholders through various channels including the Company's annual general meetings. The Board comprises four executive Directors (including the Chairman of the Board), and three independent non-executive Director. All Directors have been given sufficient time and effort to the affairs of the Group. In 2015, Directors attended the annual general meeting of the Group to answer questions from the shareholders. Representatives of the Auditor also attended the meeting to answer questions about the consolidated financial statements of the Group for the year ended 31 December 2015. The Board meets regularly to discuss the overall strategies, monitor financial performance, evaluate operation performances and discuss other significant matters.

Shareholders will expect the quality of the information they receive and the Group's commitment to the ongoing delivery of shareholder value are supported by strong and comprehensive systems and processes. In our Annual Report, particular effort is made to address an extensive description of the performance and outlook for our businesses. For example, the Chairman's Statement focuses on the recent review of the Group's operation strategy and the change of movie industry, an overview of the Group's performance in 2015 and an outline of our key plans over the coming years.

The Group will update information to our shareholders and the investment community through investor meeting, conference call and attending investment conference. In 2015, physical meetings and conference calls were held frequently with the investment community which included analysts, fund managers and other investors, to keep them abreast of the operations and development trends of the Group, all of which subject to compliance with the applicable laws and regulations.

In order to further enhance communication with the shareholders of the Group and enable the Group's shareholders to have timely and updated information of the Group, the Group has set up its own website at <http://www.osgh.com.hk> where corporate governance principles and practices, interim and annual reports, announcements, circulars, corporate business development and other information of the Group are posted. The Group has also designated executives to maintain regular dialogue with the investors via an email account (ir@goldenharvest.com).

對企業環境、社會及管治的關注已從相對小眾的公司和投資者，推廣至所有市場參與者。企業之環境、社會及管治向來是企業理念的重要一環。年內，我們繼續採納可持續的商業常規，以改善環境、保障員工的健康及安全，並支持慈善事業，回饋社會。

權益持有人參與

我們的目標是為股東創造長遠而恆久的價值，因為他們是本公司的最終擁有者。我們一直鼓勵權益持有人參與業務活動，並一起研究這些活動對環境、勞動力或社會會否帶來任何潛在影響。在企業及活動層面，透過我們對環境及社會作出的影響評估過程中，我們與一眾權益持有人保持聯繫以確保我們了解他們關注的任何事情。

股東

董事會透過不同途徑(包括本公司之股東週年大會)與本公司股東持續保持溝通。董事會由4名執行董事(包括董事會主席)及3名獨立非執行董事組成，全體董事已付出充足時間及精力處理本集團事務。於二零一五年，董事出席了本集團之股東週年大會，以回答股東之提問。核數師之代表亦出席該大會，以回答有關本集團截至二零一五年十二月三十一日止年度之綜合財務報表之問題。董事會於年內定期會面，以討論整體策略、監察財務表現、評估營運表現以及商討其他重大事項。

股東期望接收資訊的質素，以及本集團為股東持續創優增值的決心，均得到強大及全面的系統和程序支持。於年報內，我們以大量篇幅闡述業務表現及前景，舉例說，在「主席報告」中，我們重點討論本集團最近對營運策略之審視及電影行業的變化、本集團在二零一五年的整體表現，以及未來數年的主要計劃大綱。

本集團會透過投資者會面、電話會議及出席投資會議，向我們的股東及投資界提供最新資訊。在遵守適用法例及規例的情況下，本集團於二零一五年經常與投資界(包括分析員、基金經理及其他投資者)會晤及進行舉行電話會議，以便彼等緊貼本集團之營運及發展趨勢。

為了進一步加強與本集團股東之溝通及讓本集團股東能及時獲得本集團之最新資料，本集團已設立網站，網址為<http://www.osgh.com.hk>，並登載本集團之企業管治原則及常規、中期及年度報告、公告、通函、公司業務發展及其他資料。同時，本集團有指定行政人員，透過電郵賬戶(ir@goldenharvest.com)與投資者保持定期對話。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group recognises the importance of communication with the shareholders, thus, we have established a shareholder communication policy to promote effective communication with its shareholders. The shareholder communication policy is available on the Group's website. The Board will review the policy on regular basis to ensure its effectiveness.

Customers

As a renowned enterprise, Orange Sky Golden Harvest is mindful of our customers' expectation. We are well aware of the competitive cinema entertainment industry, therefore, we continue to engage a wide range of customers through online platform, including corporate websites (<http://www.goldenharvest.com> for Golden Harvest cinemas in Hong Kong and <http://www.osghcinemas.com> for Orange Sky Golden Harvest cinemas in the PRC), social media platform such as Facebook (<http://www.facebook.com/ghcinemas>) and Weibo (<http://weibo.com/osgh>) to assist our customers in having the updated "on show" and "coming soon" movies and its ticketing information.

The internet has made the process of booking movie tickets much more convenient, we provide online and mobile ticketing services to save customers' time and cost. Furthermore, audiences are able to purchase snacks and redeem the items by showing their order records through mobile phones within two weeks after the purchase.

Employees

We engage with our employees through a variety of channels, the most important of which is ensuring effective day to day communication through our organisation and management structure. As at 31 December 2015, the Group employed 1,566 full time employees. Our greatest assets are our employees and they remain a priority.

With the continual growth of our business, we are confronted with the acute need to attract and retain talent in highly competitive markets. Remuneration is reviewed periodically based on individual staff's performance. In addition to the basic salaries, staff benefits include medical insurance scheme, commissions, fringe benefits and contributory provident fund. Discretionary bonus based on individual performance will be paid to employees as recognition of and reward for their contributions.

The Group also has a share option scheme whereby qualified employees may be granted options to acquire shares of the Group.

WORKPLACE QUALITY

Our employees are the driving force behind our sustainable development. We have always been committed to the provision of a sound workplace for employees, so as to bring out their best and cultivate with care a sustainable and healthy workplace culture that encourages concerted efforts and a positive team spirit. Recreational activities are being organized from time to time to foster a stronger sense of belonging and more harmonious relations among staff.

Working conditions

As at 31 December 2015, the Group had a total of 1,566 full time employees. Of them, 130 were employed in Hong Kong. Building effective platforms for staff communication is of great importance at a time when the Group is expanding its business in the PRC, Taiwan and Singapore. An ombudsman scheme has been set up to handle staff suggestions and grievances.

本集團明白與股東溝通之重要性，因此，我們訂定股東溝通政策，以促進與股東有效溝通。股東溝通政策已登載於本集團網站。董事會將定期審視該政策以確保其有效性。

客戶

作為一家著名企業，橙天嘉禾時刻緊記客戶對我們的期望，並深明影城娛樂行業充滿競爭。因此，我們繼續透過網上平台，包括企業網站(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>)、社交媒體平台如Facebook(<http://www.facebook.com/ghcinemas>)及微博(<http://weibo.com/osgh>)，協助客戶取得「上映中」及「即將上映」電影之最新消息及門票資料。

互聯網使預訂電影門票的過程更方便，為節省客戶之時間及成本，本集團提供網上及流動電話購票服務。此外，觀眾亦可透過手機購買小食及於購買後兩星期內憑手機出示訂購記錄換領小食。

僱員

我們透過不同渠道與員工聯繫，當中最重要的是透過組織和管理架構，確保有效的日常溝通。截至二零一五年十二月三十一日，本集團全職員工1,566名，員工是我們最重要的資產及首要考慮對象。

隨著我們的業務不斷擴展，我們在這競爭激烈的市場上正需要吸引和留住人才。本集團定期按個別員工表現檢討薪酬。除基本薪金外，僱員福利包括醫療保險計劃、佣金、額外福利及供款公積金。酌情花紅按個別員工之表現發放，以表揚及回報彼等所作出貢獻。

本集團亦設有購股權計劃，合資格僱員可獲授予購股權以認購本集團股份。

工作環境質素

僱員是我們取得可持續發展的動力。我們一直致力為僱員提供良好的工作環境，讓所有員工盡展所長，並用心培育可持續的健康工作文化，鼓勵僱員同心協力發揮積極的團隊精神。不時舉辦的文娛活動可有效增進歸屬感，讓員工關係更融洽緊密。

工作環境

於二零一五年十二月三十一日，本集團擁有合共1,566名全職員工，當中130名受僱於香港。本集團在中國、台灣及新加坡的業務正在擴展，因此建立有效平台供員工溝通交流極為重要。我們設立了一個申訴專員制度，以處理員工的建議和不满情緒。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group maintains an open dialogue with its staff to understand their needs. We support a balanced work life in which employees are able to split time and energy between work and other important aspects of their lives. The Group remains five working days per week for employees to fulfill their work and family responsibilities simultaneously. In addition, we organised various celebratory occasions such as mid-autumn lunch, Christmas party, annual dinner, etc. to our staff in recognition of their achievement and efforts during the year. The Group also offers employees free movie ticket passes and staff discount in order to further boost the morale of staff by providing them a contented and positive working environment.

Development and training

The Group optimises its staff allocation to maximise complementary effects in terms of age, know-how and expertise. We see the pooling of talents as a priority task, with a special emphasis on training up high-caliber young employees to provide a solid foundation for the long-term development of the Group.

In addition, the Group has consistently encouraged professional and high-quality trainings to excel our staff to meet the challenges in their works. It is essential to promote a culture of continuous learning in the workplace, therefore, we offer education subsidies and examination leave for staff to enhance their work related skill and knowledge.

Health and safety

Safety has always been our absolute number one priority and the phrase "Safety Comes First" has guided us well as we have steadily expanded our business outside Hong Kong. We remain committed to a continued and sustainable improvement in our safety performance and our goal of zero injuries. The Group also places great emphasis on the health of employees as regular health examinations are given to part of employees. Guidelines and notices on occupational health and safety are available.

OPERATING PRACTICES

Superior services to earn audiences' satisfaction

The Group makes use of its wide distribution network developed for years for its business of film distribution agency. Equipped by the Group's film library and through the Group's experience and network in program sourcing, the Group is confident that it will continue to provide high quality and customised programs to its audiences. We continue to deliver distinguished audio and video experience to our audiences by equipped advanced technologies, for instance, Motion Chairs D-Box, Dolby Sound Systems and IMAX® screens in our theatres. On the contrary, the Group also provides high-end alternative programs such as music and sports events so as to fascinate a wider audience base and enhance the entertainment experience.

To provide our audiences and customers with superior services, we has put in place a mystery shoppers program. The program enables us to further improve our business operation and understand the demand of the changing customers' needs and expectation. There are incentives to employees with outstanding performance, while we will review with employees with mediocre performance in reference with the results of the evaluation. In 2015, 3 staff were recognised for their outstanding performance under the Outstanding Employee Award Scheme. We believe we can enlarge our customers' base by maintaining a high quality and comprehensive services.

本集團與員工保持開放式對話以了解彼等所需，並支持僱員善用時間及體力，平衡工作及生活上其他重要事情以達至工作生活平衡。本集團維持每星期五天工作使僱員可同時履行工作及家庭責任。此外，我們舉辦不同的慶祝活動，如中秋午餐、聖誕聯歡會及週年晚宴等以表揚員工於年內之貢獻及努力。為了給員工一個滿足及正面的工作環境，本集團還向僱員提供免費觀賞電影通行證及員工折扣，進一步激勵員工士氣。

發展及培訓

本集團優化人才配置，讓員工在年齡、知識、專業等方面的優勢互補得到最大發揮。我們注重人才儲備，重點培養優秀的年輕人才，為本集團長遠發展打造堅實基礎。

同時，本集團一直向員工提供專業及高質素的培訓，以應付工作上面臨的挑戰。在工作環境中鼓勵持續學習之文化攸關重要，因此，我們向員工提供教育資助及考試假期，以提升其工作相關技術及知識。

健康及安全

本集團一貫奉行安全至上的原則，並以「安全第一」為指導方針，穩步拓展香港境外業務。我們一直致力不斷改進安全表現，邁向零受傷的目標。本集團同樣重視僱員健康，如給部分僱員提供定期健康測試，以及給予職業健康及安全的指引及通知。

經營常規

優質服務提升顧客滿意度

本集團善用其已建立多年之龐大發行網絡以發展其電影分銷代理業務。憑藉本集團之電影庫及透過本集團採購節目之經驗及網絡，本集團有信心，其將繼續為觀眾提供優質及符合觀眾要求之節目。我們配備先進的科技，例如Motion Chairs D-Box、杜比全景聲音響系統及IMAX®銀幕，繼續給觀眾提供與別不同的聽覺及視覺體驗。與此同時，本集團亦提供不同類型的高端節目內容，如轉播音樂及體育盛事等，以擴大觀眾層面，提升娛樂體驗。

為了給觀眾及顧客提供優質服務，我們推行神秘顧客計劃。該計劃讓我們進一步改善業務運作，及了解顧客時刻轉變的需求及期望。我們設有獎賞給表現卓越的僱員，並根據評核結果複審表現平庸的員工。於二零一五年，共有3名表現出色的員工獲得「傑出員工嘉許計劃」的獎勵。我們相信透過維持高質素及全面之服務，可擴大顧客層面。

Environmental, Social and Governance Report

環境、社會及管治報告

Following the shrinkage of video industry and rapid development of technology, the distribution of films and programs is no longer limited to video discs but in digital formats available over the Internet. The Group is diversifying its distribution network to online downloading and streaming in order to adapt to the expected future consumer behavior.

Consumer Protection

Adding to our strong portfolio of high quality global movies, new features in line with development of information technology have also been introduced to keep track with the fast changing world of technology. With online shopping continues to trend up, the Group endures to focus on preventive measures and remediation on data privacy. In order to protect our audiences' privacy when processing through the online purchase system for movie tickets and membership system on our website, we have implemented strict data protection mechanisms to secure the confidentiality of our customers' data. In addition to guidelines and handbooks, the Group issues periodic reminders and run workshops to customer-facing employees to continuously remind them of the importance of protecting personal data.

Anti-corruption

The Group has established a strong internal control framework, put in place a set of stringent policies, and has instituted a vigorous enforcement regime against corruption and fraud.

In particular, the Audit Committee and executive management set a tone of zero-tolerance on corruption and fraud. This is reflected in our policy on the subject, as well as many of our operational procedures, where we emphasise our values of integrity, fairness and accountability are evident.

COMMUNITY INVOLVEMENT

It is in the interest of business to support the communities in which they operate as only sustainable communities can support sustainable businesses. We work closely with local non-governmental organisations and community groups to identify evolving societal needs and to devise programmes that will have the best and longest lasting impact. Collective efforts of the company have brought fruitful outcomes. During the year, we have organised a charity movie screening with S.K.H. St. Christopher's Home (聖公會聖基道兒童院), an organisation provides small group home service for children who cannot receive adequate family care due to various family problems and crises. We have invited a group of children aged between 4 and 18 and their parents/guardians to participate the screening — *Inside Out* (反轉腦朋友).

In addition, the Group has its community involvement extended in the PRC. Children in rural area and urban area have a chance for communication aiming to broaden their perspective over different livelihood. Activities such as site visit to science museum, Huizhou museum and shopping mall, as well as screening *Roco Kingdom* (洛克王國4) were arranged in Huizhou during summer.

As members of the community that we cherish, the Group takes responsibility of seeing to its well-being seriously. We will continue to take a country and site-specific approach and develop tailor-made programmes to address the needs and expectations of the local communities we serve.

隨著影視行業萎縮及科技迅速發展，電影及節目放映不再局限於影像光碟，而是在互聯網上以數碼形式廣泛流傳。為適應消費者之預期未來消費行為，本集團現正多元化拓展其發行網絡至網上下載及串流。

消費者保障

除了我們優質的電影作品享譽全球，本集團亦已引入與資訊科技發展並進的新功能以緊貼日新月異的科技潮流。網上購物已成為大勢所趨，故本集團繼續致力於防止隱私資料外泄及補救措施。為了保障觀眾透過網站在網上購票及會員系統所輸入之私隱，我們已實施嚴謹資料保障機制以確保客戶資料之保密性，而且除了指引及手冊外，本集團更會定期提醒及舉行研討會提示前線員工保障個人資料之重要性。

反貪污

本集團建立了一套健全的內部控制架構以及嚴謹的政策，並徹實執行以防止貪污和欺詐。

特別是，審核委員會及執行管理層絕對不容忍貪污和欺詐。本集團重視誠實、公正及負責任等價值均反映在本集團的有關政策及營運程序上。

社區參與

只有持續發展的社會才可支持持續發展的企業，因此，本集團不遺餘力回饋社會符合公司利益。我們與本地非政府組織及地區團體合作無間，共同了解社會需求的轉變，制訂具最佳和最持久效益的項目，本公司種種努力帶來了豐碩的成果。年內，我們與聖公會聖基道兒童院一同舉辦慈善電影試映會，該院致力為因各種家庭問題而缺乏適當家庭照顧之兒童提供兒童之家服務。一眾年齡介乎4至18歲兒童及其家長／監護人均被邀請出席電影《反轉腦朋友》之試映會。

另外，本集團之社區活動已延伸至中國。為了讓分別居住於農村及市區的小孩藉着不同的居住環境，互相交流及分享，擴闊視野，我們於夏季時在惠州安排一連串活動，包括參觀科學館、惠州博覽館及商場，以及《洛克王國4》之電影試映會。

身為社會的一分子，本集團致力履行企業社會責任。由於業務所在社區有不同需要及期望，我們將繼續因應不同地方及地點設計相關的社區活動，以照顧當地市民所需。

ENVIRONMENTAL PROTECTION

The Group encourages staff to take an active part in environmental activities and to advocate the green philosophy of environmental protection, in a bid to highlight the importance of protecting the ecological system and bio-diversity among our staff and other members of the society.

For example, the Group has introduced a number of measures to reduce paper consumption including a paperless workflow system, two-sided printing and waste paper recycling. Safeguarding natural resources and reducing wastage are part of our culture as well. Our staff has participated in different programmes to best save resources for future generations, it is perceived that we encourage audiences to return their 3D glasses after movie for reuse purpose. Furthermore, the digitalisation of old movies is a trend in terms of technology advancement. This environmental friendly technology delivers superb image quality and stability with no chemical or solid waste. We continue to make our operations and logistic chains as energy efficient as possible through comprehensive energy efficiency programmes to monitor and improve the operating performance.

環境保護

本集團鼓勵員工積極參與環境活動，並在員工及社會其他成員之間提倡綠色生活的環保哲理，旨在強調保護生態系統及生物多樣性的重要性。

例如，本集團已推出多項措施減低紙張消耗量，包括無紙化的工作流程、雙面打印和廢紙回收再用。保護天然資源及減少浪費亦是本集團企業文化的一部分。我們的員工亦為下一代設想而參與不同節約資源的活動。我們鼓勵觀眾看畢電影後將專用3D眼鏡交回以供循環再用。此外，隨著科技發展一日千里，把舊電影數碼化是現今趨勢，此環保科技可在不產生任何化學或固體廢物下而保留優質畫像質素及穩定性。本集團繼續透過全面的節能項目以監察及改善營運表現，務求令營運及整體流程盡量符合節能效益。

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 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2015 and the state of affairs of the Company and the Group as at 31 December 2015 are set out in the financial statements on pages 63 to 125.

The Directors did not declare any interim dividend in the year 2015.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2015.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year ended 31 December 2015 are set out in note 11 to the financial statements.

BANK LOANS

Particulars of bank loans of the Group as at 31 December 2015 are set out in note 21 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2015 are set out in note 25 to the financial statements.

PRE-EMPTIVE RIGHTS

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

董事欣然提呈董事會報告書以及本公司及其附屬公司(統稱「本集團」)截至二零一五年十二月三十一日止年度之經審核綜合財務報表。

主要業務及業務回顧

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

業績及股息

本集團截至二零一五年十二月三十一日止年度之業績，以及本公司與本集團於二零一五年十二月三十一日之財政狀況載於第126至188頁之財務報表。

董事於二零一五年並無宣派任何中期股息。

董事並不建議派付截至二零一五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二零一五年十二月三十一日止年度之變動詳情載於財務報表附註11。

銀行貸款

本集團於二零一五年十二月三十一日之銀行貸款詳情載於財務報表附註21。

股本

本公司於截至二零一五年十二月三十一日止年度之股本變動詳情載於財務報表附註25。

優先購買權

本公司之公司細則或百慕達公司法例並無關於優先購買權之規定，致使本公司須按比例向現有股東發售新股。

FIVE-YEAR SUMMARY FINANCIAL
INFORMATION

五年財務資料摘要

		^Year ended 31 December ^截至 十二月 三十一日 止年度 2015 二零一五年 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 2014 二零一四年 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 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)
Consolidated income statement	綜合收益表					
Revenue	收益	1,277,132	1,082,791	929,334	797,912	1,369,562
(Loss)/profit before taxation	除稅前(虧損)/溢利	(186,179)	23,128	116,407	86,700	117,434
Income tax	所得稅	4,961	(9,467)	(1,230)	9,527	(22,563)
(Loss)/profit for the year	本年度(虧損)/溢利	(181,218)	13,661	115,177	96,227	94,871
Attributable to:	以下人士應佔:					
— Equity holders of the Company	— 本公司股權持有人	(180,471)	12,731	114,986	95,987	95,943
— Non-controlling interests	— 非控股權益	(747)	930	191	240	(1,072)
		(181,218)	13,661	115,177	96,227	94,871

Report of the Directors

董事會報告書

FIVE-YEAR SUMMARY FINANCIAL INFORMATION

五年財務資料摘要

		As at 31 December				
		於十二月三十一日				
		[^] 2015	[^] 2014	[^] 2013	[^] 2012	[^] 2011
		[^] 二零一五年	[^] 二零一四年	[^] 二零一三年	[^] 二零一二年	[^] 二零一一年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
		(經審核)	(經審核)	(經審核)	(經審核)	(經審核)
				(Restated)	(Restated)	(Restated)
				(重列)	(重列)	(重列)
Consolidated statement of financial position	綜合財務狀況表					
Fixed assets	固定資產	1,519,528	1,528,428	1,494,544	1,043,912	848,628
Interests in joint ventures	於合營企業之權益	263,290	243,271	344,619	371,132	299,152
Interests in associates	於聯營公司之權益	11,269	12,415	13,713	6,876	–
Available-for-sale investment	可供出售投資	6,372	–	–	–	–
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	96,652	94,928	210,662	144,232	88,018
Club memberships	會籍	2,490	2,490	2,490	2,490	2,490
Trademarks	商標	80,524	80,524	79,785	79,785	79,785
Goodwill	商譽	75,203	73,658	73,658	73,658	73,658
Deferred tax assets	遞延稅項資產	44,001	31,782	29,512	22,235	6,947
Non-current portion of pledged bank deposits	已抵押銀行存款之非即期部分	33,570	21,880	46,905	46,850	21,845
Current assets	流動資產	732,294	841,528	873,372	862,032	883,988
Total assets	資產總值	2,865,193	2,930,904	3,169,260	2,653,202	2,304,511
Current liabilities	流動負債	885,250	649,365	761,969	662,140	399,324
Non-current portion of bank loans	銀行貸款之非即期部分	336,977	473,991	611,576	325,354	376,345
Non-current portion of obligations under finance lease	融資租賃債務之非即期部分	37,332	16,183	18,045	12,356	–
Deferred tax liabilities	遞延稅項負債	12,419	10,718	12,338	12,112	8,002
Total liabilities	負債總額	1,271,978	1,150,257	1,403,928	1,011,962	783,671
Net assets	資產淨值	1,593,215	1,780,647	1,765,332	1,641,240	1,520,840
Non-controlling interests	非控股權益	13,378	11,447	10,661	7,147	6,889

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

[^] Using the equity method.

* Using the proportionate consolidation 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。

[^] 採用權益法。

* 採用比例合併法。

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2015 are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

儲備

本公司及本集團於截至二零一五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25及綜合權益變動表。

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for cash distribution and/or distribution in specie, representing the retained profits, amounted to HK\$234,608,000 (2014: HK\$433,323,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve of HK\$694,639,000, HK\$271,644,000 and HK\$8,833,000 respectively, as at 31 December 2015, 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 2015 and up to the date of this report were:

Chairman & Executive Director

Wu Kebo

Executive Directors

Li Pei Sen
Mao Yimin
Wu Keyan

Independent Non-executive Directors

Leung Man Kit
Huang Shao-Hua George
Wong Sze Wing

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

In accordance with clauses 87(1) and (2) of the Company's Bye-Laws, Ms. Wu Keyan, Mr. Huang Shao-Hua George and Ms. Wong Sze Wing will retire at the forthcoming annual general meeting and Ms. Wu Keyan and Ms. Wong Sze Wing, being eligible, offer themselves for re-election. Mr. Huang Shao-Hua George has indicated that although eligible, he will not stand for re-election at the forthcoming annual general meeting and will retire as a director with effect from the conclusion thereof.

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

PERMITTED INDEMNITY PROVISION

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

可分派儲備

本公司於二零一五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234,608,000港元(二零一四年:433,323,000港元)。此外,本公司於二零一五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694,639,000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

截至二零一五年十二月三十一日止年度及截至本報告日期在任董事為:

主席兼執行董事

伍克波

執行董事

李培森
毛義民
伍克燕

獨立非執行董事

梁民傑
黃少華
黃斯穎

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

根據本公司的公司細則第87(1)及(2)條,伍克燕女士、黃少華先生及黃斯穎女士將於應屆股東週年大會上退任,伍克燕女士及黃斯穎女士符合資格並願意重選連任。黃少華先生表示,雖然符合資格,但將不會於應屆股東大會上重選連任,並將於大會結束時退任董事。

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

獲准許彌償條文

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

買賣及贖回上市證券

本公司於截至二零一五年十二月三十一日止年度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 2015, 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:

(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

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

於二零一五年十二月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證中，擁有本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄，或根據上市規則所載標準守則須知會本公司及聯交所之權益及淡倉如下：

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

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

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2015.

* 該等百分比乃根據於二零一五年十二月三十一日已發行股份總數(即2,742,519,248股股份)而計算。

Notes:

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

In addition, Mr. Wu was interested in 117,775,000 Shares as at 31 December 2015 which were beneficially held by him in his own name.

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

Abbreviation:

"L" stands for long position

(ii) Interests in shares of associated corporations

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

Save as disclosed above and save for the disclosure referred to under "Share Option Schemes" set out below and in note 25(a) to the financial statements on pages 109 to 112 of this annual report, as at 31 December 2015, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

RETIREMENT BENEFIT SCHEME

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures" above and "Share Option Schemes" below, at no time during the year ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

附註:

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

另外，伍先生亦以本身名義於二零一五年十二月三十一日實益擁有117,775,000股股份權益。

2. 該等相關股份乃指本公司根據本公司於二零零九年十一月十一日採納之購股權計劃(「二零零九年購股權計劃」)授出之購股權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1.14億股無投票權遞延股份。

除上文披露者以及下文及本年報第172至175頁財務報表附註25(a)有關「購股權計劃」之披露事項外，於二零一五年十二月三十一日，本公司各董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債權證中並無擁有任何本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄，或根據標準守則須知會本公司及聯交所之權益或淡倉。

退休福利計劃

本集團退休福利計劃之詳情載於綜合財務報表附註2。

董事購買股份或債權證之權利

除上文「董事及主要行政人員於股份、相關股份或債權證之權益及淡倉」以及下文「購股權計劃」各節披露者外，本公司或其任何附屬公司於截至二零一五年十二月三十一日止年度任何時間概無訂立任何安排，致使董事、彼等各自之配偶或未滿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) 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.

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

The offer in relation to a grant of share options under the 2009 Share Option Scheme shall remain open for acceptance by the eligible participant concerned for such period as determined by the Board, which period shall not be more than 30 days from the day of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, the expiry date of such period not to exceed 10 years from the date of the offer. Save as determined by the Directors and provided in the offer of the grant of the relevant share option, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

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

購股權計劃

(i) 二零零九年購股權計劃

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

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

按二零零九年購股權計劃授出購股權之建議必須於董事會釐訂之期間供合資格參與者接納。有關期間不得超過建議日期起計30日，而承授人須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟該行使期之屆滿日期不得超過建議日期起計十年。除董事另行決定及授出有關購股權之建議另有規定外，並無一般規定限制購股權必須於持有若干最短期限後方可行使。

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

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

Details of the movements of the share options during the year ended 31 December 2015 are as follows:

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

截至二零一五年十二月三十一日止年度,購股權變動詳情如下:

Name or category of participant 參與者姓名或類別	Date of grant of share option 購股權授出日期	Exercise price per Share 每股行使價 HK\$ 港元	Exercise period 行使期	Number of share options granted on	Exercised during the year ended	Lapsed during the year ended	Number of share options outstanding as at
				14 Jul 2015 於二零一五年七月十四日 授出的購股權數目	31 December 2015 於截至二零一五年十二月三十一日止年度行使	31 December 2015 於截至二零一五年十二月三十一日止年度失效	31 December 2015 於二零一五年十二月三十一日尚未行使之購股權數目
Director 董事							
Mao Yimin 毛義民	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	27,400,000	Nil 無	Nil 無	27,400,000
Li Pei Sen 李培森	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	27,200,000	Nil 無	Nil 無	27,200,000
Wu Keyan 伍克燕	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	2,000,000	Nil 無	Nil 無	2,000,000
Leung Man Kit 梁民傑	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	Nil 無	170,000
Huang Shao-Hua 黃少華	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	Nil 無	170,000
Wong Sze Wing 黃斯穎	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	170,000	Nil 無	Nil 無	170,000
Other participants in aggregate 其他參與者合計	14/7/2015 二零一五年七月十四日	HK\$0.59 0.59港元	14/07/2015 to 13/7/2017 二零一五年七月十四日至二零一七年七月十三日	83,050,000	Nil 無	170,000	82,880,000
Total 總計				140,160,000	Nil 無	170,000	139,990,000

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At the end of the reporting period, the Company had 139,990,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 139,990,000 additional ordinary shares of the Company, representing approximately 5.10% of the Company's shares in issue.

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

於報告期末，根據該計劃本公司有139,990,000份購股權尚未行使。根據本公司現時資本架構，全面行使餘下購股權將導致額外發行139,990,000股本公司普通股，佔報告期末本公司已發行股份約5.10%。

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

DIRECTORS' INTERESTS IN CONTRACTS

Except for the disclosure under the headings "Connected Transactions" and "Continuing Connected Transactions" below and save as detailed in note 30 to the financial statements on pages 121 to 122 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 2015.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 62.19% and 76.74%, 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 2.03% and 2.98%, 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.

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184至185頁之財務報表附註30所詳述者外，各董事概無在截至二零一五年十二月三十一日止年度內或結算日於本公司或其任何附屬公司訂立之任何重大合約中直接或間接擁有任何重大權益。

主要客戶及供應商

截至二零一五年十二月三十一日止年度，本集團向其最大供應商及五大供應商採購之購貨額分別佔本集團總購貨額約62.19%及76.74%。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。

同期，本集團向其最大客戶及五大客戶售出之銷售額則分別佔本集團總銷售額約2.03%及2.98%。年內，由伍先生間接擁有80%權益之泛亞華影廣告(深圳)有限公司及泛亞影院廣告有限公司為本集團五大客戶其中兩名。

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

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

主要股東及其他人士於股份及相關股份之權益及淡倉

So far as is known to the Directors, as at 31 December 2015, 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:

就董事所知，於二零一五年十二月三十一日，按本公司根據證券及期貨條例第XV部第336條存置之登記冊所記錄，下列人士（董事或本公司主要行政人員除外）於股份或相關股份中持有以下權益或淡倉：

Name of shareholder 股東姓名／名稱	Capacity 身份	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	*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	
					Total number of Shares and underlying Shares 股份及相關 股份總數	
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	–	1,723,894,068 (L)	62.86%
	Beneficial owner 實益擁有人	1	117,775,000(L)	–	117,775,000(L)	4.29%
Skyera International Limited ("Skyera")	Beneficial owner 實益擁有人	2	439,791,463 (L)	–	439,791,463 (L)	16.04%
Mainway Enterprises Limited ("Mainway")	Beneficial owner 實益擁有人	3	408,715,990 (L)	–	408,715,990 (L)	14.90%
Noble Biz International Limited ("Noble Biz")	Beneficial owner 實益擁有人	4	129,666,667 (L)	–	129,666,667 (L)	4.73%
Cyber International Limited ("Cyber")	Beneficial owner 實益擁有人	5	180,000,000 (L)	–	180,000,000 (L)	6.56%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG") 橙天娛樂集團（國際）控股 有限公司（「橙天」）	Beneficial owner 實益擁有人	6	565,719,948 (L)	–	565,719,948 (L)	20.63%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2015.

* 該等百分比乃根據於二零一五年十二月三十一日已發行股份總數（即2,742,519,248股股份）計算。

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Notes:

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

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

- (2) Skyera is a company wholly owned by Mr. Wu, who is also a director of Skyera.
- (3) Mainway is a company wholly owned by Mr. Wu, who is also a director of Mainway.
- (4) Noble Biz is a company wholly owned by Mr. Wu who is also a director of Noble Biz.
- (5) Cyber is a company owned by an associate of Mr. Wu.
- (6) OSEG (a company 80% owned by Mr. Wu) was interested in 565,719,948 Shares. Mr. Wu is a director of OSEG and Mr. Li Pei Sen is the associate Chairman of OSEG.

Abbreviation:

"L" stands for long position

Save as disclosed above, as at 31 December 2015, no other person had an interest or a short position in Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

SUBSEQUENT EVENTS

(a) Issue of convertible bonds

On 22 January 2016, the Company and Wan Tai Investments Limited, an indirectly wholly owned special purpose vehicle of CCB International (Holdings) Limited ("Wan Tai"), entered into a subscription agreement. Pursuant to the subscription agreement, the Company agreed to issue, and Wan Tai agreed to subscribe for convertible bonds in the principal amount of HK\$200,000,000 ("Series 1 CB"). In addition, upon fulfilment of certain conditions in the subscription agreement, the Company has the option to issue, and Wan Tai has the option to subscribe for, convertible bonds in the principal amount of HK\$100,000,000 ("Series 2 CB").

On 1 February 2016, the Company issued the Series 1 CB to Wan Tai with a term of three years. The Series 1 CB will, at the option of Wan Tai, be convertible into ordinary shares of the Company at an initial conversion price of HK\$1.00 per share, subject to adjustments provided in the subscription agreement. The Series 1 CB bear interest at 5% per annum on the principal amount of Series 1 CB outstanding from time to time, payable semi-annually in arrears.

附註:

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

另外，伍先生亦以本身名義實益擁有 117,775,000 股股份權益。

- (2) Skyera 為伍先生全資擁有之公司，彼亦為 Skyera 董事。
- (3) Mainway 為伍先生全資擁有之公司，彼亦為 Mainway 董事。
- (4) Noble Biz 為伍先生全資擁有之公司，彼亦為 Noble Biz 董事。
- (5) Cyber 為由伍先生聯繫人擁有之公司。
- (6) 伍先生擁有 80% 股權之公司橙天擁有 565,719,948 股股份。伍先生為橙天董事，而李培森先生則為橙天聯合董事長。

縮略詞:

「L」指好倉

除上文披露者外，於二零一五年十二月三十一日，概無其他人士按本公司根據證券及期貨條例第 XV 部第 336 條存置之登記冊所記錄，於股份或相關股份中擁有任何權益或淡倉。

期後事項

(a) 發行可換股債券

於二零一六年一月二十二日，本公司與萬鈦投資有限公司(建銀國際(控股)有限公司間接全資擁有之特殊目的工具)「萬鈦」訂立認購協議。根據認購協議，本公司同意發行，而萬鈦同意認購本金額為 200,000,000 港元之可換股債券(「第一期可換股債券」)。此外，於達成認購協議若干條件後，本公司可選擇發行，而萬鈦可選擇認購本金額為 100,000,000 港元之可換股債券(「第二期可換股債券」)。

於二零一六年二月一日，本公司向萬鈦發行第一期可換股債券，為期三年。萬鈦可選擇按初步轉換價每股 1.00 港元(可按認購協議作出調整)將第一期可換股債券轉換為本公司普通股。第一期可換股債券就不時未償還之第一期可換股債券本金額按年利率 5% 計息，須每半年期末支付。

(b) Deemed disposal of equity interest in a subsidiary

On 15 March 2016, the Group entered into a subscription agreement (the "Subscription Agreement") with three investors (the "Investors"), pursuant to which the Investors subscribed for an aggregate of 13.79% of the entire equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited ("OSGH (China)"), as enlarged by completion of the Subscription Agreement, for an aggregate consideration of RMB400,000,000. OSGH (China) is principally engaged in cinema operation and investment holding in Mainland China.

Under the Subscription Agreement, the Group retains buy-back options for the equity interest of OSGH (China) from the Investors under the situation where the Group further disposes of more than 50% of the entire equity interest in OSGH (China) to another third party investor within a given period as set out in the Subscription Agreement. In addition, the Group has granted buy-back options to the Investors, under which the Investors have an option to require the Group to purchase their equity interest in OSGH (China) subscribed pursuant to the Subscription Agreement in the situation where the Group is unable to satisfy certain conditions associated with the Initial Public Offer of OSGH (China) within a given period under the Subscription Agreement.

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group conducted the following transaction which constituted a connected transaction for the Company under the Listing Rules:

ACQUISITION OF ENTIRE EQUITY INTEREST IN JINING

On 25 September 2015, Beijing Orange Sky Golden Harvest Xiangyun Management Co. Ltd. ("Beijing OSGH"), an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Mr. Wu Keguan, Ms. Yan Huimin, Mr. Zhong Guixiong and Jining Yueyinghui Cinema Investment Co., Ltd. ("Jining"), a company established in the PRC and 100% beneficially owned by Mr. Wu Keguan, in relation to the acquisition of the entire equity interest in Jining for a consideration of RMB20,000,000 (equivalent to approximately HK\$24,000,000) ("Jining Acquisition Agreement"). Please refer to the announcement of the Company dated 25 September 2015 for details.

Beijing OSGH is an indirect wholly-owned subsidiary of the Company. Mr. Wu Keguan is a connected person of the Company by virtue of being an associate of Mr. Wu Kebo, who is the chairman, a Director and controlling shareholder of the Company. Hence, the transaction under the Agreement constitutes a connected transaction for the Company under Rule 14A.23 of the Listing Rules.

(b) 視作出售一家附屬公司股權

於二零一六年三月十五日，本集團與三名投資者（「投資者」）訂立認購協議（「認購協議」），據此，投資者以總代價人民幣400,000,000元認購橙天嘉禾影城（中國）有限公司（「橙天嘉禾影城（中國）」）全部股權（經認購協議完成擴大後）之13.79%。橙天嘉禾影城（中國）主要於中國內地從事影城營運及投資控股。

根據認購協議，倘本集團於認購協議所載指定期間內向另一名第三方投資者進一步出售橙天嘉禾影城（中國）全部股權逾50%，本集團保留權利向投資者回購橙天嘉禾影城（中國）之股權。此外，本集團已向投資者授出回購權，據此，倘本集團於認購協議所載指定期間內無法達成與橙天嘉禾影城（中國）首次公開發售有關之若干條件，投資者有權要求本集團購買其根據認購協議認購之橙天嘉禾影城（中國）股權。

關連交易

截至二零一五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：

收購濟寧全部股權

於二零一五年九月二十五日，本公司之間接全資附屬公司北京橙天嘉禾祥雲影城管理有限公司（「北京橙天嘉禾」）與伍克冠先生、顏慧敏女士、鐘貴雄先生及濟寧悅影匯影城投資有限公司（「濟寧」），一間於中國成立並由伍克冠先生實益擁有100%之公司訂立協議，內容有關以代價人民幣20,000,000元（相當於約24,000,000港元）收購濟寧全部股權（「濟寧收購協議」）。有關詳情請參閱本公司日期為二零一五年九月二十五日之公佈。

北京橙天嘉禾為本公司之間接全資附屬公司。由於伍克冠先生作為本公司主席、董事兼控股股東伍克波先生之聯繫人，故屬本公司之關連人士。因此，根據上市規則第14A.23條，濟寧收購協議構成本公司之關連交易。

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group has entered into and engaged in the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company:

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

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

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

During the year ended 31 December 2015, the aggregate amount payable by Panasia Cinemedia to OSGH (China) for transactions contemplated under the Master Advertising Agreement amounted to RMB16,641,309, which does not exceed the annual cap of RMB26,000,000.

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

持續關連交易

截至二零一五年十二月三十一日止年度，本集團曾與本公司關連人士(定義見上市規則)訂立以下交易及安排：

(a) 採購銀幕廣告及影城大堂廣告

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

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

截至二零一五年十二月三十一日止年度，泛亞華影就廣告主協議項下擬進行交易應付予橙天嘉禾影城(中國)之總金額為人民幣16,641,309元，並未超出年度上限人民幣26,000,000元。

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

(b) Sponsorship Agency Agreement on Procurement of Film Sponsors

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

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

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

The aggregate amount of the sponsorship fees received from PCA by M Cinemas under the Sponsorship Agency Agreement for the year ended 31 December 2015 amounted to approximately HK\$7,857,920, which is within the annual cap of HK\$32,000,000.

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

(c) Sub-leases of Office Premises

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 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”), 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 Beijing Orange Sky, 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.

(b) 物色電影贊助商之贊助代理協議

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

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

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

截至二零一五年十二月三十一日止年度，名影城根據贊助代理協議自泛亞影院廣告收取之贊助費總金額約為7,857,920港元，並無超過年度上限32,000,000港元。

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

(c) 分租辦公室物業

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）北京橙天影院投資管理有限公司（「北京橙天」）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」）及北京橙天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。

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 Beijing Orange Sky 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 Beijing Orange Sky, 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 Beijing Orange Sky for the year ended 31 December 2015 amounted to approximately RMB2,611,560, which is within the annual cap of RMB2,650,000.

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

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

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

於二零一三年六月二十八日，根據北京橙天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，北京橙天(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。

本集團於截至二零一五年十二月三十一日止年度支付予北京橙天之總金額約為人民幣2,611,560元，並未超出年度上限人民幣2,650,000元。

根據上市規則，伍先生及彼之聯繫人為本公司關連人士。由於伍先生擁有北京橙天之全部股本權益，北京橙天為伍先生之聯繫人，故屬本公司關連人士。

(d) 影城院線服務合作主協議

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

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

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

The aggregate amount of the transactions under the New Master Co-operation Agreement for the year ended 31 December 2015 amounted to approximately RMB7,338,061, which is within the annual cap of RMB13,100,000.

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

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

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

According to the Supplemental Agreement, Jiangyin Orange Land shall continue to retain the refundable security deposit of RMB1,500,000 paid by OSGH (China). The security deposit shall be refunded to OSGH (China) in accordance with the Lease Agreement after the vacant possession of the Leased Property being delivered by Jiangyin Orange Land to OSGH (China).

The Company shall publish a further announcement on the annual caps of the Lease Agreement (as varied or supplemented as aforesaid) upon having obtained the confirmation of the delivery date of the Leased Property from Jiangyin Orange Land.

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

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

截至二零一五年十二月三十一日止年度，新合作主協議項下交易之總金額約為人民幣7,338,061元，並無超過年度上限人民幣13,100,000元。

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

(e) 有關於江陰市經營影城之江陰租賃協議

於二零一二年九月二十五日，橙天嘉禾影城(中國)與江陰橙地訂立江陰租賃協議。於二零一四年十二月二日，橙天嘉禾影城(中國)與江陰橙地就江陰租賃協議(經備忘錄修訂或補充)訂立補充協議(「補充協議」)，據此，江陰橙地同意向橙天嘉禾影城(中國)退還預付款項人民幣100,000,000元，另支付利息人民幣13,625,000元，金額乃自本公司日期為二零一四年六月二十五日之公佈所列由二零一二年十月至二零一四年十一月期間各付款日期起就基本租金預付款項金額按年利率7.5%計算。

根據補充協議，江陰橙地可繼續保留橙天嘉禾影城(中國)所支付為數人民幣1,500,000元之可退還保證金。保證金須根據租賃協議於江陰橙地將租賃物業向橙天嘉禾影城(中國)交吉後退還予橙天嘉禾影城(中國)。

本公司將於獲江陰橙地落實租賃物業之交付日期後，就租賃協議(經按上述方式修訂或補充)之年度上限再作公佈。

During the year ended 31 December 2015, an amount of RMB0 was paid to Jiangyin Orange Land under the Jiangyin Lease Agreement, which the annual cap is not applicable.

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.

(f) 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⁽¹⁾) 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.

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 cap under the Tangshan Lease Agreement for the year ending 31 December 2015 was RMB2,400,000. There was no payment received by the Group from Beijing Orange Sky during the year ended 31 December 2015.

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.

截至二零一五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0元，而年度上限並不適用於此。

本公司之關連人士伍先生間接擁有江陰橙地之84.19%股權。因此，江陰橙地為本公司之關連人士，而江陰租賃協議及據此擬進行交易構成本公司之持續關連交易。

(f) 唐山市影城物業之租賃協議

於二零一三年十一月六日，橙天嘉禾影城(中國)作為業主與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)，總建築面積約為5,504.43平方米(「租賃物業」)，為期12年(「唐山租賃協議」)。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。

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二零一五年十二月三十一日止年度的年度上限為人民幣2,400,000元。於截至二零一五年十二月三十一日止年度，本集團並未有從北京橙天收取任何金額。

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。

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

Confirmation from Directors

The Directors, including the non-executive Directors, have reviewed the continuing connected transactions mentioned under paragraphs (a) to (f) above and confirmed that the transactions were entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or on terms no less favourable to the Group than terms to or from independent third parties, and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services;
- (c) have not been entered into, in all material respects, in accordance with the terms of the relevant agreement governing the transactions; and
- (d) the relevant cap amounts disclosed in the relevant announcements of the Company, where applicable, have been exceeded during the financial year ended 31 December 2015.

Save as disclosed above, details of the other connected transactions and/or continuing connected transactions for the year ended 31 December 2014 are set out in note 30 to the financial statements. These other connected transactions and/or continuing connected transactions constituted de minimis transactions as defined in the Listing Rules and were exempt from the reporting, announcement, independent shareholders' approval, and in the case of continuing connected transactions, the annual review requirements. The independent non-executive Directors have also reviewed and confirmed that these other connected transactions and/or continuing connected transactions have been entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or on terms no less favourable to the Group than terms to or from independent third parties, and in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CORPORATE GOVERNANCE

For the year ended 31 December 2015, the Corporate Governance Report is set out on pages 25 to 36 of the annual report.

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

董事確認

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

據本公司核數師所述，概無出現任何事宜致使其相信持續關連交易：

- (a) 未有獲董事會批准；
- (b) 涉及提供商品或服務之交易於各重大方面並未按照本集團定價政策進行；
- (c) 於各重大方面並未根據規管該等交易之相關協議條款訂立；及
- (d) 超出本公司相關公佈所披露截至二零一五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，於截至二零一四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30。該等其他關連交易及／或持續關連交易構成上市規則所界定低額交易，獲豁免遵守申報、公告、獨立股東批准及（就持續關連交易而言）年度審閱之規定。獨立非執行董事已審閱並確認該等其他關連交易及／或持續關連交易乃於本集團一般日常業務中，按一般商業條款或不遜於獨立第三方獲或向本集團提供之條款，並根據規管該等交易之有關協議進行，且條款均屬公平合理，符合本公司股東整體利益。

企業管治

截至二零一五年十二月三十一日止年度，企業管治報告載於本年報第25至36頁。

Report of the Directors

董事會報告書

INDEPENDENCE CONFIRMATION

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

ENVIRONMENTAL PROTECTION

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

EMOLUMENT POLICY

Remuneration of the employees of the Group is made/determined by reference to the market, individual performance and their respective contribution to the Group. As a long-term incentive, the 2009 Share Option Scheme is in place and the details of which are set out above and in note 25(a) to the financial statements on pages 109 to 112 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 2015, the Group has made charitable and other donations in Hong Kong totalling HK\$nil.

AUDITORS

The financial statements for the year ended 31 December 2015 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
30 March 2016

獨立性之確認

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

環境保護

本公司環境政策及社區參與詳情載於本年報環境、社會及管治報告。

薪酬政策

本集團僱員之薪酬乃經參照市場、個人表現及彼等各自對本集團之貢獻釐定。本集團已設立二零零九年購股權計劃作為長期獎勵計劃，詳情載於本年報第172至175頁之財務報表附註25(a)。

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

足夠公眾持股量

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

捐獻

截至二零一五年十二月三十一日止年度，本集團於香港作出之慈善及其他捐款合共為零港元。

核數師

截至二零一五年十二月三十一日止年度之財務報表已經由畢馬威會計師事務所(「畢馬威」)審核，而畢馬威將會退任，惟符合資格並將願意於本公司應屆股東週年大會上獲續聘。於應屆股東週年大會上將提呈決議案以續聘畢馬威為本公司核數師。

代表董事會

主席
伍克波

香港
二零一六年三月三十日



**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 63 to 125, which comprise the consolidated statement of financial position as at 31 December 2015, 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126至188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二零一五年十二月三十一日的綜合財務狀況表,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 audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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

30 March 2016

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審計意見提供基礎。

意見

我們認為，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 貴集團於二零一五年十二月三十一日的財務狀況及 貴集團截至該日止年度的財務表現和現金流量，並已遵照香港《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

二零一六年三月三十日

Consolidated Income Statement

for the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	3 & 4	1,277,132	1,082,791
Cost of sales		(548,204)	(441,837)
Gross profit		728,928	640,954
Other revenue	5(a)	54,518	75,903
Other net loss	5(b)	(41,964)	(4,043)
Selling and distribution costs		(775,424)	(619,284)
General and administrative expenses		(160,024)	(104,019)
Other operating expenses		(52,415)	(167)
Valuation (losses)/gains on investment properties	11	(5,141)	2,700
Loss from operations		(251,522)	(7,956)
Finance costs	6(a)	(39,635)	(44,717)
Share of profits of joint ventures		103,398	74,374
Share of profits of associates		1,580	1,427
(Loss)/profit before taxation	6	(186,179)	23,128
Income tax	7(a)	4,961	(9,467)
(Loss)/profit for the year		(181,218)	13,661
Attributable to:			
Equity holders of the Company		(180,471)	12,731
Non-controlling interests		(747)	930
(Loss)/profit for the year		(181,218)	13,661
(Loss)/earnings per share	10		
Basic		(6.58) cents	0.47 cents
Diluted		(6.58) cents	0.47 cents

The notes on pages 70 to 125 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit for the year	(181,218)	13,661
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	(31,999)	(9,040)
— overseas joint ventures	(6,275)	(17,533)
— overseas associates	(706)	(176)
	(38,980)	(26,749)
Total comprehensive income for the year	(220,198)	(13,088)
Total comprehensive income attributable to:		
Equity holders of the Company	(218,686)	(13,874)
Non-controlling interests	(1,512)	786
Total comprehensive income for the year	(220,198)	(13,088)

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

The notes on pages 70 to 125 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Investment properties	11	139,159	150,488
Other property, plant and equipment	11	1,255,487	1,251,925
Leasehold land	11	124,882	126,015
		1,519,528	1,528,428
Interests in joint ventures	14	263,290	243,271
Interests in associates	13	11,269	12,415
Other receivables, deposits and prepayments		96,652	94,928
Available-for-sale investment		6,372	–
Club memberships		2,490	2,490
Trademarks	15	80,524	80,524
Goodwill	16	75,203	73,658
Deferred tax assets	24(b)	44,001	31,782
Pledged bank deposits	20	33,570	21,880
		2,132,899	2,089,376
Current assets			
Inventories	17	6,596	6,513
Film rights	18	50,195	74,289
Trade receivables	19(a)	125,496	92,027
Other receivables, deposits and prepayments	19(b)	287,037	237,211
Pledged bank deposits	20	67,850	25,000
Deposits and cash	20	195,120	406,488
		732,294	841,528
Current liabilities			
Bank loans	21	432,901	250,268
Trade payables	23(a)	89,535	88,794
Other payables and accrued charges	23(b)	192,511	113,798
Deferred revenue	23(c)	147,197	169,198
Obligations under finance leases	22	15,702	14,552
Taxation payable	24(a)	7,404	12,755
		885,250	649,365
Net current (liabilities)/assets		(152,956)	192,163
Total assets less current liabilities		1,979,943	2,281,539

Consolidated Statement of Financial Position

at 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Non-current liabilities			
Bank loans	21	336,977	473,991
Obligations under finance leases	22	37,332	16,183
Deferred tax liabilities	24(b)	12,419	10,718
		386,728	500,892
NET ASSETS			
		1,593,215	1,780,647
CAPITAL AND RESERVES			
	25		
Share capital		274,252	274,252
Reserves		1,305,585	1,494,948
Total equity attributable to equity holders of the Company		1,579,837	1,769,200
Non-controlling interests		13,378	11,447
TOTAL EQUITY		1,593,215	1,780,647

Approved and authorised for issue by the Board of Directors on 30 March 2016.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 70 to 125 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

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 2015	274,252	694,639	-	8,833	80,000	13,656	41,383	656,437	1,769,200	11,447	1,780,647
Changes in equity for 2015:											
Loss for the year	-	-	-	-	-	-	-	(180,471)	(180,471)	(747)	(181,218)
Other comprehensive income	-	-	-	-	-	-	(38,215)	-	(38,215)	(765)	(38,980)
Total comprehensive income	-	-	-	-	-	-	(38,215)	(180,471)	(218,686)	(1,512)	(220,198)
Acquisition of a subsidiary	27	-	-	-	-	-	-	-	-	4,899	4,899
Establishment of a subsidiary	-	-	-	-	-	-	-	-	-	1,500	1,500
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	-	(2,956)	(2,956)
Transfer to retained profits on lapse of share options	25(a)(i)	-	(37)	-	-	-	-	37	-	-	-
Transfer to/(from) reserves	-	-	-	-	-	1,603	-	(1,603)	-	-	-
Equity-settled share-based transactions	25(a)(i)	-	29,323	-	-	-	-	-	29,323	-	29,323
Balance at 31 December 2015	274,252	694,639	29,286	8,833	80,000	15,259	3,168	474,400	1,579,837	13,378	1,593,215
Balance at 1 January 2014	267,982	664,835	7,719	8,833	80,000	10,973	67,988	646,341	1,754,671	10,661	1,765,332
Changes in equity for 2014:											
Profit for the year	-	-	-	-	-	-	-	12,731	12,731	930	13,661
Other comprehensive income	-	-	-	-	-	-	(26,605)	-	(26,605)	(144)	(26,749)
Total comprehensive income	-	-	-	-	-	-	(26,605)	12,731	(13,874)	786	(13,088)
Transfer to retained profits on lapse of share options	25(a)(i)	-	(48)	-	-	-	-	48	-	-	-
Transfer to/(from) reserves	-	-	-	-	-	2,683	-	(2,683)	-	-	-
Shares issued under share option scheme	25(a)(i)	6,270	29,804	(7,671)	-	-	-	-	28,403	-	28,403
Balance at 31 December 2014	274,252	694,639	-	8,833	80,000	13,656	41,383	656,437	1,769,200	11,447	1,780,647

The notes on pages 70 to 125 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Operating activities			
(Loss)/profit before taxation		(186,179)	23,128
Adjustments for:			
Interest income	5(a)	(4,804)	(26,668)
Finance costs	6(a)	39,635	44,717
Depreciation of property, plant and equipment	11	159,696	136,964
Losses/(gains) on disposals of property, plant and equipment	5(b)	1,625	(325)
Write-off of liabilities	5(a)	(6,337)	(4,285)
Impairment of property, plant and equipment	11	14,122	–
Impairment of goodwill	16	16,425	–
Impairment of film rights	18	5,119	–
Write-off of trade receivables	6(c)	13,782	–
Equity-settled share-based payment expenses		29,323	–
Valuation losses/(gains) on investment properties	11	5,141	(2,700)
Share of profits of joint ventures		(103,398)	(74,374)
Share of profits of associates		(1,580)	(1,427)
Exchange loss, net		28,186	8,418
Operating profit before changes in working capital		10,756	103,448
Increase in inventories		(171)	(1,602)
Decrease/(increase) in film rights		17,854	(27,826)
(Increase)/decrease in trade receivables		(54,596)	37,520
(Increase)/decrease in other receivables, deposits and prepayments		(74,356)	73,705
Increase/(decrease) in trade payables		3,565	(11,688)
Increase/(decrease) in other payables and accrued charges		49,327	(35,965)
(Decrease)/increase in deferred revenue		(15,332)	8,509
Cash (used in)/generated from operations carried forward		(62,953)	146,101

Consolidated Statement of Cash Flows

for the year ended 31 December 2015

	Note	2015 HK\$'000	2014 HK\$'000
Cash (used in)/generated from operations brought forward		(62,953)	146,101
Interest received		4,718	27,106
Finance costs paid		(38,982)	(50,672)
Interest element of finance lease rentals paid		(3,305)	(2,772)
Tax paid	24(a)	(12,961)	(10,810)
Net cash (used in)/generated from operating activities		(113,483)	108,953
Investing activities			
Payment for the purchase of property, plant and equipment		(128,815)	(162,063)
Acquisition of subsidiaries, net of cash acquired	27	(32,602)	–
Payment for the purchase of available-for-sale equity securities		(6,642)	–
Prepayment for the acquisition of a subsidiary		(3,540)	–
Proceeds from disposals of property, plant and equipment		118	412
Proceeds from disposal of an associate		–	146
Equity contributions from non-controlling interests		1,500	–
Payment for internal development of trademark		–	(739)
Investment in an associate		–	(504)
Increase in pledged bank deposits		(56,150)	–
Increase in time deposits with original maturity of more than three months when acquired		(8,260)	–
Repayment from an associate		2,020	2,907
Repayment from/(advance to) joint ventures		1,572	(4,332)
Dividends received		91,610	117,617
Reduction of equity interest by non-controlling interests		(2,956)	–
Net cash used in investing activities		(142,145)	(46,556)
Financing activities			
Draw down of bank loans		294,770	106,633
Repayment of bank loans		(224,151)	(311,824)
Capital element of finance lease rentals paid		(23,034)	(9,376)
Proceeds from exercise of share options		–	28,403
Net cash generated from/(used in) financing activities		47,585	(186,164)
Net decrease in cash and cash equivalents		(208,043)	(123,767)
Cash and cash equivalents at 1 January		406,488	534,536
Effect of foreign exchange rate changes		(11,585)	(4,281)
Cash and cash equivalents at 31 December	20	186,860	406,488

The notes on pages 70 to 125 form part of these financial statements.

Notes to the Financial Statements

for the year ended 31 December 2015

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

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair 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 31.

During the year ended 31 December 2015, the Group sustained a loss before taxation of HK\$186,179,000 and had an operating cash outflow of HK\$62,953,000. In addition, as at 31 December 2015, the Group had net current liabilities of HK\$152,956,000.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The directors have prepared a cash flow projection of the Group for the coming twelve months from 31 December 2015. The directors are of the opinion that, having taken into account the expected cash inflows from operating activities, the available banking facilities and other financial resources of the Group, the Group has sufficient financial resources to meet its liabilities as and when they fall due in the coming twelve months from the end of the reporting period. In February 2016, the Group successfully issued convertible bonds amounting to HK\$200,000,000 to an investor (see note 33(b)) to maintain liquidity and to meet the Group's working capital needs. In March 2016, the Group entered into a subscription agreement with three investors, pursuant to which the investors subscribed for an aggregate of 13.79% of the enlarged equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited for an aggregate consideration of RMB400,000,000 (see note 33(c)). Accordingly, the directors believe that the Group will be able to continue as a going concern and thus have prepared the consolidated financial statements on a going concern basis.

(c) Changes in accounting policies

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

— *Annual Improvements to HKFRSs 2010–2012 Cycle*

— *Annual Improvements to HKFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The impact of the adoption of the amended HKFRSs is discussed below:

Annual Improvements to HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

(d) Subsidiaries and non-controlling interests

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

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Subsidiaries and non-controlling interests *(continued)*

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 statement of comprehensive income.

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

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture 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)).

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in 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 debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(w)(viii) 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 value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(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).

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(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 leases (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 repairs and maintenance costs is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured realisably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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

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

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

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

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

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trademarks

Trademarks are 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 exceptions:

- property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(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.

(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 recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases. Depreciation is provided at rates which write off the cost or valuation of the assets over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset, as set out in note 2(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.

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets

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

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

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

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

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

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

(ii) Impairment of other assets

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

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

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

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

- Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see 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 period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(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 is 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 to be generated by these films. Costs are transferred to self-produced programmes upon completion.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Film rights *(continued)*

(iii) Self-produced programmes

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

(iv) Investments in film/drama production

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

(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.

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits *(continued)*

(ii) Share-based payments *(continued)*

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

(iii) Retirement benefit schemes

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

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

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

(iii) (continued)

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 values at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

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

(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.

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Financial guarantees issued, provisions and contingent liabilities *(continued)*

(i) Financial guarantees issued *(continued)*

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.

(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 and consultancy services is recognised upon the provision of the services;
- (iv) Income from investments in film/drama production is recognised when the films or television programmes are released for distribution;
- (v) Income from confectionery sales and audio visual sales is recognised at the point of sales when the confectionery and audio visual products are given to the customers;
- (vi) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned;
- (vii) Interest income is recognised as it accrues using the effective interest method;
- (viii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established;
- (ix) Income from ticket booking is recognised upon the provision of the services;
- (x) Income from gift voucher purchases is recognised when customers exchange them for goods/services or upon expiry;
- (xi) Income from membership fees is recognised in profit or loss in the accounting period covered by the membership terms; and

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition *(continued)*

- (xii) 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 attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(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, joint ventures and associates are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except for those arising from the translation of the financial statements of overseas subsidiaries, joint ventures and associates which are taken directly to the exchange reserve.

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

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

(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.

Notes to the Financial Statements

for the year ended 31 December 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Related parties *(continued)*

(b) *(continued)*

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(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.

3 REVENUE

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

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from customers are set out in note 26(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

4 SEGMENT REPORTING (CONTINUED)

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

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

Segment revenue and results

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

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2015

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	
	2015 HK\$'000	2014 HK\$'000								
Segment revenue										
Revenue from external customers										
— Exhibition	257,274	214,893	1,020,710	859,104	496,601	447,028	389,311	397,550	2,163,896	1,918,575
— Distribution and production	28,973	47,917	14,915	11,864	5,771	16,305	7,762	10,739	57,421	86,825
— Corporate	1,211	4,566	4,351	—	—	—	—	—	5,562	4,566
Reportable segment revenue	287,458	267,376	1,039,976	870,968	502,372	463,333	397,073	408,289	2,226,879	2,009,966
Reportable segment profit/(loss)	30,280	21,829	(120,905)	(15,698)	38,222	20,743	61,212	52,356	8,809	79,230
Reconciliation — Revenue										
Reportable segment revenue									2,226,879	2,009,966
Share of revenue from joint ventures in Taiwan and Singapore									(899,445)	(871,622)
Elimination of intra-segment revenue									(1,862)	(4,012)
Others									(48,440)	(51,541)
Consolidated revenue									1,277,132	1,082,791
Reconciliation — (Loss)/profit before taxation										
Reportable profit from external customers									8,809	79,230
Unallocated operating expenses, net									(189,280)	(66,499)
Non-controlling interests									(747)	930
Income tax									(4,961)	9,467
Consolidated (loss)/profit before taxation									(186,179)	23,128

Notes to the Financial Statements

for the year ended 31 December 2015

5 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	2015 HK\$'000	2014 HK\$'000
Interest income from bank deposits	4,804	9,500
Other interest income (<i>note (i)</i>)	–	17,168
Write-off of liabilities	6,337	4,285
Rebates from the National Film Development Fund (<i>note (ii)</i>)	16,389	24,075
Sponsorship fee income	7,858	7,553
Miscellaneous income	19,130	13,322
	54,518	75,903

Note (i): The Group has a lease agreement with a related party in respect of a property in Mainland China. Upon the failure of the related party to deliver the property on time, the Group entered into a memorandum with the related party to extend the delivery date of the leased property and to charge interest at a rate of 7.5% per annum on the amount of the prepaid rental. During the year ended 31 December 2014, an amount of HK\$17,168,000 representing the interest on the prepaid rental for delay in the property handover was recorded as other revenue. Details are set out in the Company's announcements published on the website of The Stock Exchange of Hong Kong Limited on 25 June 2014 and 2 December 2014.

Note (ii): In accordance with PRC regulations, operators of cinemas established after 1 January 2004 with more than three screens are entitled to a rebate of 5% of gross box office takings for the first three years of operation. For the year ended 31 December 2015, the Group was entitled to rebates from the national film development fund of RMB13,324,000, equivalent to approximately HK\$16,389,000 (2014: RMB19,107,000, equivalent to approximately HK\$24,075,000).

(b) Other net loss

	2015 HK\$'000	2014 HK\$'000
Compensation gain	544	2,574
Compensation income from a contractor for delays in construction progress (<i>note</i>)	–	3,594
(Losses)/gains on disposal of property, plant and equipment	(1,625)	325
Exchange loss, net	(40,883)	(10,536)
	(41,964)	(4,043)

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. During the year ended 31 December 2014, in addition to the reimbursement of expenses of HK\$2,882,000, an amount of HK\$3,594,000 representing compensation for punitive damages was recorded as other net loss.

Notes to the Financial Statements

for the year ended 31 December 2015

6 (LOSS)/PROFIT BEFORE TAXATION

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

	2015 HK\$'000	2014 HK\$'000
(a) Finance costs		
Interest on bank loans	36,275	45,523
Finance charges on obligations under finance leases	3,305	2,772
Other ancillary borrowing costs	2,555	4,922
Total finance costs on financial liabilities not at fair value through profit or loss	42,135	53,217
Less: finance costs capitalised into leasehold improvements*	(2,500)	(8,500)
	39,635	44,717

* The finance costs have been capitalised at rates ranging from 5.39% to 6.13% per annum (2014: 3.44% to 8.19% per annum).

	2015 HK\$'000	2014 HK\$'000
(b) Staff costs (excluding directors' emoluments (note 8))		
Salaries, wages and other benefits (note (i))	211,623	179,513
Contributions to defined contribution retirement plans	1,394	1,315
Equity-settled share-based payment expenses	17,375	–
	230,392	180,828
(c) Other items		
Cost of inventories	34,001	33,929
Cost of services provided	472,276	390,290
Depreciation of property, plant and equipment	159,696	136,964
Amortisation of film rights (note (ii)) (note 18)	41,927	17,618
Impairment of property, plant and equipment (note 11)	14,122	–
Impairment of goodwill (note 16)	16,425	–
Impairment of film rights (note 18)	5,119	–
Write-off of trade receivables	13,782	–
Auditors' remuneration	3,811	3,011
Operating lease charges in respect of land and buildings		
— minimum lease payments	183,664	152,053
— contingent rentals	44,107	22,439
Rental income less direct outgoings	(14,604)	(14,045)

Notes:

(i) The amount includes provision for long service payments.

(ii) The amortisation of film rights for the year is included in "Cost of sales" in the consolidated income statement.

Notes to the Financial Statements

for the year ended 31 December 2015

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2015 HK\$'000	2014 HK\$'000
The Group		
<i>Current income tax</i>		
Provision for Hong Kong tax	1,724	915
Provision for overseas tax	7,579	12,375
(Over)/under-provision in respect of prior years	(1,191)	492
	8,112	13,782
<i>Deferred tax — Overseas (note 24(b))</i>		
Reversal of temporary differences	(13,073)	(4,315)
	(4,961)	9,467

Notes:

- (i) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.
- (ii) The provision for the PRC Corporate Income Tax of the subsidiaries established in the PRC is calculated at 25% (2014: 25%) of the estimated taxable profits for the year.
- (iii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.
- (iv) During the year ended 31 December 2015, the Group paid HK\$3,860,000 (2014: HK\$4,616,000) for income taxes on distributed earnings from its joint venture in Taiwan.

During the year ended 31 December 2015, the Group provided HK\$5,561,000 (2014: HK\$2,996,000) 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 2015

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

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

	2015 HK\$'000	2014 HK\$'000
(Loss)/profit before taxation	(186,179)	23,128
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to (losses)/profits in the jurisdictions concerned	(46,150)	3,770
Tax effect of non-deductible expenses	31,128	14,974
Tax effect of non-taxable income	(1,484)	(3,532)
Tax effect of unused tax losses not recognised	31,235	9,751
Tax effect of previously unrecognised prior years' tax losses utilised this year	(1,378)	(2,426)
Tax effect of (losses)/profits attributable to associates	(395)	(357)
Tax effect of profits attributable to joint ventures	(17,578)	(12,644)
Tax effect of temporary differences unrecognised, net	(849)	1,059
Provision for Taiwan withholding tax for the year	1,701	(1,620)
(Over)/under-provision in prior years	(1,191)	492
Actual tax (credit)/expense	(4,961)	9,467

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

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

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

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

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	Sub-total HK\$'000	Equity-settled share-based payments HK\$'000 <i>(note)</i>	2014 Total HK\$'000
Executive directors							
WU, Kebo	-	1,421	-	-	1,421	-	1,421
LI, Pei Sen	-	239	-	-	239	-	239
TAN, Boon Pin Simon (resigned on 10 May 2014)	-	180	-	2	182	-	182
WU, Keyan	-	642	-	17	659	-	659
MAO, Yimin	-	2,383	504	102	2,989	-	2,989
Independent non-executive directors							
LEUNG, Man Kit	340	-	-	-	340	-	340
HUANG, Shao-Hua George	240	-	-	-	240	-	240
WONG, Sze Wing	240	-	-	-	240	-	240
	820	4,865	504	121	6,310	-	6,310

Note: These represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for equity-settled share-based payment transactions as set out in note 2(t)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 25(a)(i).

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

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2014: 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 (2014: three) are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries and other emoluments	3,743	3,877
Discretionary bonuses	225	325
Equity-settled share-based payments	17,196	-
Retirement scheme contributions	36	50
	21,200	4,252

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9 INDIVIDUALS WITH HIGHEST EMOLUMENTS (CONTINUED)

The emoluments of the three (2014: three) individuals with the highest emoluments are within the following bands:

	2015 Number of individuals	2014 Number of individuals
HK\$1,000,001–HK\$1,500,000	–	2
HK\$1,500,001–HK\$2,000,000	–	1
HK\$6,000,001–HK\$6,500,000	1	–
HK\$7,000,001–HK\$7,500,000	1	–
HK\$7,500,001–HK\$8,000,000	1	–

10 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK\$180,471,000 (2014: profit of HK\$12,731,000) and the weighted average number of ordinary shares of 2,742,519,248 (2014: 2,698,145,823), in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic and diluted)

	2015	2014
Issued ordinary shares at 1 January	2,742,519,248	2,679,819,248
Effect of share options exercised	–	18,326,575
Weighted average number of ordinary shares at 31 December	2,742,519,248	2,698,145,823

(b) Diluted (loss)/earnings per share

There were no diluted potential shares in existence during the years ended 31 December 2015 and 2014.

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

(a) Reconciliation of carrying amount

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

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

(a) Reconciliation of carrying amount (continued)

	Buildings HK\$'000	Leasehold improvements HK\$'000	Machinery and equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Sub-total HK\$'000	Investment properties HK\$'000	Leasehold land HK\$'000	Total HK\$'000
Cost or valuation:										
At 1 January 2014	26,467	861,125	409,379	51,817	4,187	172,282	1,525,257	149,264	127,998	1,802,519
Additions	-	34,795	45,954	3,818	1,165	98,278	184,010	-	-	184,010
Disposals	-	(9)	(98)	-	(861)	-	(968)	-	-	(968)
Transfers	-	167,847	2,163	-	-	(170,010)	-	-	-	-
Fair value adjustments	-	-	-	-	-	-	-	2,700	-	2,700
Exchange adjustments	(261)	(10,395)	(4,839)	(530)	(45)	(2,178)	(18,248)	(1,476)	-	(19,724)
At 31 December 2014	26,206	1,053,363	452,559	55,105	4,446	98,372	1,690,051	150,488	127,998	1,968,537
Representing:										
Cost	26,206	1,053,363	452,559	55,105	4,446	98,372	1,690,051	-	127,998	1,818,049
Valuation 2014	-	-	-	-	-	-	-	150,488	-	150,488
	26,206	1,053,363	452,559	55,105	4,446	98,372	1,690,051	150,488	127,998	1,968,537
Accumulated depreciation, amortisation and impairment losses:										
At 1 January 2014	4,920	149,295	133,139	16,464	3,307	-	307,125	-	850	307,975
Charge for the year	2,105	72,005	55,626	5,626	469	-	135,831	-	1,133	136,964
Written back on disposals	-	-	(20)	-	(861)	-	(881)	-	-	(881)
Exchange adjustments	(76)	(2,038)	(1,654)	(130)	(51)	-	(3,949)	-	-	(3,949)
At 31 December 2014	6,949	219,262	187,091	21,960	2,864	-	438,126	-	1,983	440,109
Net book value:										
At 31 December 2014	19,257	834,101	265,468	33,145	1,582	98,372	1,251,925	150,488	126,015	1,528,428

(i) Impairment loss

During the year ended 31 December 2015, the Group assessed the recoverable amounts of certain property, plant and equipment associated with its cinema business in Mainland China as their actual operating results were lower than the results expected by management. Based on the review, an impairment loss of approximately HK\$14,122,000 (2014: HK\$Nil) was recognised in profit or loss. The estimates of recoverable amounts of the property, plant and equipment were based on their value-in-use. The pre-tax discount rate applied in measuring the amounts of value-in-use was 20% per annum.

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

(b) Fair value measurement of properties

(i) Fair value hierarchy

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

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

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

	Fair value at 31 December	Fair value measurements as at 31 December 2014 categorised into		
	2014 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Recurring fair value measurement				
Investment properties:				
— Commercial — Mainland China	109,788	—	—	109,788
— Commercial — Hong Kong	40,700	—	40,700	—

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2015. The valuations were carried out by independent firms of surveyors, Savills Property Services (Shanghai) Co. Ltd and RHL Appraisal Limited, who have among their staff 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 prices of comparable properties on a price per square foot basis using market data which is publicly available.

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

(b) Fair value measurement of properties (continued)

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment property Commercial — Mainland China	Market comparison approach	Location factor	-5% to 0% (2014: -5% to 0%)
		Building specific	-5% to 0% (2014: -5% to 0%)
		Floor level adjustment	45% to 50% (2014: 45% to 50%)
		Level height adjustment	-20% to 20% (2014: -20% to 20%)

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

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

	2015 HK\$'000	2014 HK\$'000
Investment property — Commercial — Mainland China		
At 1 January	109,788	111,264
Exchange adjustment	(6,188)	(1,476)
Fair value adjustment	(5,141)	—
At 31 December	98,459	109,788

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

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

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

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

	2015		2014	
	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold land HK\$'000	Buildings HK\$'000
In Hong Kong — long leases	124,882	47,311	126,015	47,487
Outside Hong Kong — medium-term leases	—	108,396	—	122,258
	124,882	155,707	126,015	169,745
Representing:				
Land and buildings carried at fair value	—	139,159	—	150,488
Buildings carried at cost	—	16,548	—	19,257
	—	155,707	—	169,745
Interest in leasehold land held for own use under operating leases	124,882	—	126,015	—
	124,882	155,707	126,015	169,745

12 INTERESTS IN SUBSIDIARIES

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

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

Details of the principal subsidiaries are as follows:

Name of company	Place of incorporation/ establishment/ operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
北京橙天嘉禾影視製作有限公司 [^]	PRC	Registered capital RMB3,000,000	100%	Investment, production and distribution of motion pictures and acts as an advertising agent
City Entertainment Corporation Limited	Hong Kong	300,000,000 shares	100%	Investment Holding
Gala Film Distribution Limited	Hong Kong	49,990,000 shares and 10,000 non-voting deferred shares [#]	100%	Distribution of motion pictures
Golden Harvest Cinemas Holding Limited	British Virgin Islands	1 share of US\$1	100%	Investment holding

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12 INTERESTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation/ establishment/ operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
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 RMB560,000,000	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	100%	Investment holding
Golden Sky Pacific Limited	Hong Kong	2 shares	100%	Investment holding
M Cinemas Company Limited	Hong Kong	7,000,000 shares	100%	Theatre operation
Orange Sky Golden Harvest Entertainment Company Limited	Hong Kong	100 shares and 114,000,000 non-voting deferred shares [#]	100%	Investment holding
Orange Sky Golden Harvest Motion Pictures Company Limited	Hong Kong	94,000,000 shares	100%	Film production and investment holding
Panasia Films Limited	Hong Kong	23,000 shares	100%	Distribution of motion pictures and its related audio visual products and acts as an advertising agent
Shanghai Golden Harvest Media Management Company Limited ^{^^^}	PRC	Registered capital US\$500,000	100%	Distribution of motion pictures

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

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

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

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

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

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13 INTERESTS IN ASSOCIATES

	2015 HK\$'000	2014 HK\$'000
Share of net assets	3,886	2,517
Amount due from an associate	7,383	9,898
	11,269	12,415

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

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

Name of associate	Form of business structure	Place of establishment and operation	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
常州幸福藍海橙天 嘉禾影城有限公司	Establishment	PRC	Registered capital of RMB2,000,000	49%	–	49%	Theatre operation

14 INTERESTS IN JOINT VENTURES

	2015 HK\$'000	2014 HK\$'000
Share of net assets	263,290	243,271

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

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

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14 INTERESTS IN JOINT VENTURES (CONTINUED)

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

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

	Dartina Development Limited		Vie Show Cinemas Co. Ltd.#	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Gross amounts of the joint ventures:				
Current assets	235,835	253,794	407,386	277,496
Non-current assets	395,345	441,208	451,047	500,835
Current liabilities	(334,768)	(354,952)	(368,850)	(324,355)
Non-current liabilities	(93,914)	(158,198)	(35,814)	(27,359)
Equity	202,498	181,852	453,769	426,617
Included in the above assets and liabilities:				
Cash and cash equivalents	198,866	225,124	259,061	161,225
Current financial liabilities (excluding trade and other payables and provisions)	54,800	44,100	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	68,500	132,300	33,047	24,190
Included in the above profits:				
Revenue	776,987	779,339	1,371,601	1,260,827
Profit from continuing operations	118,840	100,800	123,153	67,135
Other comprehensive income	–	–	–	–
Total comprehensive income	118,840	100,800	123,153	67,135
Dividends from the joint ventures	81,940	242,524	101,187	103,408
Reconciled to the Group's interests in the joint ventures				
Gross amounts of the joint ventures' net assets	202,498	181,852	453,769	426,617
Group's effective interest	50%	50%	35.71%	35.71%
Group's share of the joint ventures' net assets	101,249	90,926	162,041	152,345
Goodwill	–	–	–	–
Carrying amount in the consolidated financial statements	101,249	90,926	162,041	152,345

The joint venture is not audited by KPMG.

14 INTERESTS IN JOINT VENTURES (CONTINUED)

There has been a dispute among the shareholders of Vie Show Cinemas Co. Ltd (“Vie Show”) involving allegations of breaches of the material terms of the shareholders’ agreement and lawsuits were filed between the shareholders with the Taipei District Court of Taiwan in 2014. The lawsuits are ongoing and there remains uncertainty about the outcome of the shareholders’ dispute. The shareholders’ dispute and the related lawsuits do not affect the operations of Vie Show.

15 TRADEMARKS

	2015 HK\$'000	2014 HK\$'000
Cost and carrying amount		
At 1 January	80,524	79,785
Addition through internal development	–	739
At 31 December	80,524	80,524

Trademarks represent perpetual licenses for the use of the brand names “Golden Harvest” and “The Sky” which take the form of sign, symbol, name, logo, design or any combination thereof.

During the year ended 31 December 2014, the Group’s internally developed trademark “The Sky” was recognised at a cost of HK\$739,000.

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

- (i) the trademarks have been in use and will continue to be used for the long term; and
- (ii) the Group has incurred and intends to continue to incur significant advertising and promotion expenses, which are charged to profit or loss when incurred, to maintain and increase the market value of its trademarks.

An independent professional qualified valuer, Censere Holdings Limited, has confirmed in its valuation of the Group’s trademarks that the fair values of the trademarks exceeded their carrying values as at 31 December 2015. Accordingly, no impairment loss was recorded at 31 December 2015.

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16 GOODWILL

	2015 HK\$'000	2014 HK\$'000
Cost:		
At 1 January	73,658	73,658
Additions		
— Acquisition of subsidiaries and related business (note 27)	18,874	—
Exchange adjustment	(904)	—
At 31 December	91,628	73,658
Accumulated impairment losses:		
At 1 January	—	—
Impairment loss	16,425	—
At 31 December	16,425	—
Carrying amount		
At 31 December	75,203	73,658

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash generating unit ("CGU") identified according to country of operation and business segment as follows:

	2015 HK\$'000	2014 HK\$'000
Distribution and production — Mainland China	57,233	73,658
Exhibition — Mainland China	17,970	—
	75,203	73,658

Distribution and production — Mainland China

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of four years and a pre-tax discount rate of 20%, which reflects specific risks relating to the Group's Mainland China segment.

The impairment loss recognised during the year solely relates to the Group's distribution and production businesses in Mainland China. As the CGU has been reduced to its recoverable amount of HK\$66,797,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

Exhibition — Mainland China

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of 7–12 years using an estimated annual growth rate of 7%–15% which is consistent with forecasts included in industry reports. The growth rates used do not exceed the long-term average growth rates for the business in which the CGU operates. The cash flows are discounted using a pre-tax discount rate of 20%, which reflects specific risks relating to the Group's Mainland China exhibition segment.

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17 INVENTORIES

Inventories are carried at cost of HK\$6,596,000 at 31 December 2015 (2014: HK\$6,513,000) which comprised largely of goods for resale.

18 FILM RIGHTS

	2015 HK\$'000	2014 HK\$'000
Film rights — completed	39,797	66,275
Investment in film production	—	2,106
	39,797	68,381
Film production in progress, at cost	10,398	5,908
	50,195	74,289
Cost:		
At 1 January	444,970	415,451
Additions	23,735	45,335
Expiry	(9,238)	(12,463)
Exchange adjustments	(15,865)	(3,353)
At 31 December	443,602	444,970
Accumulated amortisation and impairment:		
At 1 January	370,681	368,710
Amortisation	41,927	17,618
Impairment loss	5,119	—
Expiry	(9,238)	(12,463)
Exchange adjustments	(15,082)	(3,184)
At 31 December	393,407	370,681
Net book value:		
At 31 December	50,195	74,289

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

Investments in film/drama production represent funds advanced to licensed production houses for co-financing the production of films and/or television programmes, which are freely exploited by the production houses. The investments are governed by the relevant investment agreements entered into between the Group and the production houses whereby the Group is entitled to benefits generated from the distribution of the related films and/or television programmes. The amounts will be recoverable by the Group from a pre-determined share of the sales proceeds of the respective co-financed films or television programmes, resulting from the distribution to be confirmed by the relevant production houses.

Film production in progress represents films under production.

In accordance with note 2(o) of the Group's accounting policies, the Group performed impairment tests at 31 December 2015 and 2014 by comparing the attributable carrying amounts of the film rights/self produced programmes with the recoverable amounts.

The Group assessed the recoverable amounts of the film rights based on the present value of estimated discounted future cash flows. An impairment loss of HK\$5,119,000 (2014: HK\$Nil) for film rights has been recognised in this respect for the year ended 31 December 2015.

The amount of film rights expected to be recovered after one year is HK\$28,068,000 (2014: HK\$27,818,000).

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for the year ended 31 December 2015

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	2015 HK\$'000	2014 HK\$'000
Trade receivables	125,613	92,144
Less: Allowance for doubtful debts	(117)	(117)
	125,496	92,027

(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:

	2015 HK\$'000	2014 HK\$'000
Within 1 month	94,247	68,900
1 to 2 months	1,835	2,909
2 to 3 months	2,352	1,530
Over 3 months	27,062	18,688
	125,496	92,027

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management.

In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate their fair values. Further details of the Group's credit policy are set out in note 26(a) to the financial statements.

(ii) Impairment losses of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

There were no movements in the allowance for doubtful debts during the years ended 31 December 2015 and 31 December 2014.

As at 31 December 2015, the allowance for doubtful debts was HK\$117,000 (2014: HK\$117,000).

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for the year ended 31 December 2015

19 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

(ii) Impairment losses of trade receivables (continued)

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

	2015 HK\$'000	2014 HK\$'000
Neither past due nor impaired	98,434	73,339
Less than three months past due	1,321	2,106
Past due over three months	25,741	16,582
	27,062	18,688
	125,496	92,027

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 2015, trade receivables of the Group included amounts totalling HK\$34,909,000 (2014: HK\$21,161,000) due from related companies and an amount of HK\$3,822,000 (2014: HK\$5,150,000) 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.

20 DEPOSITS AND CASH

	2015 HK\$'000	2014 HK\$'000
Deposits at banks	99,710	223,558
Cash at bank and in hand	196,830	229,810
	296,540	453,368
Less: Pledged deposits for bank loans	(101,420)	(46,880)
Time deposits with original maturity of more than three months when acquired	(8,260)	–
Cash and cash equivalents	186,860	406,488

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.

As at 31 December 2015, deposits and cash placed with banks in Mainland China amounted to HK\$177,647,000 (2014: HK\$325,838,000). Remittance of funds out of Mainland China is subject to relevant rules and regulations of foreign exchange control promulgated by the government of Mainland China.

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21 BANK LOANS

(a) At 31 December 2015, the bank loans were repayable as follows:

	2015 HK\$'000	2014 HK\$'000
Within 1 year or on demand	432,901	250,268
After 1 year but within 2 years	131,770	189,224
After 2 years but within 5 years	147,731	210,237
After 5 years	57,476	74,530
	336,977	473,991
	769,878	724,259
Bank loans		
— Secured	468,260	297,777
— Unsecured	301,618	426,482
	769,878	724,259

All of the non-current interest-bearing borrowings are carried at amortised cost. All bank loans bear interest at floating interest rates which approximate market rates of interest.

(b) At 31 December 2015, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong;
- (ii) deposits of subsidiaries of HK\$101,420,000 (2014: HK\$46,880,000); and
- (iii) equity shares of two subsidiaries which hold equity interests in the Group's joint ventures.

(c) At 31 December 2015, bank loans of HK\$769,878,000 (2014: 724,259,000) were guaranteed by corporate guarantees from the Company and two subsidiaries.

(d) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain ratios of the Group's financial performance on consolidation basis, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand.

The Group regularly monitors its compliance with these covenants. During the year ended 31 December 2015, the Group failed to meet certain financial covenants where the outstanding loan amounting to HK\$256,167,000 as at 31 December 2015. Waivers have been obtained from the respective banks, without any conditions, which exempt the Group from compliance with those certain financial covenants for the year ended 31 December 2015.

Further details of the Group's management of liquidity risk are set out in note 26(b) to the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2015

22 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2015, the Group had obligations under finance leases repayable as follows:

	2015		2014	
	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	15,702	17,949	14,552	16,068
After 1 year but within 2 years	9,443	11,251	8,826	9,661
After 2 years but within 5 years	27,889	29,307	7,357	7,842
	37,332	40,558	16,183	17,503
	53,034	58,507	30,735	33,571
Less: Total future interest expenses		(5,473)		(2,836)
Present value of lease obligations		53,034		30,735

23 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:

	2015 HK\$'000	2014 HK\$'000
Current to 3 months	71,034	57,884
Within 4 to 6 months	258	1,382
Within 7 to 12 months	5,239	7,265
Over 1 year	13,004	22,263
	89,535	88,794

At 31 December 2015, trade payables of the Group included the amounts totalling HK\$36,844,000 (2014: HK\$23,480,000) 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 is expected to be settled within one year.

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for the year ended 31 December 2015

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2015 HK\$'000	2014 HK\$'000
Provision for taxation for the year	9,303	13,290
Tax paid during the year	(12,961)	(10,810)
Balance of tax provision relating to prior years	11,062	10,275
	7,404	12,755

(b) Deferred tax assets and liabilities recognised:

	2015 HK\$'000	2014 HK\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	44,001	31,782
Net deferred tax liabilities recognised in the consolidated statement of financial position	(12,419)	(10,718)
	31,582	21,064

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

	Tax losses recognised HK\$'000	Withholding tax on unremitted earnings HK\$'000	Total HK\$'000
Deferred tax arising from:			
At 1 January 2014	(29,512)	12,338	(17,174)
Exchange adjustments	425	–	425
Credited to profit or loss (note 7(a))	(2,695)	(1,620)	(4,315)
At 31 December 2014	(31,782)	10,718	(21,064)
At 1 January 2015	(31,782)	10,718	(21,064)
Exchange adjustments	2,555	–	2,555
(Credited)/charged to profit or loss (note 7(a))	(14,774)	1,701	(13,073)
At 31 December 2015	(44,001)	12,419	(31,582)

(c) Deferred tax assets not recognised

At 31 December 2015, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$809,931,000 (2014: HK\$697,367,000) 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\$124,639,000 (2014: HK\$25,518,000) which can be only carried forward for five years under the laws of the relevant jurisdiction.

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

(d) Deferred tax liabilities not recognised

At 31 December 2015, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$100,290,000 (2014: HK\$104,122,000). Deferred tax liabilities of HK\$5,015,000 (2014: HK\$5,206,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

25 SHARE CAPITAL AND RESERVES

(a) Share capital

	Note	2015		2014	
		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		2,742,519,248	274,252	2,679,819,248	267,982
Shares issued under share option scheme	(i)	–	–	62,700,000	6,270
At 31 December		2,742,519,248	274,252	2,742,519,248	274,252

Notes:

(i) Share option scheme

Equity-settled share-based transactions

The Company operates a share option scheme (the "Scheme") for the purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. Eligible participants of the Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group and shareholders of the Company. The Scheme became effective on 11 November 2009 and will remain in force for 10 years from that date.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their associates, are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option).

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

Notes to the Financial Statements

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25 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

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

The maximum number of shares of the Company issuable upon exercise of all share options granted and to be granted under the Scheme and any other share option schemes of the Company (if any) is an amount equivalent to 10% of the shares of the Company in issue as at 11 November 2009. This limit can be refreshed by the shareholders of the Company in a general meeting in accordance with the provisions of the Listing Rules. The maximum number of shares issuable under share options granted to each eligible participant under the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to the shareholders' approval in a general meeting.

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

The movements of share options during the year ended 31 December 2015 held by the Directors, chief executive and other employees of the Group are set out in the following table:

Name or category of participant	Date of grant of share options	Exercise price per share	Exercise period	Number of share options outstanding as at 1 January 2015	Granted during the year ended 31 December 2015	Exercised during the year ended 31 December 2015	Lapsed during the year ended 31 December 2015	Closing price per share immediately	Number of share options outstanding as at 31 December 2015	
								before the date of grant of share options		
		HK\$						(Note (a)) HK\$		
Director										
Huang Shao-Hua George	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000	
Mao Yimin	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	27,400,000	-	-	0.578	27,400,000	
Wu Keyan	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	2,000,000	-	-	0.578	2,000,000	
Li Pei Sen	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	27,200,000	-	-	0.578	27,200,000	
Leung Man Kit	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000	
Wong Sze Wing	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	170,000	-	-	0.578	170,000	
Other participants										
In aggregate	14 July 2015	0.590	14 July 2015 to 13 July 2017	-	83,050,000	-	(170,000)	0.578	82,880,000	
					-	140,160,000	-	(170,000)	0.578	139,990,000

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.

25 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

The movements of share options during the year ended 31 December 2014 held by the Directors, chief executive and other employees of the Group are set out in the following table:

Name or category of participant	Date of grant of share options	Exercise price per share	Exercise period	Number of share options outstanding as at 1 January 2014	Exercised during the year ended 31 December 2014	Lapsed during the year ended 31 December 2014	Closing price per share immediately before the date of grant of share options (Note (a))	Number of share options outstanding as at 31 December 2014
		HK\$					HK\$	
Director								
Huang Shao-Hua George	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	(200,000)	0.451	–
Wu Kebo	23 September 2009	0.453	23 September 2009 to 22 September 2014	60,000,000	(60,000,000)	–	0.451	–
Wu Keyan	23 September 2009	0.453	23 September 2009 to 22 September 2014	700,000	(700,000)	–	0.451	–
Li Pei Sen	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	(200,000)	–	0.451	–
Leung Man Kit	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	(200,000)	–	0.451	–
Tan Boon Pin Simon	23 September 2009	0.453	23 September 2009 to 22 September 2014	1,200,000	(1,200,000) (Note (b))	–	0.451	–
Other participants								
In aggregate	23 September 2009	0.453	23 September 2009 to 22 September 2014	600,000	(400,000)	(200,000)		–
				63,100,000	(62,700,000)	(400,000)		–

Notes:

- (a) Being the weighted average closing price of the Shares immediately before the dates on which the share options were granted.
- (b) Mr. Tan Boon Pin Simon resigned as a Director of the Company with effect from 10 May 2014 and remains as a director of certain subsidiaries of the Company so he was still entitled to exercise the share options granted to him.

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25 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital *(continued)*

Notes: *(continued)*

(i) Share option scheme *(continued)*

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes option-pricing model. The contractual life of the share option is used as an input into this model. The following table lists the inputs to the model used for the year ended 31 December 2015 in connection with the granting of share options on 14 July 2015.

Fair value at measurement date	HK\$0.2092
Share price	HK\$0.578
Exercise price	HK\$0.590
Expected volatility	68.19%
Option life	2 years
Weighted average life	2 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	0.368%
Dilution effect	4.86%

The expected volatility was based on the historical volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends were based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

At the end of the reporting period, the Company had 139,990,000 share options outstanding under the Scheme. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 139,990,000 additional ordinary shares of the Company, representing approximately 5.10% of the Company's shares in issue as at the end of the reporting period, and additional share capital of HK\$13,999,000 and share premium account of HK\$68,595,100 (before issue expenses).

(b) Reserves

(i) The Group

Details of the movements in reserves of the Group during the years ended 31 December 2015 and 2014 are set out in the consolidated statement of changes in equity.

25 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves (continued)

(ii) The Company

	Note	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 2014		664,835	7,719	8,833	271,644	417,682	1,370,713
Changes in reserves for 2014:							
Profit for the year		–	–	–	–	15,593	15,593
Transfer to retained profits on lapse of share options	25(a)(i)	–	(48)	–	–	48	–
Shares issued under share option scheme	25(a)(i)	29,804	(7,671)	–	–	–	22,133
At 31 December 2014 and 1 January 2015		694,639	–	8,833	271,644	433,323	1,408,439
Changes in reserves for 2015:							
Loss for the year		–	–	–	–	(198,752)	(198,752)
Equity-settled share-based transactions	25(a)(i)	–	29,323	–	–	–	29,323
Transfer to retained profits on lapse of share options	25(a)(i)	–	(37)	–	–	37	–
At 31 December 2015		694,639	29,286	8,833	271,644	234,608	1,239,010

(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.

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25 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 2015, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$234,608,000 (2014: HK\$433,323,000). In addition, the Company's share premium account, contributed surplus, share option reserve and capital redemption reserve in an aggregate amount of HK\$1,004,402,000 (2014: HK\$975,116,000), as at 31 December 2015 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 2015 and 2014 are as follows:

	2015 HK\$'000	2014 HK\$'000
Bank loans	769,878	724,259
Obligations under finance leases	53,034	30,735
	822,912	754,994
Total assets	2,865,193	2,930,904
Gearing ratio	28.7%	25.8%

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, currency and interest rate risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, pledged bank deposits and deposits and cash.

In respect of pledged bank deposits and deposits and cash, the Group only places deposits with the major financial institutions in the PRC and Hong Kong.

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

The Group's trade receivables relate to a large number of diversified customers, the concentration of credit risk is not significant.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay. As deposits received do not have fixed repayment terms, their carrying amounts have not been included in the table.

For a term loan subject to repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflows based on the contractual repayment schedule and the impact to the timing of the cash outflows if the lender was to invoke the unconditional right to call the loan with immediate effect.

	As at 31 December 2015					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	89,535	89,535	89,535	–	–	–
Other payables and accrued charges	192,511	192,511	192,511	–	–	–
Bank loans	769,878	825,992	458,026	147,181	161,970	58,815
Obligations under finance lease	53,034	58,507	17,949	11,251	29,307	–
	1,104,958	1,166,545	758,021	158,432	191,277	58,815

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

(b) Liquidity risk (continued)

	As at 31 December 2014					
	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	88,794	88,794	88,794	–	–	–
Other payables and accrued charges	113,798	113,798	113,798	–	–	–
Bank loans	724,259	829,142	292,400	215,979	236,435	84,328
Obligations under finance lease	30,735	33,571	16,068	9,661	7,842	–
	957,586	1,065,305	511,060	225,640	244,277	84,328

(c) Currency risk

The Group has foreign currency monetary assets and liabilities that are denominated in a currency other than the functional currency of the entity to which they relate. Exchange differences arising on settling or translating these foreign currency monetary items at rates different from those at dates of transactions giving rise to these monetary items are recognised in profit or loss.

The Group enters into transactions denominated in currencies other than the functional currency of the entity to which they relate. Consequently, the Group is exposed to risks that the exchange rate of the relevant functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the relevant functional currency. As the Hong Kong dollar is pegged to the United States dollar, the Group does not expect any significant movements in the HKD/USD exchange rate. The currencies giving rise to foreign currency risk are primarily Renminbi and Singapore dollars. Management of the Group continuously monitors the Group's exposure to such foreign currency risks to ensure they are at manageable levels.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amount of exposure are shown in original currencies.

	Exposure to foreign currencies					
	2015			2014		
	Hong Kong Dollars '000	Renminbi '000	Singapore Dollars '000	Hong Kong Dollars '000	Renminbi '000	Singapore Dollars '000
Other receivables, deposits and prepayments	–	1	–	–	2,325	–
Deposits and cash	–	67,916	959	–	66,320	2,591
Other payables and accrued charges	–	(103)	–	–	(12,300)	–
Deferred revenue	–	(170)	–	–	(575)	–
Intercompany balance	–	213,949	–	–	133,770	–
Intercompany borrowings*	(304,370)	109,661	–	(304,370)	109,661	–
Net exposure to currency risk	(304,370)	391,254	959	(304,370)	299,201	2,591

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

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

(c) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's (loss)/profit after taxation and retained earnings that would have arisen if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant. Other components of equity would not be affected by changes in the foreign exchange rates:

	2015		2014	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit after taxation and retained earnings HK\$'000
Renminbi	5% (5)%	23,084 (23,084)	5% (5)%	18,745 (18,745)
Singapore dollars	5% (5)%	263 (263)	5% (5)%	762 (762)
Hong Kong dollars	5% (5)%	(15,219) 15,219	5% (5)%	(15,219) 15,219

Results of the analysis in the above table present an aggregation of the instantaneous effects on each of the group entities' (loss)/profit after taxation and equity measured in the respective functional currencies and shown in original currencies.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis has been performed on the same basis as for 2014.

(d) Interest rate risk

The Group's exposure to interest rate risk arises primarily to the Group's short and long-term loans. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

The Group manages its interest rate risk exposures in accordance with defined policies through regular review with a focus on reducing the Group's overall cost of funding as well as having regard to the floating/fixed rate mix appropriate to its current business portfolio.

Notes to the Financial Statements

for the year ended 31 December 2015

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

(d) Interest rate risk (continued)

(i) Interest rate profile

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

	2015		2014	
	Effective rate %	HK\$'000	Effective rate %	HK\$'000
Net fixed rate borrowings:				
Obligations under finance leases (note 22)	4.33%–10.5%	53,034	4.33%–10.5%	30,735
Variable rate borrowings:				
Bank loans (note 21)	2.25 %–6.13%	769,878	2.25 %–8.19%	724,259

(ii) Sensitivity analysis

At 31 December 2015, 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 (loss)/profit after taxation and total equity by approximately HK\$6,477,000 (2014: HK\$5,927,000).

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 2014.

(e) Fair values measurement

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2014 and 2015.

27 BUSINESS COMBINATIONS

During the year ended 31 December 2015, the Group acquired 100% of the issued share capital of Shenying Orange Sky Dameng (Shenzhen) Cinema Company Ltd ("深圳市深影橙天達夢影城有限公司"), 75% of the issued share capital of Shenzhen Tianrun Cinema Company Ltd ("深圳天潤影城有限公司"), 100% of the issued share capital of Fushun City Star Company Ltd ("撫順星辰影院有限公司"), 100% of the issued share capital of Changchun Changda Film Screening Company Ltd ("長春昌達電影放映有限公司") and 100% of the issued share capital of Shanghai Xinghao Cinema Company Ltd ("上海星濠影城有限公司"), from certain independent third parties for a total cash consideration of RMB61,420,000 (equivalent to HK\$75,775,000) in order to expand its exhibition business. These companies are principally engaged in theatre operation in Mainland China.

Notes to the Financial Statements

for the year ended 31 December 2015

27 BUSINESS COMBINATIONS (CONTINUED)

The fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition dates were as follows:

	Year ended 31 December 2015 HK\$'000
Property, plant and equipment	59,542
Cash and cash equivalents	420
Trade and other receivables	5,405
Inventories	261
Trade and other payables	(1,547)
Deferred revenue	(2,281)
Fair value of net assets acquired	61,800
Goodwill	18,874
Non-controlling interest	(4,899)
Total consideration	75,775
Less: consideration payable	(42,753)
Consideration paid, satisfied in cash (Note)	33,022
Less: cash and cash equivalents acquired	(420)
Net cash outflow	32,602

The acquisition of the subsidiaries has been accounted for using the purchase method. Goodwill arises from the excess of cost of acquisition over the fair value of identifiable assets and liabilities of the acquired subsidiaries.

Note: Partial consideration of RMB26,620,000 (equivalent to HK\$33,022,000) was paid upon the acquisition of the five companies. According to the sale and purchase agreements for the acquisition, the remaining consideration of RMB34,800,000 (equivalent to HK\$42,753,000) is payable by cash in a number of instalments before 2020.

The revenue included in the consolidated income statement since the acquisition dates contributed by these companies was HK\$30,673,000. These companies contributed a loss of HK\$4,091,000 over the same period.

The revenue which would have been included in the consolidated income statement for the year ended 31 December 2015 contributed by these companies if the acquisition dates for all business combinations that occurred during the year had been as of the beginning of the annual reporting period would have been HK\$58,675,000. These companies would have contributed a loss of HK\$5,355,000 over the same period on the same basis.

Notes to the Financial Statements

for the year ended 31 December 2015

28 COMMITMENTS

(a) Capital commitments outstanding not provided for in the financial statements

As at 31 December 2015 and 2014, the Group's share of the joint ventures' own capital commitments in respect of the acquisition of property, plant and equipment are as follows:

	2015 HK\$'000	2014 HK\$'000
Contracted for:		
Singapore	10,210	3,293
Taiwan	2,866	8,039
	13,076	11,332
Authorised but not contracted for:	—	—
	13,076	11,332

In addition to the Group's share of the joint ventures' own capital commitments above, the Group had the following capital commitments in respect of the acquisition of property, plant and equipment as at 31 December 2015 and 2014:

	2015 HK\$'000	2014 HK\$'000
Contracted for:		
Mainland China	52,141	65,119
Authorised but not contracted for:		
Mainland China	450,721	538,928
	502,862	604,047

(b) Operating lease commitments

(i) As lessor

At 31 December 2015, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 HK\$'000	2014 HK\$'000
Leases on premises expiring		
— within one year	2,934	2,579
— after one year but within five years	12,055	12,247
— after five year	14,447	18,498
	29,436	33,324

The Group leases its building under an operating lease. The lease runs for twelve years. The lease is subject to contingent rentals which are charged at 12%–15%.

28 COMMITMENTS (CONTINUED)

(b) Operating lease commitments (continued)

(ii) As lessee

At 31 December 2015, the Group's total future minimum lease payments under non cancellable operating leases are payable as follows:

	2015 HK\$'000	2014 HK\$'000
Leases on premises expiring		
— within one year	210,335	211,534
— after one year but within five years	827,729	828,457
— after five years	1,418,139	1,695,400
	2,456,203	2,735,391

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

Certain non-cancellable operating leases are subject to contingent rent payments, which are charged at 7% to 28% (2014: 7% to 28%) of the monthly or annual gross box office takings in excess of the base rents as set out in the respective lease agreements. In addition, 10%–12% (2014: 10%–12%) of the theatre confectionary sales and advertising income is also charged as payments under certain leases.

29 CONTINGENT LIABILITIES

At 31 December 2015, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries and a joint venture amounting to HK\$1,053,787,000 (2014: HK\$1,056,982,000) and HK\$Nil (2014: HK\$Nil) respectively. At 31 December 2015, banking facilities of HK\$770,885,000 (2014: HK\$727,290,000) had been utilised by the subsidiaries.

At 31 December 2015, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of bank guarantees as their fair values cannot be reliably measured and no transaction price was incurred.

Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the directors are of the opinion that even if the claims are found to be valid, there will be no material adverse effect on the financial position of the Group.

30 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	2015 HK\$'000	2014 HK\$'000
Office rental paid	(i)	3,572	3,647
Cinema screen advertising fee income	(ii)	22,296	22,950
Other interest income	(iii)	–	17,168
Rental prepayment for leasing of property	(iv)	–	25,200
Refund of rental prepayment for leasing of property	(v)	–	126,000
Cinema circuit management service fee expense	(vi)	9,026	6,322
Sponsorship fee income	(vii)	7,858	5,600
Prepayment for the acquisition of a subsidiary	(viii)	3,540	–

Notes to the Financial Statements

for the year ended 31 December 2015

30 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (i) This represents office rental expenses for three office areas paid to related companies, which are wholly-owned by Mr. Wu Kebo, a director and a substantial shareholder of the Group. The rental expenses were charged on nominal commercial terms.
- (ii) This represents cinema screen advertising income received from two related companies for granting exclusive rights to screen advertising air-time in the Group's Hong Kong and PRC cinemas. The fees were charged on normal commercial terms.
- (iii) This represents other interest income on the prepaid rental for delay in the property handover. The amount was paid by a related company, which is indirectly held by Mr. Wu Kebo.
- (iv) This represents rental prepayment paid to a related company, which is indirectly held by Mr. Wu Kebo, in respect of the lease of a property in the PRC for the purpose of theatre operation.

The terms of the rental agreement were negotiated on normal commercial terms.

- (v) This represents refund of rental prepayments as disclosed in note (iv) and accumulated rental payments in prior years, by a related company, which is indirectly held by Mr. Wu Kebo.
- (vi) This represents management service fees paid to a related company, which is indirectly held by Mr. Wu Kebo, for introducing a top-class cinema circuit to PRC cinemas. The fees were charged at 1.2% of net box office receipts.
- (vii) This represents sponsorship fee income received from a related company, which is 80% beneficially owned by Mr. Wu Kebo, for procuring sponsorship within Hong Kong.
- (viii) This represents a prepayment for the acquisition of a subsidiary from a close member of Mr. Wu Kebo's family.

The transactions shown in notes (i), (ii), (iv), (v), (vi) and (vii) above with related companies constitute continuing connected transactions as defined in chapter 14A of the Listing Rules are provided in the Reports of the directors. The continuing connected transactions were either properly reviewed by the independent non-executive directors or constituted de minimis transactions as defined in the Listing Rules.

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

31 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 26 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 property, plant and equipment

The Group estimates the useful economic lives of property, plant and equipment based on the periods over which the assets are expected to be available for use. The Group reviews annually their estimated useful lives, based on factors that include asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of the assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation charges and decrease non-current assets.

(ii) Assessment of impairment of other property, plant and equipment

The Group reviews internal and external sources of information at the end of each reporting period to identify indications that assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased. The Group estimates the asset's recoverable amount when any such indication exists. The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. The preparation of projected future cash flows involves the estimation of future revenue and operating costs which are based on reasonable assumptions supported by information available to the Group. Changes in these estimates would result in additional impairment provisions or reversal of impairment in future years.

31 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty *(continued)*

(iii) Assessment of impairment of film rights

The Group reviews the film rights ageing analysis at the end of each reporting period. The recoverable amount of film rights is assessed with reference to a value-in-use calculation at the end of the reporting period. The key assumptions include the discount rate, budgeted gross margin and estimated turnover based on past practices, experience and expectations in the film distribution and production industry. Changes in these estimates and assumptions would result in additional impairment provision or reversal of impairment in future years.

(iv) Assessment of impairment of goodwill

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

(v) Deferred tax assets

The Group reviews the carrying amounts of deferred taxes at the end of each reporting period and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilised. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of its deferred tax assets to be utilised.

(vi) Estimation of fair values of investment properties

Investment properties are stated at market value based on valuations performed by independent firms of professional valuers at 31 December 2015. 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 2015, with reference to current market transactions and the appropriate capitalisation rate.

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for the year ended 31 December 2015

32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Interests in subsidiaries		1,512,875	1,681,277
Current assets			
Amount due from a subsidiary		1,560	1,560
Prepayments		440	440
Deposits and cash		89	91
		2,089	2,091
Current liabilities			
Payables and accrued charges		1,702	677
Net current assets			
		387	1,414
NET ASSETS			
		1,513,262	1,682,691
CAPITAL AND RESERVES			
	25		
Share capital		274,252	274,252
Reserves		1,239,010	1,408,439
TOTAL EQUITY			
		1,513,262	1,682,691

33 EVENTS AFTER REPORTING PERIOD

(a) Draw down of a new bank loan

On 13 January 2016, the Group drew down a bank loan amounting to HK\$30,000,000 to finance its working capital requirements.

(b) Issue of convertible bonds

On 22 January 2016, the Company and Wan Tai Investments Limited, an indirectly wholly owned special purpose vehicle of CCB International (Holdings) Limited ("Wan Tai"), entered into a subscription agreement. Pursuant to the subscription agreement, the Company agreed to issue, and Wan Tai agreed to subscribe for convertible bonds in the principal amount of HK\$200,000,000 ("Series 1 CB"). In addition, upon fulfilment of certain conditions in the subscription agreement, the Company has the option to issue, and Wan Tai has the option to subscribe for, convertible bonds in the principal amount of HK\$100,000,000 ("Series 2 CB").

On 1 February 2016, the Company issued the Series 1 CB to Wan Tai with a term of three years. The Series 1 CB will, at the option of Wan Tai, be convertible into ordinary shares of the Company at an initial conversion price of HK\$1.00 per share, subject to adjustments provided in the subscription agreement. The Series 1 CB bear interest at 5% per annum on the principal amount of Series 1 CB outstanding from time to time, payable semi-annually in arrears.

33 EVENTS AFTER REPORTING PERIOD (CONTINUED)

(c) Deemed disposal of equity interest in a subsidiary

On 15 March 2016, the Group entered into a subscription agreement (the "Subscription Agreement") with three investors (the "Investors"), pursuant to which the Investors subscribed for an aggregate of 13.79% of the entire equity interest in Orange Sky Golden Harvest Cinemas (China) Company Limited ("OSGH (China)"), as enlarged by completion of the Subscription Agreement, for an aggregate consideration of RMB400,000,000. OSGH (China) is principally engaged in cinema operation and investment holding in Mainland China.

Under the Subscription Agreement, the Group retains buy-back options for the equity interest of OSGH (China) from the Investors under the situation where the Group further disposes of more than 50% of the entire equity interest in OSGH (China) to another third party investor within a given period as set out in the Subscription Agreement. In addition, the Group has granted buy-back options to the Investors, under which the Investors have an option to require the Group to purchase their equity interest in OSGH (China) subscribed pursuant to the Subscription Agreement in the situation where the Group is unable to satisfy certain conditions associated with the Initial Public Offer of OSGH (China) within a given period under the Subscription Agreement.

34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 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
<i>Annual Improvements to HKFRSs 2012–2014 Cycle</i>	1 January 2016
<i>Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture</i>	1 January 2016
<i>Amendments to HKFRS 11, Accounting for acquisitions of interests in joint operations</i>	1 January 2016
<i>Amendments to HKAS 1, Disclosure initiative</i>	1 January 2016
<i>Amendments to HKAS 16 and HKAS 38, Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
<i>HKFRS 15, Revenue from contracts with customers</i>	1 January 2018
<i>HKFRS 9, Financial instruments</i>	1 January 2018

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 the Group is not yet in a position to state whether they would have a significant impact on the Group's results and/or financial position.



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)