

Orange Sky  
ENTERTAINMENT GROUP



嘉禾



Golden Harvest

# Orange Sky Golden Harvest Entertainment (Holdings) Limited

## 橙天嘉禾娛樂(集團)有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

(Stock Code 股份代號: 1132)

年報 **2019**  
ANNUAL REPORT







# CONTENTS 目錄

|  |           |  |                         |
|--|-----------|--|-------------------------|
| <b>Corporate Information</b><br>公司資料   | <b>02</b> | <b>Report of the Directors</b><br>董事會報告書                         | <b>53</b>               |
| <b>Biographical Details of Directors &amp; Chief Executive Officer</b><br>董事及首席執行官個人履歷 | <b>04</b> | <b>Independent Auditor's Report</b><br>獨立核數師報告                   | <b>76</b>               |
| <b>Chairman's Statement</b><br>主席報告書   | <b>10</b> | <b>Consolidated Income Statement</b><br>綜合收益表                    | <b>83</b><br><b>150</b> |
| <b>Management Discussion &amp; Analysis</b><br>管理層討論及分析                                | <b>14</b> | <b>Consolidated Statement of Comprehensive Income</b><br>綜合全面收益表 | <b>84</b><br><b>151</b> |
| <b>Corporate Governance Report</b><br>企業管治報告   | <b>25</b> | <b>Consolidated Statement of Financial Position</b><br>綜合財務狀況表   | <b>85</b><br><b>152</b> |
| <b>Environmental, Social and Governance Report</b><br>環境、社會及管治報告                       | <b>41</b> | <b>Consolidated Statement of Changes in Equity</b><br>綜合權益變動表    | <b>87</b><br><b>154</b> |
|  |           | <b>Consolidated Statement of Cash Flows</b><br>綜合現金流量表           | <b>88</b><br><b>155</b> |
|  |           | <b>Notes to the Financial Statements</b><br>財務報表附註               | <b>90</b><br><b>157</b> |

# CORPORATE INFORMATION

## 公司資料

### EXECUTIVE DIRECTORS

#### 執行董事

WU Kebo (Chairman)  
伍克波(主席)

LI Pei Sen  
李培森

CHOW Sau Fong, Fiona  
鄒秀芳

GO Misaki

PENG Bolun  
彭博倫

### INDEPENDENT NON-EXECUTIVE DIRECTORS

#### 獨立非執行董事

LEUNG Man Kit  
梁民傑

WONG Sze Wing  
黃斯穎

FUNG Chi Man, Henry  
馮志文

### CHIEF EXECUTIVE OFFICER

#### 首席執行官

XU Hua

徐華

### COMPANY SECRETARY

#### 公司秘書

CHEUNG Hei Ming  
張希銘

### 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

18/F, CNT Tower  
338 Hennessy Road  
Wan Chai  
Hong Kong  
香港  
灣仔  
軒尼詩道三三八號  
北海中心十八樓

### PRINCIPAL BANKERS

#### 主要往來銀行

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

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

### AUDITORS

#### 核數師

KPMG  
Public Interest Entity Auditor  
registered in accordance with the  
Financial Reporting Council Ordinance  
8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong  
畢馬威會計師事務所  
根據《財務匯報局條例》註冊的  
公眾利益實體核數師  
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  
4th Floor North Cedar House  
41 Cedar Avenue  
Hamilton HM12  
Bermuda





# CORPORATE INFORMATION

## 公司資料

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

#### 股份過戶登記處香港分處

Tricor Tengis Limited  
Level 54  
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  
五十四樓

### **WEBSITE**

#### 網址

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

### **STOCK CODE**

#### 股份代號

1132

# BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER

## 董事及首席執行官個人履歷

### CHAIRMAN AND EXECUTIVE DIRECTOR

#### Mr. Wu Kebo (“Mr. Wu”)

Aged 56

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 cousin of Ms. Go Misaki, an executive director of the Company.

### EXECUTIVE DIRECTORS

#### Mr. Li Pei Sen (“Mr. Li”)

Aged 72

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.

### 主席兼執行董事

#### 伍克波先生(「伍先生」)

五十六歲

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。橙天為於英屬維爾京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，以及擔任其他多齣華語電影之監製，包括《愛情來電轉接》、《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Go Misaki女士之堂兄。

### 執行董事

#### 李培森先生(「李先生」)

七十二歲

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。

# BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER

## 董事及首席執行官個人履歷

### **Ms. Chow Sau Fong, Fiona (“Ms. Chow”)**

Aged 47

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

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

### **Ms. Go Misaki (“Ms. Go”)**

Aged 44

Ms. Go (former name: Wu Kexuan) has been appointed as an executive director of the Company with effective from 9 September 2019 and is also currently a director of certain subsidiaries of the Company. She has served as general manager of Chikou Company Limited, a company primarily engaging in telecommunications service for the last two decades, since 2003. With almost 20 years of extensive working experience in telecommunications service and entertainment industry, Ms. Go provides professional consultation and service across the world and participates in managing and executing network equipments projects, screen & position advertising, alternative content, cinema-based merchandise and other diversified entertainment. Ms. Go is the cousin of Mr. Wu Kebo, being our current executive director.

Ms. Go graduated from Guangzhou Jinan University in 1996 with a diploma of Foreign Trade and Economics and obtained a diploma of General Art & Science from Mohawk College in Canada in 1999 and a diploma of International Economy & Business from Nakano School of Business in Japan in 2003.

### **鄒秀芳女士 (「鄒女士」)**

四十七歲

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

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

### **Go Misaki女士 (「Go女士」)**

四十四歲

Go女士(前稱：伍克璇)自二零一九年九月九日起獲委任為本公司執行董事，現時亦為本公司若干附屬公司之董事。彼自二零零三年起擔任Chikou Company Limited(於過去二十年主要從事電訊服務之公司)之總經理。憑藉於電訊服務及娛樂行業近20年之豐富經驗，Go女士於世界各地提供專業顧問及服務，並參與管理及實施網路設備專案、銀幕及陣地廣告、特備節目、影院商品及其他多樣化娛樂。Go女士為現任執行董事伍克波先生之堂妹。

Go女士於一九九六年畢業於廣州暨南大學，獲得對外貿易及經濟文憑，於一九九九年於加拿大莫哈克學院(Mohawk College)取得美術及科學文憑以及於二零零三年自日本中野商業學校(Nakano School of Business)取得國際經濟及商業文憑。



# BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER

## 董事及首席執行官個人履歷

### Mr. Peng Bolun (“Mr. Peng”)

Aged 29

Mr. Peng, aged 29, has been appointed as an executive director of the Company and the finance director of the China operation of the Group effective from 9 September 2019. Before joining the Group, he respectively served as a director from July 2017 to September 2019 and assistant to chairman from March 2018 to September 2019 of Orange Sky Entertainment Group (International) Holding Company Limited (“OSEG”). Prior to joining OSEG, Mr. Peng held several positions at Ernst & Young (China) Advisory Limited from 2015 to 2016 and Northeast Securities from 2016 to 2017, where he specialized in derivative valuation, transaction services and investment banking. Mr. Peng obtained a master’s degree in Financial Engineering from Cornell University in 2014. He is a CFA charterholder and a certified FRM.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 66

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. As of 18 September 2019, Mr. Leung has commenced his Responsible Officer Type 6 role in Grand Moore Capital Limited. 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.

### 彭博倫先生(「彭先生」)

二十九歲

彭先生，二十九歲，自二零一九年九月九日起獲委任本公司執行董事及本集團中國業務之財務總監。加入本集團前，彼分別擔任橙天娛樂集團(國際)控股有限公司(「橙天」)董事(二零一七年七月至二零一九年九月)及主席助理(二零一八年三月至二零一九年九月)。加入橙天前，彭先生先後於二零一五年至二零一六年及二零一六年至二零一七年分別於安永(中國)企業諮詢有限公司及東北證券擔任多個職位，專門於衍生估值、交易服務及投資銀行。彭先生於二零一四年自康奈爾大學(Cornell University)取得金融工程碩士學位。彼持有特許金融分析師資格並為認可金融風險管理師。

### 獨立非執行董事

#### 梁民傑先生(「梁先生」)

六十六歲

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。於二零一九年九月十八日，梁先生開始擔任中毅資本有限公司的第六類牌照負責人員。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。

## BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER 董事及首席執行官個人履歷

As at the date of this annual report, Mr. Leung holds or held directorships in the following listed companies in the past three years:

於本年報日期，梁先生現擔任或於過去三年曾擔任下列上市公司的董事職務：

| Name of the listed company<br>上市公司名稱  | Term<br>任期  | Position<br>職務                                |
|---|---|---|
| Netease.com Inc., a company listed on NASDAQ (stock code: NTES)*<br>網易，於納斯達克上市之公司<br>(股份代號：NTES)*   | July 2002 to present<br>二零零二年七月至今                     | Independent non-executive director<br>獨立非執行董事 |
| China Ting Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3398)<br>華鼎集團控股有限公司，於聯交所主板上市之公司(股份代號：3398)                               | November 2005 to present<br>二零零五年十一月至今                | Independent non-executive director<br>獨立非執行董事 |
| Unitas Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8020)<br>宏海控股集團有限公司，於聯交所GEM上市之公司(股份代號：8020)                          | October 2011 to November 2018<br>二零一一年十月至<br>二零一八年十一月 | Executive director<br>執行董事                    |
| China Huiyuan Juice Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1886)<br>中國滙源果汁集團有限公司，於聯交所主板上市之公司(股份代號：1886)                             | June 2012 to January 2019<br>二零一二年六月至<br>二零一九年一月      | Independent non-executive director<br>獨立非執行董事 |
| China Electronics Optics Valley Union Holding Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 798)*<br>中電光谷聯合控股有限公司，於聯交所主板上市之公司(股份代號：798)* | March 2014 to present<br>二零一四年三月至今                    | Independent non-executive director<br>獨立非執行董事 |
| Luye Pharma Group Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 2186)*<br>綠葉製藥集團有限公司，於聯交所主板上市之公司(股份代號：2186)*  | June 2014 to present<br>二零一四年六月至今                     | Independent non-executive director<br>獨立非執行董事 |

\* Mr. Leung is also the chairman of the audit committee of these companies.

\* 梁先生亦為該等公司之審核委員會主席。

# BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER

## 董事及首席執行官個人履歷

### Ms. Wong Sze Wing (“Ms. Wong”)

Aged 41

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 has been the chief financial officer since July 2010 and was joint company secretary between February 2009 and March 2017 of Yingde Gases Group Company Limited which was previously listed on the main board of The Stock Exchange of Hong Kong Limited 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.

As at the date of this annual report, Ms. Wong holds or held directorships in the following listed companies in the past three years:

### 黃斯穎女士(「黃女士」)

四十一歲

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。彼自二零一零年七月起擔任盈德氣體集團有限公司的首席財務官，以及於二零零九年二月至二零一七年三月期間擔任聯席公司秘書，該公司先前於香港聯合交易所有限公司主板上市，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。彼先前曾於艾迴音樂影像製作(中國)有限公司擔任財務總監，該公司乃由橙天與Avex Group Holdings Inc.成立的中國合營企業公司。Avex Group Holdings Inc.為於東京證券交易所上市的公司。黃女士於二零零八年一月退任橙天之集團首席財務官及艾迴音樂影像製作(中國)有限公司之財務總監。彼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。彼另外於二零一二年獲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。

於本年報日期，黃女士現擔任或於過去三年曾擔任下列上市公司的董事職務：

| Name of the listed company<br>上市公司名稱   | Term<br>任期                         | Position<br>職務                                   |
|--|------------------------------------|--|
| Rici Healthcare Holdings Limited,<br>a company listed on the Main Board of<br>the Stock Exchange (stock code: 1526)*<br>瑞慈醫療服務控股有限公司，於聯交所主板<br>上市之公司(股份代號：1526)*   | June 2016 to present<br>二零一六年六月至今  | Independent non-executive<br>director<br>獨立非執行董事 |
| Wangsu Science & Technology Co.,Ltd.,<br>a company listed on the ChiNext Board of<br>the Shenzhen Stock Exchange<br>(stock code: 300017)#<br>網宿科技股份有限公司，於深圳證券交易所創業板<br>上市之公司(股份代號：300017)#   | April 2017 to present<br>二零一七年四月至今 | Independent director<br>獨立董事                     |
| ZHEJIANG DAHUA TECHNOLOGY CO., LTD.,<br>a company listed on the SME Board of<br>the Shenzhen Stock Exchange (stock code: 002236)<br>浙江大華技術股份有限公司，於深圳證券交易所<br>中小企業板上市之公司(股份代號：002236)   | May 2017 to present<br>二零一七年五月至今   | Independent director<br>獨立董事                     |
| GANFENG LITHIUM CO., LTD., a company listed on<br>the Main Board of the Stock Exchange<br>(stock code: 1772), and the SME Board of<br>the Shenzhen Stock Exchange (stock code: 002460)<br>江西贛鋒鋰業股份有限公司，於聯交所主板<br>上市之公司(股份代號：1772)，<br>及於深圳證券交易所中小企業板<br>上市之公司(股份代號：002460) | July 2018 to present<br>二零一八年七月至今  | Independent non-executive<br>director<br>獨立非執行董事 |

\* Ms. Wong is also the chairlady of the audit committee of the company.

\* 黃女士亦為該公司之審核委員會主席。

# Ms. Wong is also the chairlady of the remuneration and evaluation committee of the company.

# 黃女士亦為該公司之薪酬與考核委員會主席。



# BIOGRAPHICAL DETAILS OF DIRECTORS & CHIEF EXECUTIVE OFFICER

## 董事及首席執行官個人履歷

### Mr. Fung Chi Man Henry (“Mr. Fung”)

Aged 51

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

### CHIEF EXECUTIVE OFFICER

#### Mr. Xu Hua (“Mr. Xu”)

Aged 41

Mr. Xu was appointed as the chief executive officer of the Group (“Chief Executive Officer”) effective from 2 October 2019. He has extensive professional experience in the fields of corporate strategy, mergers & acquisitions, investment banking and investment management. Prior to joining the Company, Mr. Xu served as executive director with ICBC International Holdings Limited from 2017, focusing on corporate finance and capital markets business of financial services, technology, media and entertainment industries. Before that, he served as portfolio manager with Da Cheng International Asset Management Company Limited during the period of 2015 to 2017, and director with BOCOM International (Shanghai) Equity Investment Management Company Limited during the period of 2014 to 2015, focusing on investment business in financial services, technology, media and entertainment industries. And before that, Mr. Xu worked for Goldman Sachs New York Headquarters and China office in its investment banking division during the period of 2011 to 2013, providing corporate finance and mergers & acquisitions advisory services for clients in North America and Asia Pacific region. He also worked for Merrill Lynch Asia Pacific Hong Kong Headquarters during the period of 2006 to 2008, as well as Citigroup China and Australia Headquarters during the period of 2003 to 2006, responsible for group corporate strategy, mergers & acquisitions, and business development. Mr. Xu started his career with L.E.K. Consulting China office in its strategy consulting business.

Mr. Xu holds a Master of Business Administration from MIT Sloan School of Management and a Master in Public Administration in International Development from Harvard Kennedy School in the United States, a Master of Philosophy in Management Studies from Cambridge Judge Business School in the United Kingdom, as well as a Bachelor of Economics from School of Economics, Peking University in China.

### 馮志文先生 (「馮先生」)

五十一歲

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

### 首席執行官

#### 徐華先生 (「徐先生」)

四十一歲

徐先生自二零一九年十月二日起獲委任為本集團首席執行官(「首席執行官」)。徐先生在企業戰略、兼併收購、投資銀行和投資管理領域擁有豐富的專業經驗。加入本公司之前，徐先生自二零一七年起服務於工銀國際控股有限公司，擔任執行董事，專注於金融服務、科技、媒體和娛樂行業的企業融資和資本市場業務。此前，彼在二零一五年至二零一七年間服務於大成國際資產管理有限公司，擔任基金經理，以及在二零一四年至二零一五年間於交銀國際(上海)股權投資管理有限公司擔任董事，專注於金融服務、科技、媒體和娛樂行業的投資業務。在此之前，徐先生在二零一一年至二零一三年間於高盛集團美國紐約總部及中國辦事處從事投資銀行業務，為北美及亞太地區客戶提供企業融資和兼併收購顧問服務；並在二零零六年至二零零八年間於美林證券亞太區香港總部，以及在二零零三年至二零零六年間於花旗集團中國和澳大利亞總部負責集團企業戰略、兼併收購和業務拓展工作。徐先生早期亦曾在L.E.K.諮詢中國辦公室從事戰略諮詢工作。

徐先生持有美國麻省理工學院斯隆管理學院工商管理碩士學位，美國哈佛大學肯尼迪政府學院公共管理碩士(國際發展專業)學位，英國劍橋大學嘉治商學院哲學碩士(管理學研究專業)學位，以及中國北京大學經濟學院經濟學學士學位。

# CHAIRMAN'S 主席報告書 ----- STATEMENT



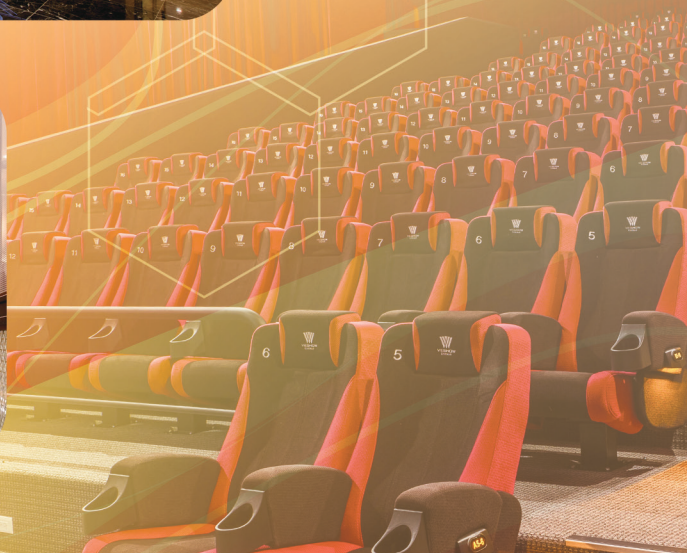
Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group"), I am pleased to present the Annual Report of the Group for the year ended 31 December 2019.

致股東：

本人謹代表橙天嘉禾娛樂(集團)有限公司(「本公司」)及其附屬公司(統稱「本集團」)董事(「董事」)會(「董事會」)呈報本集團截至二零一九年十二月三十一日止年度之年報。





## BUSINESS REVIEW

2019 is a year of strategic transformation for the Group, while we continue to strengthen our market leadership position in the film exhibition and distribution business, the Group has successfully penetrated into the fast-growing live entertainment business in PRC as we confirmed with local governments to operate 4 state-of-the-art 360 theatres from 2021 onwards. We are actively looking to expand rapidly into the live entertainment business and confident that it will become a major revenue driver for the Group in the near future.

## 業務回顧

本集團於二零一九年經歷策略性轉型，並繼續加強在影城業務及發行業務的市場領導地位。本集團獲當地政府確認自二零二一年起經營4間最先進的360影城，成功打入中國快速增長的現場娛樂業務。我們積極尋找機會迅速擴展至現場娛樂業務，並有信心此業務於不久將來會成為本集團的主要收益來源。



# CHAIRMAN'S STATEMENT

## 主席報告書

During the year, we continue to pride ourselves as the only cinema chain in the world that operates across virtually all of the Chinese speaking regions with undisputed market leader position in Singapore and Taiwan attributing to 45.6% and 39.0% of local gross box office. The Group has opened 4 new cinemas in 2019 adding 29 screens to a total of 37 cinemas and 300 screens, with additional 5 cinemas and 55 screens scheduled to open in the next 4 years. We are committed to broaden our offerings and improve audiences' experiences by introducing premium food and beverage, as well as alternative contents including but not limited to live concerts and theatre broadcast. The Group's exhibition business provides stable recurring cashflow and offer extensive network to position the Group for further development into the wider media and entertainment sectors.

The Group recorded total revenues of HK\$1,060.8 million in 2019, while this represents a year-on-year increase of 0.9% only, this is indeed a remarkable achievement considering the difficult operating environment amidst social unrest in Hong Kong and the lack of blockbuster hits in the second half of the year. Despite the Group recorded HK\$35.1 million loss attributable to shareholders in 2019, as compared to a profit of HK\$52.5 million in the previous year, the Group's underlying profitability has remained resilient over the year. The Group's loss was attributable largely to non-cash impacts from (i) accounting policy changes including: application of Hong Kong Financial Reporting Standard 16, Leases ("HKFRS 16") from 1 January 2019, resulting in HK\$34.8 million additional interest expenses on right-of-use-assets for the Group and HK\$7.1 million reduction in share of profit from joint venture; and (ii) HK\$9.0 million re-valuation loss on the Group's investment property in Hong Kong. The Group's operating performance is in line with 2018.

### PROSPECTS

COVID-19 outbreak in 2020 has posted serious challenge to worldwide economy, particularly the lockdown measures imposed by various countries have severely affected the retail and entertainment industries. Having said that, we are confident that the Group's strong liquidity with net cash position as of the year ended 31 December 2019, stringent cost control measures, together with government supports will provide large buffer for the Group to weather the difficult times. Of particular note, the Group has signed a HK\$1,548.0 million 3-Year Committed Loan Facility participated by 5 banks against reduced interest rate amidst the height of COVID-19 impact, proving the Group's strong fundraising capability and prudent financial management.

The Group firmly believes that negative impact from COVID-19 is short-lived and the Group's performance will recover rapidly thereafter. Looking forward, the Group will continue to take active steps to strengthen our market leader position in the traditional film exhibition business via new cinema multiplexes setup, and opportunistic acquisitions of regional entertainment companies that have synergy to the Group's existing business. Leveraging on our network across the entertainment industries across PRC, Hong Kong, Singapore, and Taiwan, we will actively expand into other non-film live entertainment businesses across our operating geographies to deliver rapid growth to shareholders

年內，作為全球唯一業務遍及所有華語地區的連鎖影院，我們繼續引以為傲。我們分別佔據新加坡及台灣當地票房收入45.6%及39.0%，市場領導地位不容置疑。於二零一九年，本集團開設4家新影城及增設29塊銀幕至合共37家影城及300塊銀幕，並計劃於未來4年增設5家影城及55塊銀幕。我們透過引入優質餐飲及另類放映內容(包括但不限於演唱會及劇院現場直播)，致力提供更多服務選擇及改善觀影體驗。本集團的影院業務帶來穩定的經常性現金流及龐大網絡，令本集團可進一步發展至更廣闊的傳媒及娛樂領域。

於二零一九年，本集團錄得總收益10.608億港元，按年增加僅為0.9%，惟在下半年香港社會動盪不安及缺乏賣座猛片的經營困境下，此成績確實令人鼓舞。儘管本集團於二零一九年錄得股東應佔虧損3,510萬港元，去年則錄得溢利5,250萬港元，本集團在過去一年仍能保持相關盈利能力。本集團的虧損主要歸因於非現金影響：(i)會計政策變動包括：自二零一九年一月一日起應用香港財務報告準則第16號租賃(「香港財務報告準則第16號」)，導致本集團的使用權資產出現額外利息開支3,480萬港元及分佔合營企業溢利減少710萬港元；及(ii)本集團於香港的投資物業的重估虧損900萬港元。本集團的經營業績與二零一八年持平。

### 前景

二零二零年爆發2019新型冠狀病毒病(COVID-19)對環球經濟帶來沉重打擊，尤其是多個國家實施封鎖政策，嚴重影響零售及娛樂行業。話雖如此，我們有信心本集團截至二零一九年十二月三十一日止年度的穩健流動資金及淨現金狀況、嚴格的成本控制措施及政府支持，令本集團能夠遊刃有餘渡過難關。值得注意的是，在COVID-19的衝擊下，本集團針對利率下調而簽訂由5間銀行參與的15.480億港元三年期已承諾貸款融資，此舉證明本集團具備強大的集資能力及審慎的財務管理。

本集團堅信，COVID-19的負面影響屬暫時性，本集團表現其後將會迅速復元。展望將來，本集團將會繼續採取積極措施，透過增設多廳影城，以及見機收購與本集團現有業務締造協同效應的區域性娛樂公司，鞏固在傳統影城業務的市場領導地位。憑藉在中國、香港、新加坡及台灣的娛樂事業網絡，我們將會在業務所在地積極擴展至其他非電影現場娛樂業務，為股東帶來快速的業務增長。



# CHAIRMAN'S STATEMENT

## 主席報告書

### ACKNOWLEDGEMENT

On behalf of the board and our management team, I would like to take this opportunity to express my appreciation to the shareholders, customers and business partners for their supports and cooperation. I hereby express my sincere gratitude to all our Directors for their support and advice, and committed staff for their hard work and efforts, which have contributed to the success of the Group and led to the sustainable development of our business.

### 致謝

本人謹代表董事會及管理團隊，藉此機會感謝股東、客戶及業務夥伴之支持和合作。本人謹此對全體董事之支持和建議，以及員工盡忠職守為本集團之成功及業務持續長遠發展而作出之不懈努力表示衷心謝意。

# MANAGEMENT 管理層討論 DISCUSSION & 及分析 ANALYSIS





# 嘉禾啟德 GHKAI TAK



## ORANGE SKY GOLDEN HARVEST'S 橙天嘉禾 CINEMA 影城組合 PORTFOLIO

(as of 31 December 2019 截至二零一九年十二月三十一日)

|           |     | Number of<br>cinemas<br>影城數目 | Number of<br>screens<br>銀幕數目 | Admissions<br>(million)<br>入場觀眾<br>(百萬人次) | Net average<br>ticket price<br>(HK\$)<br>平均淨票價<br>(港元) |
|-----------|-----|------------------------------|------------------------------|---|--|
| Hong Kong | 香港  | 7                            | 24                           | 2.2                                       | 81   |
| Singapore | 新加坡 | 14                           | 112                          | 8.3                                       | 61   |
| Taiwan    | 台灣  | 16                           | 164                          | 15.1                                      | 60   |
| Total     | 總計  | 37                           | 300                          | 25.6                                      | 62   |

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

### BUSINESS REVIEW

Founded half a century ago, the Group has become Asia's premier entertainment company primarily engaged in film exhibition, film and TV programme production and distribution businesses. Since its inception, the group has produced and financed over 600 movies, and played an important role in distribution of Chinese language movies. To date, the Group owns a movie library of more than 140 films for distribution.

In addition, the Group has recently expanded into the arenas of live show performances, club house business, and entertainment centre business, in order to capitalise our branding equity and goodwill, leverage our resources, creativity and our management expertise in the entertainment industry, and commercialise our intelligent property rights.

### Film Exhibition

During the year ended 31 December 2019, we opened a cinema with 5 screens and closed a cinema with 5 screens in Hong Kong, opened a cinema with 7 screens in Singapore, and opened 2 cinemas with 17 screens in Taiwan. At 31 December 2019, we operated 37 cinemas with 300 screens in total across Hong Kong, Taiwan and Singapore. Our cinemas served approximately 25.5 million guests as compared to 26.6 million guests in last year. The major Hollywood blockbusters released in this year were *Alita: Battle Angel* (銃夢：戰鬥天使), *Captain Marvel* (Marvel隊長), *Avengers: Endgame* (復仇者聯盟4：終局之戰), *Aladdin* (阿拉丁), *Spider-Man: Far From Home* (蜘蛛俠：決戰千里), *POKÉMON Detective Pikachu* (POKÉMON 神探 Pikachu), *Toy Story 4* (反斗奇兵4), *Fast & Furious: Hobbs & Shaw* (狂野時速：雙雄聯盟), *Joker* (小丑), *Frozen II* (魔雪奇緣2) and *Star Wars: The Rise of Skywalker* (星球大戰：天行者崛起). The major Chinese language blockbusters for the year were *Integrity* (廉政風雲 煙幕), *The New King Of Comedy* (新喜劇之王), *P Storm* (P風暴), *The White Storm 2 Drug Lords* (掃毒2天地對決) and *Ip Man 4: The Finale* (葉問4：完結篇) from Hong Kong; *Killer Not Stupid* (殺手不笨) from Singapore; *Mayday LiFE* (五月天人生無限公司) and *Detention* (返校) from Taiwan.

### 業務回顧

本集團成立半世紀，已躋身亞洲頂級娛樂公司，主要從事經營影城、電影及電視節目製作及發行業務。自成立以來，本集團製作及投資超過600部電影，在發行華語電影上擔當重要角色。時至今日，我們電影庫有超過140部電影可供發行。

此外，本集團業務近期擴展至現場表演、俱樂部業務及娛樂中心業務，充分善用本集團品牌及商譽，利用於娛樂行業之資源、創意及管理專業知識，將知識產權商業化。

### 影城業務

截至二零一九年十二月三十一日止年度，我們於香港開設一家內設5塊銀幕之影城及結束一家內設5塊銀幕之影城，於新加坡開設一家內設7塊銀幕之影城，及於台灣開設兩家內設17塊銀幕之影城。於二零一九年十二月三十一日，本集團於香港、台灣及新加坡共營運37家影城共300塊銀幕。影城入場觀眾約2,550萬人次，去年則為2,660萬人次。本年度上映之荷里活猛片主要有《銃夢：戰鬥天使》、《Marvel隊長》、《復仇者聯盟4：終局之戰》、《阿拉丁》、《蜘蛛俠：決戰千里》、《POKÉMON神探Pikachu》、《反斗奇兵4》、《狂野時速：雙雄聯盟》、《小丑》、《魔雪奇緣2》及《星球大戰：天行者崛起》。年內華語猛片主要有香港的《廉政風雲煙幕》、《新喜劇之王》、《P風暴》、《掃毒2天地對決》及《葉問4：完結篇》；新加坡的《殺手不笨》；台灣的《五月天人生無限公司》及《返校》。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

### Operating Statistics of the Group's Cinemas

(For the year ended 31 December 2019)

|                                 |            | Hong Kong<br>香港 | Singapore<br>新加坡 | Taiwan<br>台灣 |
|---------------------------------|------------|-----------------|------------------|--------------|
| Number of cinemas*              | 影城數目*      | 7               | 14               | 16           |
| Number of screens*              | 銀幕數目*      | 24              | 112              | 164          |
| Admissions (million)            | 入場觀眾(百萬人次) | 2.2             | 8.3              | 15.1         |
| Net average ticket price (HK\$) | 平均淨票價(港元)  | 81              | 61               | 60           |

\* at 31 December 2019

The Group is dedicated to provide high quality and versatile video and audio experience for its audiences. All screens of the Group have been equipped with advanced digital equipment. There were 8 IMAX® screens in total for the Group in Taiwan as at 31 December 2019. The Group has also been enhancing the experience for our audiences by equipping 3D systems, 4DX™, D-Box Motion Chairs, Advanced Panorama Dolby Atmos and DTSX sound systems in our cinemas in different regions.

#### Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong  
(For the year ended 31 December 2019)

|                                    |             | 2019<br>二零一九年 | 2018<br>二零一八年 |
|------------------------------------|-------------|---------------|---------------|
| Number of cinemas*                 | 影城數目*       | 7             | 7             |
| Number of screens*                 | 銀幕數目*       | 24            | 24            |
| Admissions (million)               | 入場觀眾(百萬人次)  | 2.2           | 2.0           |
| Net average ticket price (HK\$)    | 平均淨票價(港元)   | 81            | 84            |
| Box office receipts (HK\$ million) | 票房總收入(百萬港元) | 174           | 167           |

\* at 31 December 2019

During the year under review, the Hong Kong market as a whole recorded box office receipts of HK\$1,931.9 million, a decrease of 1.8% from HK\$1,966.9 million in last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$174.0 million in this year (2018: HK\$166.9 million), representing an increase of 4.2%. The increase was primarily attributable to the 2 new cinemas opened during the second half of 2018. Net average ticket price of the Group slightly decreased to HK\$81 during the year in Hong Kong since the newly opened cinemas are having a lower ticket price in order to attract more audiences.

### 本集團各地影城之營運數據

(截至二零一九年十二月三十一日止年度)

\* 於二零一九年十二月三十一日

本集團銳意為觀眾提供優質且多功能之視聽觀賞體驗。本集團所有銀幕已設有先進數碼設備。本集團於二零一九年十二月三十一日在台灣共有八塊IMAX®銀幕。本集團亦一直為觀眾提升觀影體驗，在各地影城裝設3D系統、4DX™、D-Box動感座椅、先進環迴杜比全景聲系統及DTSX音響系統。

#### 香港

本集團香港影城之營運數據  
(截至二零一九年十二月三十一日止年度)

\* 於二零一九年十二月三十一日

於回顧年內，香港市場錄得整體票房收入為19.319億港元，較去年19.669億港元減少1.8%。於本年度，本集團香港影城錄得票房收入為1.740億港元(二零一八年：1.669億港元)，增幅為4.2%。有關增加主要由於在二零一八年下半年開設兩家新影城。年內，本集團之香港平均淨票價輕微跌至81港元，原因是新開設影城以較低票價吸引更多觀眾。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

To enable our cinemas becoming entertainment hubs of greater scope, we showed 86 alternative contents in 2019. It was encouraging that we developed a competent team in organising the alternative contents and a strong base of alternative content fans. It was proven by our successful alternative content shows such as the Live Broadcast of "LOVELIVE!" and "iDOLM@STER", which respectively, reached a remarkable 64% and 56% fill rates and the two broadcasts recorded an average ticket price of HK\$330.

Apart from this, the Live Broadcast of "2019 Wanna One Concert [Therefore] Live Viewing" and "BTS World Tour 'Love Yourself: Speak Yourself' [The Final]" were extremely successful with a fill rate of 99.8% and 100%.

Screen Advertising was also a profit driver to our Hong Kong region as we have already contracted with 28 cinemas as at 31 December 2019, and we expect steady growth in revenue and profit in coming years.

### Singapore

Operating Statistics of the Group's Cinemas in Singapore  
(For the year ended 31 December 2019)

|                                       |              |
|---------------------------------------|--------------|
| 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 (S\$)        | 平均淨票價(新加坡元)  |
| Net box office receipts (S\$ million) | 票房收入(百萬新加坡元) |

\* at 31 December 2019

During the year, the Singapore market net box office receipts dropped by 3.5% to S\$192.4 million (2018: S\$199.4 million). Golden Village cinemas reported net box office receipts of S\$87.6 million (2018: S\$93.8 million), representing a decrease in net box office receipts of 6.6% compared to last year. Nevertheless, the Group continued to be the market leader with a market share of 45.6% (47.1% in 2018). Golden Village cinemas' automated ticketing machines and auto-gates give patrons an easy, fast and efficient cinematic experience like none of the other competitors in Singapore.

為令旗下影城成為更多元之娛樂樞紐，本集團於二零一九年上演86場特備節目。我們已組建一支幹練的團隊負責籌辦特備節目，並得到一群特備節目觀眾鼎力支持，成功上演包括現場直播「LOVELIVE!」及「iDOLM@STER」在內之特備節目，該等節目分別錄得入座率高達64%及56%，而此兩項直播節目之平均票價均為330港元，成績令人鼓舞。

除此以外，現場直播「2019 Wanna One Concert [Therefore] Live Viewing」及「BTS World Tour 'Love Yourself: Speak Yourself' [The Final]」均取得空前成功，入座率高達99.8%及100%。

銀幕廣告亦為本集團於香港地區之溢利來源，於二零一九年十二月三十一日，本集團已與28家影城訂約，預計於未來數年之收益及溢利達致穩定增長。

### 新加坡

本集團新加坡影城之營運數據  
(截至二零一九年十二月三十一日止年度)

|                                       | 2019<br>二零一九年 | 2018<br>二零一八年 |
|---------------------------------------|---------------|---------------|
| Number of cinemas*                    | 14            | 13            |
| Number of screens*                    | 112           | 105           |
| Admissions (million)                  | 8.3           | 8.8           |
| Net average ticket price (S\$)        | 10.6          | 10.6          |
| Net box office receipts (S\$ million) | 88            | 94            |

\* 於二零一九年十二月三十一日

年內，新加坡市場淨票房收入下跌3.5%至1.924億新加坡元(二零一八年：1.994億新加坡元)。嘉華院線錄得淨票房收入8,760萬新加坡元(二零一八年：9,380萬新加坡元)，淨票房收入較去年下跌6.6%。儘管如此，本集團業績繼續穩踞領導地位，市場佔有率為45.6%(於二零一八年為47.1%)。嘉華院線之自動售票機及自動閘門為顧客帶來其他新加坡競爭對手無法相比之方便、快捷及高效之電影體驗。



# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

Hollywood blockbusters are always popular in Singapore and bring a stable profit contribution to the Group. Hollywood blockbusters released during the year included *Alita: Battle Angel* (銃夢：戰鬥天使), *Captain Marvel* (Marvel隊長), *Avengers: Endgame* (復仇者聯盟4：終局之戰), *Aladdin* (阿拉丁), *Spider-Man: Far From Home* (蜘蛛俠：決戰千里), *POKÉMON Detective Pikachu* (POKÉMON 神探 Pikachu), *Toy Story 4* (反斗奇兵4), *Fast & Furious: Hobbs & Shaw* (狂野時速：雙雄聯盟), *Joker* (小丑), *Frozen II* (魔雪奇緣2) and *Star Wars: The Rise of Skywalker* (星球大戰：天行者崛起). The major Chinese language blockbuster from Singapore was *Killer Not Stupid* (殺手不笨).

### Taiwan

Operating Statistics of the Group's Cinemas in Taiwan  
(For the year ended 31 December 2019)

|                                       |             | 2019<br>二零一九年 | 2018<br>二零一八年 |
|---------------------------------------|-------------|---------------|---------------|
| Number of cinemas*                    | 影城數目*       | 16            | 14            |
| Number of screens*                    | 銀幕數目*       | 164           | 147           |
| Admissions (million)                  | 入場觀眾(百萬人次)  | 15.1          | 15.8          |
| Net average ticket price (NTD)        | 平均淨票價(新台幣)  | 240           | 236           |
| Net box office receipts (NTD billion) | 票房收入(十億新台幣) | 3.6           | 3.7           |

\* at 31 December 2019

During the year, Taiwan's market gross box office receipts amounted to NTD10.2 billion, registering a decrease of 5.5% from NTD10.8 billion in last year. The Group's 35.71% owned Vie Show cinema circuit ("Vie Show") recorded total net box office receipts of NTD3,616.6 million (2018: NTD3,732.3 million), representing a decrease of 3.1% from last year as a result of the weaker exhibition market. However, it still outperformed the overall Taiwan market. The share of reportable segment profit from Vie Show decreased from HK\$36.5 million to HK\$35.7 million compared to last year, representing a 2.0% decline. Vie Show continued to be the largest film exhibitor in Taiwan. Adhering to the Group's comprehensive entertainment hub strategy, Vie Show continues to strengthen its operation in its popular "UNICORN" handmade popcorn business in its 15 cinemas and introduced the famous Japanese French Toast restaurant (Ivorish) into Taichung Mitsui Outlet Park in December 2018 which is the first store of the brand outside Japan. In addition, Vie Show has successfully launched SNOWTOWN (雪樂地) in Taichung Mitsui Outlet Park in June 2019 attracting overwhelming crowds of customers to visit with tremendous positive reviews from the market.

荷里活猛片在新加坡市場一直叫座，為本集團帶來穩定溢利貢獻。年內上映之荷里活猛片包括《銃夢：戰鬥天使》、《Marvel隊長》、《復仇者聯盟4：終局之戰》、《阿拉丁》、《蜘蛛俠：決戰千里》、《POKÉMON 神探Pikachu》、《反斗奇兵4》、《狂野時速：雙雄聯盟》、《小丑》、《魔雪奇緣2》及《星球大戰：天行者崛起》。新加坡華語猛片主要有《殺手不笨》。

### 台灣

本集團台灣影城之營運數據  
(截至二零一九年十二月三十一日止年度)

\* 於二零一九年十二月三十一日

年內，台灣市場之票房收入達102億新台幣，較去年108億新台幣減少5.5%。本集團擁有35.71%權益之威秀院線(「威秀」)錄得票房淨收入總額36.166億新台幣(二零一八年：37.323億新台幣)，較去年減少3.1%，原因是影城市場較弱，惟其表現仍優於台灣整體市場。佔威秀影院業務之報告分部溢利由去年3,650萬港元減至3,570萬港元，減幅為2.0%。威秀一直為台灣最大影城營運商。威秀奉行本集團之全面娛樂樞紐策略，繼續加強於全線15家影城經營廣受歡迎之「UNICORN」手工爆米花業務，並於二零一八年十二月在台中港三井Outlet商場引進著名日本法式吐司餐廳「Ivorish」，為該品牌在日本國外首間門店。此外，威秀於二零一九年六月成功在台中港三井Outlet商場推出雪樂地，吸引大批客戶前來遊玩並廣受市場好評。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

### Film & TV Programme Distribution and Production

On an aggregated basis the Group's film distribution and production business recorded revenue of HK\$69.1 million (2018: HK\$53.6 million), representing an increase of 28.9% compared to last year. The distribution revenue was mainly generated by distributing releases such as *Chasing The Dragon II: Wild Wild Bunch* (追龍II: 賊王), *The White Storm 2 Drug Lords* (掃毒2天地對決), *Little Q* (小Q) and *Guilt by Design* (催眠·裁決). The famous releases outside Hong Kong were *John Wick 3* (殺神 John Wick 3), *Han Dan* (寒單) and *Ip Man 4: The Finale* (葉問4: 完結篇) in Taiwan and *John Wick 3* (殺神 John Wick 3), *Fall In Love At First Kiss* (一吻定情), *Angel Has Fallen* (白宮淪陷3: 天使淪陷) and *Weathering With You* (天氣之子) in Singapore. For the production sector, the Group will continue to invest independently and cooperatively with local and overseas studios to produce movies and TV programmes of high quality and carry out intellectual property redevelopment in the foreseeable future. The Group's film library with perpetual distribution rights kept on bringing steady licensing income to the Group.

### FINANCIAL REVIEW

#### Profit and Loss

During the year, the Group's revenue increased by 0.9% to HK\$1,060.8 million. The Group's gross profit increased by 2.3% to HK\$668.6 million and gross profit margin improved slightly by 0.8 percentage point to 63.0%.

Share of profit of a joint venture in 2019 amounted to HK\$24.6 million, a decrease of 31.5%.

Loss attributable to equity holders was HK\$35.1 million, as compared to profit attributable to equity holders of HK\$52.5 million in last year. It was attributable primarily to (i) the application of Hong Kong Financial Reporting Standard 16, Leases (effective from 1 January 2019), which results in the increase in related expenses of HK\$29.8 million on the leases of the Group for the year; (ii) cinema revenue was affected by the lack of blockbuster hits for the second half year; (iii) the re-valuation loss of HK\$9 million on the investment property; and (iv) the pre-operating expenses of the new businesses of HK\$39.6 million. Total reportable segment profits after taxation of Hong Kong, Singapore and Taiwan regions stood at HK\$177.2 million compared with HK\$195.2 million in last year.

### 電影及電視節目發行及製作

本集團電影發行及製作業務合計錄得收益6,910萬港元(二零一八年: 5,360萬港元), 較去年增加28.9%。發行收益主要源自發行多部電影, 例如《追龍II: 賊王》、《掃毒2天地對決》、《小Q》及《催眠·裁決》。在香港境外發行之猛片包括於台灣上映之《殺神John Wick 3》、《寒單》及《葉問4: 完結篇》以及於新加坡上映之《殺神John Wick 3》、《一吻定情》、《白宮淪陷3: 天使淪陷》及《天氣之子》。製作業務方面, 本集團將於可見將來透過自資以及與本地及海外製作公司合作, 繼續製作高質電影與電視節目以及授權商品重新開發。本集團擁有永久性發行權之電影片庫繼續為本集團帶來穩定版權收入貢獻。

### 財務回顧

#### 溢利及虧損

年內, 本集團收益增加0.9%至10.608億港元。本集團之毛利增加2.3%至6.686億港元, 毛利率微升0.8個百分點至63.0%。

於二零一九年, 應佔一間合營企業之溢利為2,460萬港元, 減幅為31.5%。

權益持有人應佔虧損為3,510萬港元, 而去年權益持有人應佔溢利則為5,250萬港元, 主要是由於(i)應用香港財務報告準則第16號租賃(自二零一九年一月一日起生效)導致本集團年內租賃相關開支增加2,980萬港元; (ii)影城收益入受到下半年缺少賣座猛片所影響; (iii)投資物業重估損失900萬港元; 及(iv)新業務之前期營運費用3,960萬港元。香港、新加坡及台灣地區除稅後報告分部溢利總額維持於1.772億港元, 去年則為1.952億港元。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

### Statement of Financial Position

Our financial position remained healthy. The Group's net assets decreased by 1.2% to HK\$2,155.9 million as at 31 December 2019. Total assets increased by HK\$696.0 million to HK\$4,722.2 million. This was mainly due to the application of HKFRS 16 effective from 1 January 2019. Under HKFRS 16, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate and the right-of-use asset recognised when a lease is capitalised which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Therefore, the Group recognised the right-of-use assets for its leases which attributable to the increase in total assets. Cash and cash equivalents of the Group was HK\$1,068.3 million (31 December 2018: HK\$1,290.1 million). Non-current pledged bank balances were kept at HK\$137.0 million, at the same level as last year. Outstanding borrowings amounted to HK\$1,057.1 million (31 December 2018: HK\$1,299.3 million), which comprised mainly interest-bearing bank loans. The interest-bearing bank loans were secured by pledged cash, corporate guarantees, equity shares and properties. The Group's gearing ratio (measured as bank borrowings to total assets) was decreased to 22.4% (31 December 2018: 32.3%) and the Group was in a net cash position (measured as cash and bank deposits less bank borrowings) of HK\$148.2 million (31 December 2018: HK\$127.7 million). The decrease in the gearing ratio was mainly due to the application of HKFRS 16 effective from 1 January 2019 where right-of-use assets have been recognised for leases.

### OUTLOOK

Local and regional economy is expected to enter into a negative economic growth cycle, which arises from the Sino-US trade disputes and the political unrest in Hong Kong since June 2019. In addition, with the outbreak of the COVID-19 in the world since early 2020, the Group expects that Hong Kong and regional economy will further deteriorate and worsen. The economic downturn, uncertainties towards future economic prospects have adversely affected the whole retails, hospitality and entertainment industry. Such negative impact is expected to persist in the near future and will affect our results of operations in 2020.

### 財務狀況表

我們財務狀況維持穩健。於二零一九年十二月三十一日，本集團資產淨值減少1.2%至21,559億港元。資產總值增加6,960億港元至47,222億港元，主要由於自二零一九年一月一日起應用香港財務報告準則第16號。根據香港財務報告準則第16號，租賃負債初步於租期內按應付租賃付款現值確認，並使用租賃隱含之利率貼現，或倘利率無法即時釐定，則使用相關增量借貸利率，而當租賃撥充資本時所確認之使用權資產包括租賃負債之初始金額加於開始日期或之前作出之任何租賃付款，以及任何產生之初始直接成本。因此，本集團就租賃確認使用權資產，以致資產總值有所增加。本集團現金及現金等值項目為10,683億港元(二零一八年十二月三十一日：12,901億港元)。非流動銀行結餘質押為1,370億港元，與去年水平相同。未償還借貸為10,571億港元(二零一八年十二月三十一日：12,993億港元)，主要包括計息銀行貸款。計息銀行貸款以現金結餘質押、公司擔保、權益股份及物業作抵押。本集團之資產負債比率(按銀行借貸除資產總值計算)跌至22.4%(二零一八年十二月三十一日：32.3%)，而本集團持有淨現金(按現金及銀行存款減銀行借貸計算)1,482億港元(二零一八年十二月三十一日：1,277億港元)。資產負債比率下跌主要由於自二零一九年一月一日起應用香港財務報告準則第16號以致就租賃確認使用權資產。

### 前景

由於中美貿易糾紛，加上香港自二零一九年六月以來政治動盪，預期本地及區內經濟將步入經濟負增長週期。此外，隨著2019冠狀病毒病(COVID-19)自二零二零年初起肆虐全球，本集團預計香港及區內經濟將進一步衰退及惡化。經濟漸入低迷，日後經濟前景不明朗，對整體零售、酒店及娛樂行業造成不利影響。預期負面影響於不久將來仍然持續，並將會影響二零二零年的經營業績。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

Although the overall operating environment becomes increasingly challenging, the Group will continue to strengthen its core competencies, focusing on capturing expansion opportunities in exhibition and distribution businesses. Meanwhile, the Group will also explore new business opportunities in media, entertainment, technology and lifestyle sectors that would create synergies to the Group and add values to the Shareholders.

In the PRC, the Group has entered into live show performance business, introducing the unique advanced stage technology from Europe and the renowned creative talents from all over the world, dedicated to provide a stunning theatrical experience to local audience. In addition, the Group has also invested in club house business targeting creative minds from entertainment, creative and art industries. The Group intends to host movie-related events at club houses which will attract and gather talents from the movie and entertainment industry, enabling the Group to build connections with potential investors and film production talents within the industry. This is in line with the Group's strategies to explore opportunities to produce and/or co-invest in an average target of one to two new mid-to-large scale films every year by remaking films from the Group's film library, and/or engage in new film production from existing scripts and co-investing in PRC's films.

In Hong Kong, the Group has further invested into the film exhibition business by opening one new cinema "Golden Harvest V Walk" in Nam Cheong in July 2019. Riding on the success of alternative contents in previous years, the Group will cooperate with different business partners to offer a variety of events including live broadcasting of Japanese and Korean mini-concerts and fans gathering in our cinemas. It is expected that the demand for alternative shows will continue to grow. At the same time, the Group is dedicated to look for investment opportunities in quality film and/or distribution projects in the territory.

In Singapore, the Group will continue to grow by actively pursuing suitable cinema sites. The new 7-screen Funan site has just been opened around end of June 2019 with great attendance. The Group is dedicated to maintain high quality services in regular and gold class auditoriums and to introduce creative product offerings such as toys merchandise to its customers.

儘管整體營商環境日益充滿挑戰，惟本集團將繼續加強核心競爭力，並著力把握拓展影城及發行業務之機會。與此同時，本集團亦將探索傳媒、娛樂、科技及時尚生活行業之新商機，務求為本集團締造協同效應並為股東增值。

中國方面，本集團已進軍現場表演業務，引進歐洲獨家先進舞台技術及來自世界各地之知名創意人才，矢志為本地觀眾提供震撼的影院體驗。此外，本集團亦投資於俱樂部業務，以從事娛樂、創意及藝術產業之人士為目標對象。本集團擬於俱樂部主辦電影相關活動，吸引電影及娛樂業界人士齊聚一堂，有助本集團與業內潛在投資者及電影製作人聯繫。此舉切合本集團之策略，透過重新製作本集團電影庫之電影及／或參與現有劇本之新電影製作並共同投資於中國電影，從而探索每年平均製作及／或共同投資於一至兩部全新中大型電影之機遇。

香港方面，本集團已進一步投資影院業務，於二零一九年七月在南昌開設一家新影院「嘉禾V WALK」。隨著過去數年成功籌辦特備節目，本集團將乘勢與不同業務夥伴攜手合作，在旗下影城現場直播日韓藝人小型演唱會及舉行見面會等綜藝活動。預期對特備節目之需求將持續增長。同時，本集團致力在香港物色投資於優質電影及／或發行項目之機會。

新加坡方面，本集團將繼續積極物色合適影城地點以取得增長。位於Funan內設7塊銀幕之新影城剛於二零一九年六月底開業，入場人次理想。本集團銳意維持普通及gold class影城所提供之優質服務，並向顧客推介玩具等創新產品。



# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

In Taiwan, Vie Show will continue to expand its cinema network with a stable pipeline of potential sites to be opened in the coming years. A new 8-screen site in central Taipei has been opened in December 2019. Encouraging results of alternative contents and distribution businesses have also brought in additional revenues streams to the Group. Moreover, the Group has successfully introduced "SNOWTOWN" and "Ivorish" to Taichung Port.

SNOWTOWN is an indoor theme park that allows visitors to enjoy snow at a "feels like" temperature of 20°C. Ivorish is a famous French toast restaurant in Japan, with the name expressing French toast color (ivory) and cherish (cherish), meaning to bring delicious French toast and happiness to customers. Both properties have been proven to be successful, helping to diversify the business in the territory.

Looking ahead, the Group will continue to actively seek investment opportunities in the regional media, entertainment, technology and lifestyle sectors that are related and/or creating synergies to the Group's existing businesses. The Directors are confident that the Group will be able to achieve sustainable growth and deliver long term value to the shareholders, and at the same time diversify the business achieving better positioning of the Group.

### FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2019, the Group had cash and cash equivalents amounting to HK\$1,068.3 million (31 December 2018: HK\$1,290.1 million). The Group's total outstanding bank borrowings amounted to HK\$1,057.1 million (31 December 2018: HK\$1,299.3 million). The Group's gearing ratio, calculated on the basis of bank borrowings over total assets stood at a healthy level of 22.4% (31 December 2018: 32.3%) and our cash to bank borrowings ratio at 114.0% (31 December 2018: 109.8%). This was mainly due to the application of HKFRS 16 effective from 1 January 2019 where right-of-use assets have been recognised for leases. As of 31 December 2019, the Group had HK\$137.0 million pledged cash balances to secure its banking facilities. In order to minimise potential risks for the Group's development and economic status, the management will keep monitoring gearing and will make relative adjustments if necessary. The Group at this moment has reasonable financial leverage. Meanwhile, the Group takes advantage of equity financing together with available bank loan facilities to fund the cinema projects, potential acquisitions of profitable business opportunities so as to implement 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, Renminbi and Singapore dollars, except for certain assets and liabilities associated with the investments in Taiwan. The overseas joint ventures of the Group are operating in their local currencies and are subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off balance sheet obligations as of 31 December 2019 (31 December 2018: Nil).

台灣方面，威秀將繼續擴張旗下影院網路，預期將於未來數年穩步開設更多影城。位於台北市中心內設8塊銀幕之新影城已於二零一九年十二月開業。特備節目及發行業務之業績令人鼓舞，亦為本集團帶來額外收益來源。另外，本集團成功在台中港引入「雪樂地」及「Ivorish」。

雪樂地為室內主題樂園，訪客可於「體感」溫度攝氏20度體驗嬉雪的樂趣。Ivorish為日本知名法式吐司餐廳，其名字由法式吐司之象牙色(Ivory)及珍惜(Cherish)合併而成，理念是為顧客帶來美味的法式吐司，共渡值得珍惜的時光。兩項業務均取得成功，有助多元化發展區內業務。

展望未來，本集團將繼續在各地與本集團現有業務相關及／或可締造協同效應的傳媒、娛樂、科技及時尚生活領域中積極尋找投資機會。董事有信心本集團將可達致可持續增長，並為股東帶來長遠價值，同時繼續多元化發展本集團業務，爭取更佳地位。

### 財務資源及流動資金

於二零一九年十二月三十一日，本集團之現金及現金等值項目達10.683億港元(二零一八年十二月三十一日：12.901億港元)。本集團之未償還銀行借貸總額達10.571億港元(二零一八年十二月三十一日：12.993億港元)。本集團按銀行借貸除資產總值計算之資產負債比率維持於22.4%(二零一八年十二月三十一日：32.3%)之穩健水平，而現金與銀行借貸比率則為114.0%(二零一八年十二月三十一日：109.8%)，主要由於自二零一九年一月一日起應用香港財務報告準則第16號以致就租賃確認使用權資產。於二零一九年十二月三十一日，本集團將為數1.370億港元之銀行結餘質押，作為取得銀行融資之抵押。為降低本集團發展計劃及經濟狀況之潛在風險，管理層將繼續監察資產負債比率及於有需要時作出相應調整。目前，本集團維持合理財務槓桿比率。同時，本集團透過股本融資及任何可動用之銀行貸款融資，為影城項目及潛在有利可圖之收購商機提供資金以落實其擴展計劃。本集團相信目前持有之現金及備用財務融資將足以應付其營運資金需求。

本集團之資產與負債主要以港元、人民幣及新加坡元計值，惟若干與台灣投資有關之資產及負債除外。本集團海外合營企業以當地貨幣經營業務，所承受之外匯風險極低。董事將持續評估外匯風險，並會考慮採取可行對沖措施，盡量以合理成本降低風險。於二零一九年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務(二零一八年十二月三十一日：無)。

# MANAGEMENT DISCUSSION & ANALYSIS

## 管理層討論及分析

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 484 (2018: 367) 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 2019, there were no forfeited contributions arising from employees leaving the retirement benefit scheme.

### FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2019 (31 December 2018: Nil).

### 僱員及薪酬政策

於二零一九年十二月三十一日，本集團聘用484名(二零一八年：367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，而於二零一九年十二月三十一日，並無因僱員脫離退休福利計劃而產生任何沒收供款。

### 末期股息

董事並不建議派付截至二零一九年十二月三十一日止年度之任何末期股息(二零一八年十二月三十一日：無)。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### CODE ON CORPORATE GOVERNANCE PRACTICES

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

For the year ended 31 December 2019, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1 and E.1.2.

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

According to code provision E.1.2, Mr. Wu Kebo, the Chairman of the Board, should have attended the annual general meeting of the Company held on 14 June 2019. However, Mr. Wu Kebo was unable to attend the abovementioned annual general meeting due to another business commitment. Mr. Li Pei Sen, who took the chair of the said annual general meeting, together with other members of the Board who attended the annual general meeting were of sufficient caliber and knowledge for answering questions at the annual general meeting.

### 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 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 2019.

### 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業務穩健增長之重要性。本公司已採取措施，以遵守上市規則附錄十四企業管治守則（「企業管治守則」）所載守則條文，同時亦提升本集團之整體企業管治常規。

截至二零一九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，惟第A.4.1及E.1.2條守則條文除外。

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須按指定任期獲委任，並須遵守重選規定。全體非執行董事並無指定任期，惟須按本公司細則之相關規定，最少每三年於本公司之股東週年大會輪值退任一次，並重選連任，此舉目的與指定委任任期相同。因此，本公司認為已採取足夠措施確保本公司企業管治常規不較企業管治守則項下守則條文所載者寬鬆。

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二零一九年六月十四日舉行之股東週年大會。然而，伍克波先生因其他公務而未能出席上述股東週年大會。擔任上述股東週年大會主席之李培森先生，連同出席股東週年大會之其他董事會成員具備足夠能力及知識於股東週年大會解答提問。

### 董事進行證券交易

本公司已採納條款不較上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）寬鬆之守則。本公司已向全體董事作出具體查詢，彼等均確認，於截至二零一九年十二月三十一日止年度一直遵守標準守則及本公司守則所載規定。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### BOARD OF DIRECTORS

As at the date of this annual report, the Board comprises five executive Directors (including the Chairman of the Board) and three independent non-executive Directors, whose biographical details are set out in the "Biographical Details of Directors and Chief Executive Officer" on pages 4 to 9 of this annual report.

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

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

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

### 董事會

於本年報日期，董事會由五名執行董事（包括董事會主席）及三名獨立非執行董事組成。彼等之履歷詳情載於本年報第4至9頁「董事及首席執行官個人履歷」內。

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

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

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



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

During the year ended 31 December 2019, full board meetings and general meetings of the Company were held and the individual attendance of the Directors at these meetings are as follows:

截至二零一九年十二月三十一日止年度，本公司曾舉行全體董事會會議及股東大會，各董事出席該等會議之情況如下：

| Members<br>成員                                      |                           | Board Meetings                                       | General Meetings                                    |
|--|---------------------------|--|---|
|  |                           | Attended/Eligible<br>to Attend<br>曾出席／合資格<br>出席董事會會議 | Attended/Eligible<br>to Attend<br>曾出席／合資格<br>出席股東大會 |
| <i>Executive Directors</i> 執行董事                    |                           |  |   |
| Wu Kebo ( <i>Chairman</i> )                        | 伍克波 ( <i>主席</i> )         | 6/6  | 0/2   |
| Mao Yimin ( <i>Note 1</i> )                        | 毛義民 ( <i>附註 1</i> )       | 4/5  | 2/2   |
| Wu Keyan ( <i>Note 2</i> )                         | 伍克燕 ( <i>附註 2</i> )       | 4/5  | 2/2   |
| Li Pei Sen   | 李培森                       | 6/6  | 2/2   |
| Chow Sau Fong, Fiona                               | 鄒秀芳                       | 6/6  | 2/2   |
| Go Misaki ( <i>Note 3</i> )                        | Go Misaki ( <i>附註 3</i> ) | 1/1  | 0/0   |
| Peng Bolun ( <i>Note 4</i> )                       | 彭博倫 ( <i>附註 4</i> )       | 1/1  | 0/0   |
| <i>Independent Non-executive Directors</i> 獨立非執行董事 |                           |  |   |
| Leung Man Kit                                      | 梁民傑                       | 6/6  | 2/2   |
| Wong Sze Wing                                      | 黃斯穎                       | 6/6  | 2/2   |
| Fung Chi Man, Henry                                | 馮志文                       | 6/6  | 2/2   |

Notes:

1. Mr. Mao Yimin ("Mr. Mao") has resigned as CEO and Executive Director with effect from 31 October 2019.
2. Ms. Wu Keyan ("Ms. Wu") has resigned as Executive Director with effect from 9 September 2019. She is the sister of Mr. Wu.
3. Ms. Go has appointed as Executive Director with effect from 9 September 2019. She is the cousin of Mr. Wu and Ms. Wu.
4. Mr. Peng has appointed as Executive Director with effect from 9 September 2019.

附註：

1. 毛義民先生(「毛先生」)已辭任首席執行官兼執行董事，自二零一九年十月三十一日起生效。
2. 伍克燕女士(「伍女士」)已辭任執行董事，自二零一九年九月九日起生效。她是伍先生的胞妹。
3. Go女士自二零一九年九月九日起獲委任為執行董事。她是伍先生及伍女士的堂妹。
4. 彭先生自二零一九年九月九日起獲委任為執行董事。

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

定期董事會會議於董事會會議日期前給予全體董事最少14日事前通知，並於董事會會議日期前最少三日向全體董事派發議程連同會議文件及資料。全體董事均可於議程內加入其有意於會議上討論之任何其他事項。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任何該等會議，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。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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.

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

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

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

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。並無利益衝突之獨立非執行董事已出席有關會議，以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。

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

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

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

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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

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

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

All the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. All the Directors except Mr. Mao and Ms. Wu who have resigned with effect from 31 October 2019 and 9 September 2019 respectively, namely Mr. Wu, Mr. Li, Ms. Chow, Ms. Go, Mr. Peng, Mr. Leung, Ms. Wong and Mr. Fung, were provided with reading materials on updates about directors' responsibilities and role and function of board committees; the role of independent non-executive directors in corporate governance; and training materials for ESG governance and reporting. All Directors have provided the Company with their respective training records pursuant to the CG Code.

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

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

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

本公司鼓勵全體董事參與持續專業發展，以發展及重溫彼等之知識及技能。全體董事(除毛先生和伍女士外(其分別自二零一九年十月三十一日和二零一九年九月九日起離任))，即伍先生、李先生、鄒女士、Go女士、彭先生、梁先生、黃女士及馮先生，均獲提供有關董事的職責及董事委員會的角色及職能；獨立非執行董事在企業管治中的角色；及ESG管治及彙報的培訓資料之閱覽資料。全體董事已根據企業管治守則各自向本公司提供彼等之培訓記錄。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### 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 I4 to the Listing Rules.

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

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board, Mr. Wu, is responsible for providing leadership of the Board and ensuring all Directors are properly briefed on issues arising at the Board meeting. In addition, he is charged with the duty to ensure that the Directors receive in a 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. Xu, has been focusing on strategic planning and assessing merger and acquisition opportunities for the Company.

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

### NON-EXECUTIVE DIRECTORS

All non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as being appointed for a specific term. At the Board meetings and Board committee meetings where constructive views and comments of the non-executive Directors are given, the non-executive Directors provide independent judgement on the issues relating to the strategy, performance, conflict of interest and management process.

### 企業管治職能

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守則及合規手冊(如有)；及
- (e) 檢討本公司遵守上市規則附錄I4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。

### 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。

首席執行官徐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。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### COMPANY SECRETARY

Ms. Cheung Hei Ming has been appointed as the company secretary ("Company Secretary") of the Company with effect from 15 August 2017. The Company Secretary needs to support the Board by ensuring a good information flow within the Board and that Board's policy and procedures are followed. The Company Secretary should report to the Chairman of Board or the CEO on all related matters. For the year ended 31 December 2019, the Company Secretary confirmed that she had taken no less than 15 hours of relevant professional training.

### 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 2019, the Audit Committee's members comprised three independent non-executive Directors, being Mr. Leung (who also acts as the Chairman of the Audit Committee), Mr. Fung and Ms. Wong.

During the year ended 31 December 2019, two Audit Committee meetings were held and the individual attendance of the members of the Audit Committee is set out as follows:

| Members<br>成員            | Meetings Attended/<br>Eligible to Attend<br>曾出席／合資格<br>出席會議 |
|--------------------------|---|
| Leung Man Kit (Chairman) | 2/2   |
| Wong Sze Wing            | 2/2   |
| Fung Chi Man, Henry      | 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 2019, 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.

### 公司秘書

張希銘女士於二零一七年八月十五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。截至二零一九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。

### 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。於二零一九年十二月三十一日，審核委員會成員包括三名獨立非執行董事，即擔任審核委員會主席之梁先生、馮先生及黃女士。

截至二零一九年十二月三十一日止年度，本公司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。

截至二零一九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。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

Pursuant to Rule 3.21 of the Listing Rules, the audit committee of an issuer must comprise a minimum of three members, comprising non-executive directors only, and at least one of them is an independent non-executive Director with appropriate qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Our Directors confirm that we had complied with such requirements during the year ended 31 December 2019.

### REMUNERATION COMMITTEE

The Board established a remuneration committee of the Company (the "Remuneration Committee") on 8 October 2004 and has formulated its written terms of reference in accordance with the CG Code, which have been uploaded on the websites of the Stock Exchange and the Company. The Remuneration Committee currently comprises one executive Director, being Mr. Wu, and two independent non-executive Directors, being Mr. Leung and Ms. Wong (who also acts as the Chairman of the Remuneration Committee). The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's policy and structure for the remuneration packages of all the Directors and senior management of the Company according to its terms of reference, including benefits in kind, pension rights and compensation payments, including any compensation payable for the loss or termination of their office or appointment. The remuneration of the Directors and senior management of the Company is determined by reference to factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, employment conditions elsewhere in the Group and desirability of performance based remuneration.

The Remuneration Committee is required to consult the Chairman of the Board regarding the remuneration of the executive Directors, and members of the Remuneration Committee have access to professional advice on remuneration of executive Directors, if considered necessary.

The Remuneration Committee held two meetings during the year ended 31 December 2019 to review and make recommendations 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 2019 and the attendance of the members of the Remuneration Committee to the meetings of the Remuneration Committee are as follows:

根據上市規則第3.21條，發行人之審核委員會須包括最少三名成員並僅由非執行董事組成，而當中最少一名為具上市規則第3.10(2)條規定之合適資格或會計或相關財務管理專長之獨立非執行董事。董事確認，本公司已於截至二零一九年十二月三十一日止年度遵守有關規定。

### 薪酬委員會

董事會已於二零零四年十月八日成立本公司之薪酬委員會（「薪酬委員會」），並根據企業管治守則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。薪酬委員會成員現時包括一名執行董事伍先生以及兩名獨立非執行董事梁先生及擔任薪酬委員會主席之黃女士。薪酬委員會之主要職責包括根據其職權範圍，就本公司全體董事及高級管理人員之薪酬待遇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（包括就喪失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鉤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。

薪酬委員會於截至二零一九年十二月三十一日止年度曾舉行兩次會議，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。截至二零一九年十二月三十一日止年度薪酬委員會之組成及薪酬委員會成員出席薪酬委員會會議之情況如下：

| Members                           |         | Meetings Attended/<br>Eligible to Attend |
|-----------------------------------|---------|--|
| 成員                                |         | 曾出席／合資格<br>出席會議                          |
| Wong Sze Wing ( <i>Chairman</i> ) | 黃斯穎(主席) | 2/2                                      |
| Wu Kebo                           | 伍克波     | 2/2                                      |
| Leung Man Kit                     | 梁民傑     | 2/2                                      |

# 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 and chief executive officers only) by band for the year ended 31 December 2019 is set out below:

根據第B.1.5條企業管治守則條文，本集團高級管理人員(只包括執行董事和首席執行官)截至二零一九年十二月三十一日止年度之薪酬範圍載列如下：

| Remuneration bands (HK\$)<br>薪酬範圍 (港元) | Number of Individuals<br>人數 |
|--|-----------------------------|
| < 1,000,000                            | 5                           |
| 1,000,001–5,000,000                    | 2                           |
| 5,000,001–10,000,000                   | 0                           |
| > 10,000,001                           | 1                           |

Details of emoluments of each Director and chief executive officer are set out in note 8 to the financial statements on page 115 of this annual report.

董事和首席執行官各自之酬金詳情，載於本年報第182頁之財務報表附註8。

### NOMINATION COMMITTEE

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

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

### Board Diversity Policy

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

### 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最高行政人員相關事宜。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。

### 董事會多元化政策

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(「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。提名委員會將在適當時候檢討董事會多元化政策，以確保董事會多元化政策行之有效。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

As at the date of this report, it is noted that 3 out of 8 Directors, representing approximately 38%, are female. The Directors' ages are widely spread between 29 and 72. 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.

### Nomination Policy

The Board has adopted a nomination policy (the "Nomination Policy") which sets out the selection criteria and nomination procedures to identify, select and recommend candidates for Directors.

### Selection Criteria

When evaluating and selecting candidates for directorships, the members of the Nomination Committee or the Board shall consider the following criteria:

- (a) Character and integrity;
- (b) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategies;
- (c) The Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board;
- (d) Willingness to devote adequate time to discharge duties as a Board member and other directorships and significant commitments;
- (e) In case of independent non-executive Directors, whether the candidates would be considered independent in accordance with the Listing Rules;
- (f) In case of re-election, the overall contribution and service to the Company of the Director to be reelected and the level of participation and performance on the Board and the other criteria set out in this section; and
- (g) Such other perspectives appropriate to the Company's business.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

截至本報告日期，8名董事其中3名(佔總數約38%)為女性。董事之年齡介乎29至72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。

### 提名政策

董事會已採納提名政策(「提名政策」)，當中載列挑選準則及提名程序，以物色、挑選及建議董事候選人。

### 挑選準則

於評核及挑選董事候選人時，提名委員會成員及董事會須考慮以下準則：

- (a) 品格及誠信；
- (b) 包括與本公司業務及企業策略相關之專業資格、技術、知識及經驗在內之資歷；
- (c) 董事會多元化政策及提名委員會為達致董事會多元化而採納之任何可計量目標；
- (d) 投入充足時間履行董事會成員及其他董事職務及重大承擔之意願；
- (e) 對於獨立非執行董事，候選人是否根據上市規則被視為具獨立身分；
- (f) 對於重選連任，將獲重選之董事對本公司所作整體貢獻及服務、在董事會內之參與程度及表現，以及本節所載其他準則；及
- (g) 適用於本公司業務之其他觀點。

此等因素僅供參考，並非詳盡及決定性。提名委員會可酌情提名其認為合適之任何人士。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Nomination Procedures

- (a) The Nomination Committee and/or the Board identifies potential candidates including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agencies and/or advisors. The Nomination Committee then develops a short list of candidates and agrees on proposed candidate(s);
- (b) Proposed candidate(s) will be asked to submit the necessary personal information, biographical details, together with their written consent to be appointed as a director. The Nomination Committee may request candidates to provide additional information and documents, if considered necessary;
- (c) The Nomination Committee shall, upon receipt of the proposal on appointment of new director and the personal information (or relevant details) of the proposed candidate(s), evaluate such candidate(s) based on the criteria as set out above to determine whether such candidate(s) is qualified for directorship;
- (d) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the Nomination Committee shall evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship;
- (e) If the process yields one or more desirable candidates, the Nomination Committee shall rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable);
- (f) The secretary of the Nomination Committee shall convene a meeting of the Nomination Committee. For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for re-election or election at a general meeting, the Nomination Committee shall make nominations or recommendations for the Board's consideration and the Board shall make recommendations to shareholders in respect of the proposed re-election or election of Director(s) at the general meeting;
- (g) In order to provide information of the candidates nominated by the Board to stand for election or re-election at a general meeting, a circular will be sent to shareholders. The circular will set out the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations including the Listing Rules, of the proposed candidates; and
- (h) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting.

### 提名程序

- (a) 提名委員會及／或董事會負責物色潛在候選人，方法包括但不限於內部晉升、調任、管理層其他成員及外部招聘機構及／或顧問之轉介。提名委員會其後制定候選人名單及就建議候選人達成共識；
- (b) 建議候選人會被要求提交所需個人資料、履歷詳情連同董事任命之同意書。提名委員會可要求候選人提供被視為必要之額外資料及文件；
- (c) 提名委員會須於接獲委任新董事建議及建議候選人個人資料(或相關詳情)後，按照上述準則評核有關候選人，以釐定有關候選人是否符合資格履行董事職務；
- (d) 對於在本公司股東大會獲股東提名參選董事之任何人士，提名委員會須按照上述準則評核有關候選人，以釐定有關候選人是否符合資格履行董事職務；
- (e) 倘過程中出現一名或以上屬意候選人，提名委員會須根據本公司需要及對各候選人之背景調查(如適用)按優先次序訂立排名；
- (f) 提名委員會秘書須召開提名委員會會議。為填補臨時空缺，提名委員會須提出建議供董事會考慮及審批。就提名候選人於股東大會重選連任或參選而言，提名委員會須作出提名或建議供董事會考慮，而董事會須就建議董事於股東大會重選連任或參選向股東提出建議；
- (g) 為提供獲董事會提名在股東大會參選或重選連任之候選人之資料，將向股東寄發一份通函。通函將載列建議候選人姓名、簡歷(包括資格及相關經驗)、獨立性、建議薪酬及上市規則等適用法律、規則及規例所規定之任何其他資料；及
- (h) 對於與候選人在任何股東大會參選或重選連任之建議有關之一切事宜，董事會擁有最終決定權。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### Monitor and Review

The Nomination Committee will monitor the implementation of the Nomination Policy and report to the Board when necessary. Also, the Nomination Committee will review the Nomination Policy, as appropriate, to ensure the effectiveness of the Nomination Policy and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Committee held two meetings during the year ended 31 December 2019 to review the structure, size and composition of the Board; to consider and recommend to the Board the appointment and re-election of the Directors; and to review the annual confirmation of independence submitted by the independent non-executive Directors.

### 監督及檢討

提名委員會將負責監督提名政策之落實情況，並於有需要時向董事會匯報。另外，提名委員會將檢討提名政策（如適當），以確保提名政策行之有效，並會討論任何可能需要之修訂，同時向董事會建議任何有關修訂，供其考慮及審批。

提名委員會於截至二零一九年十二月三十一日止年度曾舉行兩次會議，以檢討董事會之架構、規模及組成；考慮委任及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<br>成員  | Meetings Attended/<br>Eligible to Attend<br>曾出席／合資格<br>出席會議 |
|--|---|
| Wu Kebo (Chairman)<br>Leung Man Kit<br>Wong Sze Wing | 伍克波(主席)<br>梁民傑<br>黃斯穎                                       |
|  | 2/2<br>2/2<br>2/2   |

### AUDITORS' REMUNERATION

For the year ended 31 December 2019, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

### 核數師酬金

截至二零一九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<br>所提供服務                             | Fee Paid/Payable<br>已付／應付費用<br>HK\$'000<br>千港元 |
|--|--|
| Audit and audit-related services<br>Non-audit services | 審核及審核相關服務<br>非審核服務                             |
|  | 2,428<br>918                                   |

### RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

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 76 to 82 of this annual report.

### GOING CONCERN

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

### 對財務報表之責任

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

本公司核數師就其對本集團財務報表之審核責任發出之聲明，載於本年報第76至82頁之獨立核數師報告書內。

### 持續經營基準

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

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

The Board, through the Audit Committee, confirmed that they had conducted reviews of the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2019, where some findings have been identified and reported to the Board. The Board considers the risk management and internal control systems of the Group effective and adequate throughout the year.

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

No material internal control deficiency that may affect the shareholders of the Company has come to the attention of the Audit Committee or the Board. The Directors are of the opinion that the Company has complied with code provisions under C.2 on risk management and internal control as set out in the CG Code contained in Appendix I4 to the Listing Rules.

### 風險管理及內部監控

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

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

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

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

董事會於截至二零一九年十二月三十一日止年度已透過審核委員會確定彼等已檢討本集團風險管理及內部監控制度之成效，而當中發現已向董事會匯報。董事會認為本集團風險管理及內部監控制度於本年度一直為有效及充分。

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

審核委員會或董事會概不知悉內部監控有任何可能影響本公司股東之重大不足之處。董事認為，本公司一直遵守上市規則附錄 I4 內企業管治守則項下有關風險管理及內部監控之第 C.2 條守則條文規定。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). Under the Dividend Policy, the Company may consider providing Shareholders with interim or annual dividends, and declaring special dividends from time to time. The Company intends to propose/declare dividends after taking into consideration of, inter alia, the following factors:

- a. the Group's actual and expected financial performance;
- b. retained earnings and distributable reserves of the Company and each of the members of the Group;
- c. the level of the Group's debts to equity ratio and the relevant financial covenants;
- d. any restrictions on payment of dividends that may be imposed by the Group's lenders;
- e. the Group's expected cash flow requirements and future expansion plans;
- f. economic conditions of the Group, business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Group; and
- g. any other factors that the Board deems appropriate.

The recommendation of the payment of dividend is subject to the absolute discretion of the Board, and any declaration of annual dividend for the year will be subject to the approval of the Shareholders.

The payment of dividend is also subject to compliance with applicable laws and regulations including the law of Bermuda and the Company's Bye-laws. The Board will review the Dividend Policy as appropriate from time to time.

### 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.

### 股息政策

本公司已採納股息政策(「股息政策」)。根據股息政策，本公司可考慮向股東提供中期或年度股息，並不時宣派特別股息。本公司擬於考慮(其中包括)以下因素後建議派發/宣派股息：

- a. 本集團之實際及預期財務表現；
- b. 本公司及本集團各成員公司之保留溢利及可分派儲備；
- c. 本集團之債務權益比率及相關財務契據；
- d. 本集團之貸款方就派付股息可能施加之任何限制；
- e. 本集團之預期現金流需求及未來擴張計劃；
- f. 本集團之經濟狀況、本集團業務之商業週期以及可能影響本集團業務或財務表現及狀況之其他內部及外部因素；及
- g. 董事會視為適當之任何其他因素。

建議派付股息視乎董事會之絕對酌情權而定，而宣派任何年度之年度股息須待股東批准後方可作實。

派付股息亦須受遵守適用法律及法規，包括百慕達法例及本公司之公司細則。董事會將不時於適當時間審閱股息政策。

### 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(經核證為有效後)呈交日期起計21日內，未有安排召開股東特別大會，有關股東或佔全體有關股東一半以上總表決權之任何股東，可自行召開股東特別大會，但如此召開之股東特別大會不得在呈交請求日期起計三個月屆滿後舉行。



# CORPORATE GOVERNANCE REPORT

## 企業管治報告

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 54, 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 18/F, CNT Tower, 338 Hennessy Road, Wan Chai, Hong Kong or via email address: [ir@goldenharvest.com](mailto: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日開始，並不得遲於該股東大會舉行日期前七日結束。

有關本公司股東建議推選人士出任董事之詳細程序，載於本公司網站。

本公司股東如對本身所持股權有任何疑問，應向本公司之股份過戶登記處香港分處卓佳登捷時有限公司查詢，地址為香港皇后大道東一八三號合和中心五十四樓。

本公司股東可將彼等之其他查詢寄交董事會，並註明收件人為公司秘書或本公司企業傳訊部(本公司主要營業地址為香港灣仔軒尼詩道338號北海中心18樓)，或電郵至 [ir@goldenharvest.com](mailto:ir@goldenharvest.com)。

# CORPORATE GOVERNANCE REPORT

## 企業管治報告

### COMMUNICATION WITH SHAREHOLDERS

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

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

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

### CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2019, 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。於股東大會開始時，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

截至二零一九年十二月三十一日止年度，本公司組織章程大綱及公司細則並無任何變動。本公司組織章程大綱及公司細則現載於本公司網站(<http://www.osgh.com.hk>)及聯交所網站。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### ABOUT THIS REPORT

We are pleased to present the Group's 2019 environmental, social and governance ("ESG") report, which covers the period from 1 January to 31 December 2019. Since 2012, we have included a chapter in our Annual Report that aims to provide investors and other stakeholders with information about our policies, practices and performance in material areas of ESG.

This report has been prepared in accordance with the "comply or explain" provisions set out in the ESG Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong ("HKEX").

The scope of this report remains the same as last year, covering both our Hong Kong and Singapore operations. The scope of the report does not cover our cinema business in Taiwan where we operate through joint ventures in which we only have a minority stake, and our office in Japan, the activities of which are not material to our business operations. Our operations in Mainland China are also excluded, as our clubhouse in Beijing only commenced operations in the last quarter of the year and the business in Jiangyin is still under preparation. We aim to report on our Mainland China businesses once they become fully operational.

Unless otherwise specified, the environmental data disclosed for Hong Kong covers 8 multiplex cinemas (including 1 newly opened cinema at GH V Walk, and GH Citywalk, which closed on 1 September), our corporate offices (we added an additional office location in the reporting year), a staff apartment, a warehouse and Joō de Rolls café. The data for Singapore covers 14 multiplex cinemas (including 1 newly opened cinema during the reporting period) and our corporate office.

### STAKEHOLDER ENGAGEMENT REVIEW AND MATERIALITY ASSESSMENT

The Board is responsible for reviewing the risks and externalities that have the potential to impact our business, including those related to ESG. Every year, the Board and senior management review the Group's ESG performance, the effectiveness of our management approach and approve the ESG Report. When determining the most material ESG topics, we make reference to the Materiality Principle of the Global Reporting Initiative ("GRI"). The GRI defines material topics as topics that: (a) reflect the organisation's significant impacts, or (b) substantively influence the assessments and decisions of stakeholders.

In addition to calls, emails and meetings with key individuals throughout our daily work, we have various channels to communicate with our stakeholders, including a customer feedback email, social media platforms, traditional media coverage, employee surveys, and internal control reports. We seek to build open relationships with our employees, customers and business partners, and encourage them to share their feedback or concerns with us so that we can respond in a timely manner. Effective communication is critical to the success of our business.

### 關於本報告

我們欣然呈列本集團二零一九年環境、社會及管治(「環境、社會及管治」)報告，涵蓋二零一九年一月一日至十二月三十一日期間。自二零一二年以來，我們於年報內加入有關章節，旨在為投資者及其他權益人提供有關我們在環境、社會及管治重大範疇方面的政策、慣例及績效的資料。

本報告根據香港聯交所(「聯交所」)證券上市規則附錄27項下環境、社會及管治報告指引所載「不遵守就解釋」條文而編製。

本報告範圍與去年相同，涵蓋我們在香港及新加坡的業務。本報告未涵蓋旗下台灣影城業務，我們於該地僅透過持有少數股權的合資經營業務；報告亦未涵蓋旗下日本辦公室，因為其營運對於集團並非重要的經營業務。我們在中國內地的業務亦未有包括在內，原因是我們於北京設立的會所於本年度最後一個季度才開業，而位於江陰的業務仍在籌備中。我們的目標是在中國內地業務全面投入營運後就有關業務作出報告。

除非另有指明，所披露香港環境數據涵蓋8家多廳影城(包括一家新開設影城嘉禾V Walk及於九月一日結業的嘉禾荃新天地)、公司辦公室(我們於報告年內新增一個辦公地點)、一個員工宿舍、一個倉庫及Joō de Rolls咖啡室。新加坡數據則涵蓋14家多廳影城(包括於報告期內新開設一家影城)及公司辦公室。

### 權益人意見審閱及議題重要性評估

董事會負責審查可能影響旗下業務的風險及外部因素(包括與環境、社會及管治相關者)。每年，董事會及高級管理層均會檢討本集團的環境、社會及管治績效、管理方針的有效性，並批准環境、社會及管治報告。於確定最重大的環境、社會及管治議題時，我們參考全球報告倡議組織(Global Reporting Initiative)的重大性原則。全球報告倡議組織界定重大議題為以下主題：(a)反映組織的重大影響；或(b)顯著影響權益人的評估及決策。

除在日常工作中與主要人員透過電話、電子郵件及會議溝通外，我們設有多種與權益人溝通的渠道，包括客戶反饋電子郵件、社交媒體平台、傳統媒體報導、員工調查及內部監控報告。我們尋求與員工、客戶及業務夥伴建立開放關係，並鼓勵彼等與我們分享其反饋或關注，以便我們能夠及時回應。有效溝通對於我們業務的成功至關重要。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

We regularly review stakeholder feedback to understand what matters most to individuals and organisations that could influence our business success. Since 2016, the Group has engaged an independent sustainability expert to review stakeholder feedback received via these channels and advise on material topics to be covered in this ESG Report. This year, we also conducted an industry benchmarking exercise to review the topics material to our industry.

Based on the analysis of the stakeholder feedback and our business impacts, we have identified the following 9 material Aspects within the HKEX ESG Reporting Guide that are disclosed in this report. These issues have been validated by the Group's senior management.

我們定期審查權益人的反饋，以了解對個人及機構而言最可能影響旗下業務取得成功的事項。自二零一六年以來，本集團委聘一名獨立可持續發展專家，負責審查通過有關渠道收到的權益人反饋，並就本環境、社會及管治報告中涵蓋的重大議題提供意見。今年，我們亦進行行業基準測試，以審查行業的重大議題。

根據對權益人反饋及業務影響的分析，我們已從聯交所環境、社會及管治報告指引中識別出以下九大層面，並於本報告內披露。有關議題已獲本集團高級管理層核實。

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



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### ENVIRONMENTAL RESPONSIBILITY

The Group's business, by nature, does not have a large impact on the natural environment. Our most material impacts are the use of electricity and water, waste generation and carbon emissions. Most of our cinemas are located inside buildings that are operated by third party property management companies, and therefore the Group does not have operational control of centralised services such as air conditioning, waste collection and, in Hong Kong, water usage. This makes it difficult to gather performance data for these metrics.

We endeavour to track our performance for areas where we do have operational control and ensure compliance with all applicable environmental laws and regulations. We continue to optimise our environmental performance through facilities and process improvements, and by encouraging our staff and customers to adopt environmentally friendly behaviour. Using natural resources responsibly is not only the right thing to do, it often results in improved efficiency and cost savings, which benefit our bottom line.

### 環境責任

本質上，本集團的業務不會對自然環境產生重大影響。我們帶來的最大影響為用電及用水、產生廢物及碳排放。我們大部分影城均位於由第三方物業管理公司營運的大廈內部，因此，本集團對中央服務（如空調、廢物收集及香港的用水）並無營運控制權，此導致難以就有關指標收集績效數據。

我們致力追蹤我們擁有營運控制權的範圍績效，並確保遵守所有適用環境法律及法規。我們繼續透過設施及流程改進以及鼓勵我們的員工及客戶採取環保做法以提升我們在環境方面的績效。負責任地使用自然資源不僅是正確做法，通常亦可提高效率及節省成本，有利於我們賺取利潤。

### Key Performance Metrics (Hong Kong)

### 關鍵績效指標 (香港)

| Use of resources<br>資源使用                                | Unit<br>單位                                | 2019<br>二零一九年 | 2018<br>二零一八年 | 2017<br>二零一七年 |
|---|---|---------------|---------------|---------------|
| Electricity consumption<br>耗電量                          | kWh<br>千瓦時                                | 2,803,999     | 2,715,980     | 2,929,181     |
| Electricity intensity <sup>1</sup><br>耗電密度 <sup>1</sup> | kWh/m <sup>2</sup><br>千瓦時/平方米             | 140           | 152           | 183           |
| Water consumption <sup>2</sup><br>耗水量 <sup>2</sup>      | m <sup>3</sup><br>立方米                     | 1,927         | 2,042         | 10,905        |
| Water intensity <sup>3</sup><br>耗水密度 <sup>3</sup>       | m <sup>3</sup> /m <sup>2</sup><br>立方米/平方米 | 0.10          | 0.11          | 0.68          |

| Emissions<br>排放物  | Unit<br>單位  | 2019<br>二零一九年 | 2018<br>二零一八年 | 2017<br>二零一七年 |
|---|---|---------------|---------------|---------------|
| <b>Carbon emissions<sup>4</sup><br/>碳排放<sup>4</sup></b>       |   |               |               |               |
| Scope 1 — Direct <sup>5</sup><br>範圍1 — 直接 <sup>5</sup>        | tonnes CO <sub>2</sub> e<br>公噸二氧化碳當量                    | 14            | 22            | 26            |
| Scope 2 — Indirect <sup>6</sup><br>範圍2 — 間接 <sup>6</sup>      | tonnes CO <sub>2</sub> e<br>公噸二氧化碳當量                    | 1,436         | 1,417         | 1,611         |
| Carbon emissions intensity (Scope 1 & 2)<br>碳排放物密度 (範圍1及2)    | tonnes CO <sub>2</sub> e/m <sup>2</sup><br>公噸二氧化碳當量/平方米 | 0.07          | 0.08          | 0.10          |
| <b>Other air emissions<sup>7</sup><br/>其他廢氣排放<sup>7</sup></b> |   |               |               |               |
| NO <sub>x</sub><br>氮氧化物                                       | g<br>克  | 20,261        | 19,651        | 21,700        |
| SO <sub>x</sub><br>硫氧化物                                       | g<br>克  | 82            | 126           | 140           |
| PM emissions<br>顆粒物排放   | g<br>克  | 1,904         | 1,772         | 1,952         |

| Waste<br>廢物   | Unit<br>單位   | 2019<br>二零一九年 | 2018<br>二零一八年 | 2017<br>二零一七年 |
|---|--------------|---------------|---------------|---------------|
| Used cooking oil recycled <sup>8</sup><br>已回收廢食油 <sup>8</sup> | litres<br>公升 | 1,160         | 936           | 2,592         |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### Key Performance Metrics (Singapore)

### 關鍵績效指標 (新加坡)

| Use of resources<br>資源使用                                | Unit<br>單位                                | 2019<br>二零一九年 | 2018<br>二零一八年 |
|---|---|---------------|---------------|
| Electricity consumption<br>耗電量                          | kWh<br>千瓦時                                | 10,228,457    | 9,543,782     |
| Electricity intensity <sup>9</sup><br>耗電密度 <sup>9</sup> | kWh/m <sup>2</sup><br>千瓦時/平方米             | 194           | 188           |
| Water consumption <sup>10</sup><br>耗水量 <sup>10</sup>    | m <sup>3</sup><br>立方米                     | 31,985        | 38,259        |
| Water intensity <sup>11</sup><br>耗水密度 <sup>11</sup>     | m <sup>3</sup> /m <sup>2</sup><br>立方米/平方米 | 0.61          | 0.75          |

| Emissions<br>排放物  | Unit<br>單位  | 2019<br>二零一九年 | 2018<br>二零一八年 |
|---|---|---------------|---------------|
| <b>Carbon emissions</b><br><b>碳排放</b>                       |   |               |               |
| Scope 2 — Indirect <sup>12</sup><br>範圍2 — 間接 <sup>12</sup>  | tonnes CO <sub>2</sub> e<br>公噸二氧化碳當量                    | 4,284         | 4,001         |
| Carbon emissions intensity (Scope 2 only)<br>碳排放物密度 (僅限範圍2) | tonnes CO <sub>2</sub> e/m <sup>2</sup><br>公噸二氧化碳當量/平方米 | 0.08          | 0.08          |

#### Carbon emissions

#### 碳排放

|   |   |       |       |
|---|---|-------|-------|
| Scope 2 — Indirect <sup>12</sup><br>範圍2 — 間接 <sup>12</sup>  | tonnes CO <sub>2</sub> e<br>公噸二氧化碳當量                    | 4,284 | 4,001 |
| Carbon emissions intensity (Scope 2 only)<br>碳排放物密度 (僅限範圍2) | tonnes CO <sub>2</sub> e/m <sup>2</sup><br>公噸二氧化碳當量/平方米 | 0.08  | 0.08  |

- |   |  |   |   |
|---|--|---|---|
| 1 | Electricity intensity is the total electricity consumed in kilowatt-hours ("kWh") per unit of gross floor area ("GFA") in square metres of our premises in Hong Kong (including 8 cinemas, 2 corporate offices, a staff apartment, a warehouse and a café).  | 1 | 耗電密度乃我們位於香港的場所(包括八家影城、兩間公司辦公室、一間員工宿舍、一個倉庫及一間咖啡室)每平方米建築面積(「建築面積」)耗用的千瓦時(「千瓦時」)總電量。                                 |
| 2 | Water consumption data is only available for 5 locations in Hong Kong, including StagE, GH Citywalk (closed on 1 September 2019), GH Whampoa, GH Fanling and The Sky.  | 2 | 耗水量數據僅適用於香港的5個地點，包括StagE、嘉禾荃新天地(於二零一九年九月一日結業)、嘉禾黃埔、嘉禾粉嶺及The Sky。  |
| 3 | Water intensity is the total volume of freshwater consumed in cubic metres divided by the total GFA for the 5 locations where water data is available.   | 3 | 耗水密度指可獲得用水數據的5個地點所消耗淡水總量(以立方米為單位)除以總建築面積。   |
| 4 | Carbon emissions are generated by the use of electricity in all our operations (Scope 2) and the use of fuel of our fleet (Scope 1), which consists of two vehicles in Hong Kong. All our sites use central air conditioning. The Group does not have data for, nor operational control over, the consumption and selection of refrigerants used in air conditioning, and therefore emissions from refrigerants are not included in the scope of this calculation. | 4 | 碳排放乃由在所有業務營運中使用電力(範圍1)以及香港車隊(由兩輛汽車組成)使用燃料(範圍2)所產生。我們所有場所均採用中央空調。本集團對空調所使用及篩選製冷劑的情況並無任何數據或營運監控，故此製冷劑的排放不包括在本計算範圍內。 |
| 5 | The calculation for vehicle emissions (Scope 1) uses emission factors provided in HKEX's toolkit for ESG reporting.  | 5 | 汽車排放(範圍1)乃使用根據聯交所有關環境、社會及管治報告的工具庫所提供的排放系數計算。  |
| 6 | The calculation of Scope 2 emissions uses emission factors found in the sustainability reports of our utility providers: CLP (2019 report) and Hong Kong Electric (2018 report).   | 6 | 範圍2排放乃根據公用設施供應商中電(二零一九年報告)及港燈(二零一八年報告)於其可持續發展報告中所載排放系數計算。   |
| 7 | Other air emissions, including nitrogen oxides ("NOx") sulphur oxides ("SOx"), and particulate matter ("PM"), are generated from the combustion of fuel by our fleet.  | 7 | 其他廢氣排放物包括氮氧化物(「氮氧化物」)、硫氧化物(「硫氧化物」)及顆粒物(「顆粒物」)乃由車隊使用燃料所產生。   |
| 8 | The used cooking oil is generated by the Sky cinema and Joō de Rolls café. No other operations generate used cooking oil.  | 8 | 廢食油乃由the Sky影院及Joō de Rolls咖啡室所產生。概無其他業務產生廢食油。  |
| 9 | Electricity intensity is the total electricity consumed in kWh per GFA in square metres of all of our premises in Singapore (including 14 cinemas and our corporate office).   | 9 | 耗電密度乃我們位於新加坡的全部場所(包括14家影城及公司辦公室)每平方米建築面積耗用的千瓦時總電量。  |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

- 10 Water data is available for all locations in Singapore, but for our new cinema in Funan, data is only available from July 2019.
- 11 Water intensity is the total volume of freshwater consumed in cubic metres divided by the total GFA for all 14 locations in Singapore.
- 12 Scope 2 emissions conversion factor for electricity in kilowatt to CO<sub>2</sub> equivalent (“CO<sub>2</sub>e”) taken from the Source: Singapore Energy Statistics 2019, Energy Market Authority; refer to “2018 Average Operating Margin”.

### Promoting Energy Efficiency

Energy use is the most material environmental impact of the Group. We need electricity to power the lights, air conditioning and projection equipment in our cinemas, as well as for the daily operation of our corporate offices, warehouse and café.

Air conditioning is a major source of our electricity consumption. To achieve the best viewing quality, our cinemas must maintain an optimal indoor environment by controlling the temperature, humidity and air quality. As far as possible, the Group seeks to improve the energy efficiency of air conditioning units in our cinemas.

Where available and cost-effective alternatives exist, we preferentially select energy saving equipment such as LED lights and laser projectors for our Singapore operations. We can also encourage our employees to practice energy saving behaviour, such as turning off non-essential lighting and other equipment when not in use.

### Reducing Carbon and Other Air Emissions

The Group generates Scope 1 (or direct) greenhouse gas (“GHG”) emissions from fuel combustion by our company owned vehicles, and Scope 2 (or energy indirect) GHG emissions associated with the electricity we consume.

In Hong Kong, the Group owns and operates two vehicles: one private car that runs on petrol, and one diesel-powered light goods vehicle. The combustion of fuel in these vehicle engines also generates other air emissions such as nitrogen oxides, sulphur oxides, and particulate matter, which can contribute to air pollution.

Our Scope 2 emissions constitute our most significant impact on climate change. As these emissions are linked to electricity consumption, efforts to improve our energy efficiency will help to drive down our GHG emissions.

The Group is testing innovative ways to electronically deliver movies, which not only reduces carbon emissions from transportation and product delivery, it can also reduce the need for physical storage space and the associated electricity consumption of our warehouses.

- 10 耗水量數據適用於新加坡的所有地點，惟就旗下位於Funan的新影城而言，其數據自二零一九年七月起方始獲得。
- 11 耗水密度指新加坡全部14個地點所消耗淡水總量(以立方米為單位)除以總建築面積。
- 12 範圍2電力排放轉換係數由千瓦轉換至二氧化碳當量(「二氧化碳當量」)乃源自以下資料來源：2019年新加坡能源統計，能源市場管理局；參閱「2018年平均經營利潤率」。

### 提升能源效益

使用能源為本集團帶來最大環境影響。我們需要電力為我們影院的燈光、空調及投影設備，以及我們的公司辦公室、倉庫及咖啡室的日常營運供電。

空調為耗用電力的主要源頭。為達致最佳觀影品質，我們的影院必須通過控制溫度、濕度及空氣質素保持最佳室內環境。本集團盡可能尋求提高影院空調機組的能源效益。

如有可供採用且具備成本效益的替代選擇，我們優先選擇節能設備，例如我們的新加坡營運中使用的LED燈及激光投影機。我們亦鼓勵員工採取節能做法，例如在不使用時關閉非必要照明及其他設備。

### 減少碳排放及其他廢氣排放

本集團自公司擁有的汽車燃燒燃料時產生範圍1(或直接或間接)溫室氣體(「溫室氣體」)排放，以及自我們消耗電力產生範圍2(或能源間接)溫室氣體排放。

在香港，本集團擁有及經營兩輛汽車：一輛使用汽油的私家車及一輛柴油動力輕型貨車。該等車輛引擎中的燃料燃燒時亦產生其他廢氣排放，例如，如氮氧化物、硫氧化物和顆粒物，可以造成空氣污染。

我們的範圍2排放對氣候變化構成重大影響。由於該等排放與電力消耗相關，致力改善能源效益將有助減少溫室氣體排放。

本集團現正測試以創新方式電子傳送電影，此舉不僅可減少交通運輸及產品傳送產生的碳排放，亦可減少實際儲存空間需要及倉庫的相關電力消耗。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### Responsible Use of Resources

The Group is committed to responsible consumption and waste reduction. Other than electricity, other resources we use in reasonably significant quantities include water, paper and plastic. We promote reduction of waste at source and recycling to prevent valuable resources from ending up in landfills (Hong Kong) and from incineration (Singapore). Over the last few years, we have implemented the following initiatives across our Hong Kong and Singapore operations to promote responsible use of resources:

#### Water:

- We encourage our employees and patrons to use less water by posting reminders in toilets and office pantries

#### Paper:

- We promote double-sided printing in our offices
- In Hong Kong, we deliver internal communications digitally through our company intranet
- In Hong Kong, we promote new movies on our online platforms rather than posting paper posters
- In Singapore, we encourage e-payments through our mobile ticketing service

#### Plastics:

- We encourage customers to bring their own 3D glasses, or, if using ours, to return them to use so they can be reused

Most of the waste generated in our cinemas and offices are disposed of via central waste collection channels managed by the mall or office building in which our facilities are located, and therefore it is difficult to track the total quantity of general waste generated by the Group. Another challenge is that some of the waste collected at our cinemas may be brought in by our customers or be packaged items, which means we are not able to fully control waste reduction.

In Hong Kong, where we operate Joō de Rolls Café and have some food preparation at the sky cinema, we engage a qualified third-party to collect and recycle our used cooking oil. The cooking oil collected is used to produce biodiesel and biofuels, which can be used as a cleaner, greener alternative to fossil fuels for transportation and in industry.

A municipal solid waste charging scheme has been under consideration by the Hong Kong SAR Government for some time. The proposed charging models include charging by volume, by mandating the purchase of designated garbage bags, or charging by weight. Should this scheme come into effect it would lead to unforeseen costs for the business. It will be important for the Group to find ways to monitor and manage the waste generated by its operations. We continue to explore ways to increase the recycling rate of disposables consumed during customers' visits to our cinemas. In 2017, we communicated with waste contractors of different operations and cinemas to understand how general waste is handled.

### 以負責任態度使用資源

本集團致力以負責任態度使用資源並減少浪費。除電力外，我們使用的其他資源數量相當大，包括水、紙張和塑料。我們推動在源頭減少廢物和回收利用，以防止有價值的資源進入垃圾堆填區（香港）或被焚燒（新加坡）。在過去數年，我們在香港和新加坡的業務中實施以下舉措，藉此推廣以負責任態度使用資源：

#### 水：

- 我們透過在洗手間及辦公室茶水間張貼告示鼓勵員工及顧客減少用水

#### 紙張：

- 我們在辦公室推廣雙面印刷
- 在香港，我們透過公司內聯網以數碼方式進行內部溝通
- 在香港，我們使用網上平台而非張貼海報以宣傳新電影
- 在新加坡，我們鼓勵透過我們的手機售票服務進行電子付款

#### 塑料：

- 我們鼓勵客戶自行攜帶3D眼鏡觀影，如使用我們提供的眼鏡，在看畢電影後交還以作重用

我們影院及辦公室產生的大部分廢物，均由我們設施所在的商場或辦公大樓管理的中央廢物收集渠道處理，因此難以追蹤本集團產生的一般廢物總量。另一個挑戰是在我們影院收集的部分廢物可能是由我們的客戶攜帶或是包裝物品，此意味著我們無法完全控制減廢情況。

在香港，我們經營Joō de Rolls咖啡室並在the sky影院製作食品，我們聘請經認證的第三方收集和回收我們的廢食油。收集的食用油用於生產生物柴油和生物燃料，可用作運輸和工業中化石燃料的更清潔和更環保的替代品。

香港特區政府考慮進行都市固體廢物收費計劃已有一段時間。建議收費模式包括透過強制購買指定垃圾袋按容量收費或按重量收費。倘此計劃生效，將會令業務承擔不可預見的成本。本集團必須尋找監察和管理其業務所產生廢物的方法。我們將繼續探索如何提高客戶觀影所消耗的一次性用品的回收率。於二零一七年，我們與不同營運和影院的廢物承包商進行溝通，了解一般廢物的處理方式。



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

In the future, we will also try to keep better track of our suppliers' environmental performance and may consider incorporating environmental performance related requirements in the tenders and contracts to promote sustainability in our value chain.

### PEOPLE RESPONSIBILITY

#### Caring for Our People

As of 31 December 2019, the Group had 484 full time employees. It is our aim that each of our employees feel respected, valued and safe when coming to work.

Our Human Resources team seeks to hire people who are excited to work in the movie industry. To attract and retain the right candidates, our Group provides competitive remuneration and benefits packages that include medical insurance, contributions to retirement schemes and discretionary bonuses are provided to eligible staff based on performance reviews that are periodically conducted with all full-time staff.

Our employees come from a range of backgrounds, experience levels and perspectives, allowing us to better meet the needs of an equally diverse customer base. We take a zero-tolerance approach to discrimination and harassment of job applicants or employees and maintain a system that treats everyone fairly and recognises and rewards based on individual merit and performance.

Details of remuneration and benefits, as well as our anti-discrimination practices can be found in the Employee Handbook, which each staff member receives upon commencement of their employment.

#### Development and Training

We promote a culture of learning, providing the training and development opportunities to set employees up for success. Frontline employees receive induction training of all procedures and skills needed to feel job ready.

Through the year, we also offer education and training opportunities deemed essential for continued professional development. A range of courses are available as organised by our in-house and external training providers, as well as education subsidies and examination leave.

#### Health and Safety

We are guided by our commitment: "Safety Comes First," determined to keep employees and customers safe in our locations of operation. In our cinemas, we emphasise the importance of fire safety, where each site is maintained at the highest standards and inspections are conducted regularly. Frontline employees receive fire safety training so that, in case of an emergency, they are prepared to act. For our office employees, occupational health and safety is reinforced through guidelines that help raise awareness of potential hazards in the workplace, and how to minimise these risks.

未來，我們亦會致力於更有效追蹤供應商的環境績效，並可能考慮在招標及合同中納入與環境績效相關的要求，以促進我們價值鏈的可持續性。

### 僱傭責任

#### 關懷員工

截至二零一九年十二月三十一日，本集團聘用484名全職僱員。我們的目標是令每名僱員在上班時感到受尊重、重視及安全。

我們的人力資源團隊物色有意投身電影行業的人士。為吸引和留聘人才，本集團提供具競爭力的薪酬及福利，包括醫療保險、退休計劃供款，並根據與所有全職員工定期進行的表現檢討而向合資格員工發放酌情花紅。

我們的僱員的背景、經驗及觀點各有不同，有助我們滿足多元客戶群的需求。我們對求職者或僱員所面對的歧視或騷擾採取零容忍態度，維持人人享有公平待遇的制度，並根據每個人的優點及表現給予認可和獎勵。

有關薪酬及福利以及反歧視措施詳情載於每名員工入職時獲得的僱員手冊。

#### 發展及培訓

我們營造學習文化，提供培訓及發展機會，以助僱員取得成功。前線僱員均接受有關工作所需全部程序及技能的培訓。

年內，我們亦提供認為對持續專業發展實屬重要的教育及培訓機會。我們舉辦多項由內部及外部培訓機構提供的課程，並給予教育津貼和考試假。

#### 健康與安全

我們的承諾是「安全第一」，致力為僱員及客戶提供安全的營業場所。影城方面，我們強調消防安全的重要性，各場所均維持最高標準及進行定期檢查。前線僱員均需接受消防安全培訓，以便在發生緊急事故時能作出行動。就辦公室僱員而言，我們透過提供指引強調職業健康及安全，有助對工作地點的潛在危機提高警覺，並設法將有關風險減至最低。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### Employee Well-being

We believe in providing enjoyable experiences to all moviegoers. As our frontline employees are part of this overall service, we take extra steps to ensure their own well-being is maintained through an enjoyable work environment. We promote a work-life balance and organise various leisure activities to increase teambuilding to enhance morale throughout the year.

### OPERATING PRACTICES & PRODUCT RESPONSIBILITY

#### Service Excellence

Our mission is to provide superior entertainment experiences that excite and delight our customers. Whether it is the movies we produce ourselves, or those we select to show in our cinemas, our customers expect the best movies, viewed in the highest quality, with responsible and diverse options to cater to different tastes. Our professional sourcing team actively seeks different genres, from blockbusters to cultural programmes, musicals and sporting events.

The Group continues to invest in new technologies such as TechnoMotion Chairs, D-Box, Dolby and AURO sound systems, BARCO Laser projectors and IMAX® screens to provide our audiences with a world-class viewing experience.

As we serve food and beverages in our cinemas, we take precautions to ensure food safety. We require all employees that handle food to attend courses on food handling so that they are aware of the risks and how to mitigate them. In Hong Kong our staff attend courses organised by the Integrated Vocational Education Centre on food hygiene management, and in Singapore, all staff are required by the National Environment Agency to obtain a food hygiene certificate before they can handle food.

#### Protection of Data Privacy

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

To protect customer data privacy when processing online payments for movie tickets and using our online membership system, we have strict data protection mechanisms in place.

### 僱員福利

我們旨在為所有影迷帶來愉快的體驗。由於前線僱員是整體服務的一部分，我們多行一步，確保僱員在愉快的工作環境下感到幸福。我們提倡工作與生活取得平衡，並在年內舉辦多項休閒活動，建立團隊精神，提升士氣。

### 營運慣例及產品責任

#### 卓越服務

我們的使命是提供卓越的娛樂體驗，為客戶帶來刺激和喜悅。無論是我們製作的電影，或是我們選擇在我們影院放映的電影，我們的客戶都期望以最高品質觀看最好的電影，而我們提供負責任和多樣化的選擇，以滿足不同的口味。我們的專業採購團隊積極尋求不同的類型，從猛片到文化節目、音樂劇和體育盛事。

本集團繼續投資嶄新技術，例如TechnoMotion動感座椅、D-Box、杜比及AURO音響系統、BARCO雷射投影機及IMAX®銀幕，為觀眾打造世界級觀影體驗。

由於我們在影院供應餐飲，我們採取預防措施確保食品安全。我們規定所有處理食物的僱員須參與食物處理課程，以了解並得知如何減低風險。在香港，我們的員工會參加由綜合職業訓練中心舉辦的食物衛生管理課程，而在新加坡，新加坡環境局要求所有員工獲得食品衛生證書方可處理食品。

#### 保障私隱

我們實施嚴謹資料保障機制，以確保客戶及會員的個人資料安全。負責處理私人資料的員工須遵循明確的指引，並定期重溫個人資料保障措施及規例。本集團亦會定期舉辦研討會，提升前線員工的技能。

為保障進行網上購票及使用網上會員系統的觀眾私隱，我們實施嚴謹資料保障機制。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### Anti-Corruption

Integrity and accountability are the cornerstones of our business. We are conscious of, and thus constantly monitor, risks to business ethics in our operating environments by implementing a strong internal control framework and policies. Our Audit Committee and senior management also hold tight to the principle of zero-tolerance on corruption and fraud. Their commitment is reflected in our policy on the subject, as well as within many of our operational procedures.

In 2019, no incidents of corruption have been identified or reported.

### COMMUNITY INVESTMENT

Our community investment initiatives focus on ways in which we can leverage our core competencies and resources to spread the joy of movies and help underserved people. Every year, the Group partners with different charitable organisations to organise various activities. This year, we participated in the Mid-Autumn Charity Sales event in Hong Kong organised by Orbis, which aimed to support and celebrate the festival with visually impaired people. A total of 103 boxes of different editions of charity mooncakes were purchased for our staff in support of the event. In 2019, we continued to work with community partners to organise movie screenings. Partnering with Life Workshop, an NGO helping the underprivileged children, we invited more than 100 students and their parents to a screening of the new Doraemon movie 2019.

In Singapore, through our GV Cares initiative, we partnered with Reach Community Services Society and Make-A-Wish Foundation to offer free screening activities in 2019. We also accepted applications from Morning Star Community Service, Hwa Chong Institution and Sage Counselling Centre to use the big screens at selected cinemas for fundraising screenings and free screenings for their beneficiaries, such as the Singapore Children's Society. Our focus remains to support underprivileged children, low income families, the elderly and film schools. The value of our in-kind sponsorships in 2019 was SGD7,491 (about HK\$40,690).

To further promote social inclusion and address the evolving needs in the society, we will continue to support and partner with different community partners.

### 反貪污

誠信及問責乃業務的基石。我們透過推行健全的內部監控框架及政策，了解並貫徹監察營商環境的商業道德風險。審核委員會及高級管理層堅持不容忍貪污和欺詐的原則，並在有關政策及多項營運程序上反映所作承諾。

於二零一九年，概無發現或匯報任何貪污事件。

### 社區投資

我們的社區投資策略專注於利用本身的核心能力和資源，分享電影的樂趣及幫助有需要人士。本集團每年與不同慈善機構合作舉行多項活動。於本年度，我們參與奧比斯在香港舉辦的中秋禮品慈善義賣，旨在支持視障人士，並與他們慶祝佳節。我們為員工購買合共103盒不同款式的慈善月餅以支持活動。於二零一九年，我們繼續與社區夥伴合作舉行觀影活動。我們與生命工場（一個協助貧困兒童的非牟利機構）合作，邀請過百名學生及其父母觀賞二零一九年的新哆啦A夢電影。

在新加坡，透過我們的GV Cares計劃，我們於二零一九年與Reach Community Services Society和Make-A-Wish Foundation合作提供免費放映活動。我們亦接受Morning Star Community Service、Hwa Chong Institution和Sage Counselling Centre的申請，在選定的電影院使用大銀幕進行籌款活動，為受益人（例如Singapore Children's Society）免費放映。我們仍然集中支持貧困兒童、低收入家庭、長者及電影學校。於二零一九年，我們的實物資助總值7,491坡元（約40,690港元）。

為進一步促進社會共融和迎合社會上不斷改變的需要，我們將繼續支持不同社區夥伴並進行合作。

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

### REFERENCE TO HKEX ESG GUIDE

### 聯交所環境、社會及管治報告指引索引

| Subject areas & aspects<br>主要範疇及層面      | Disclosures<br>披露資料   | Contents reference/Description<br>內容索引/描述  |
|---|---|--|
| <b>A. Environmental</b><br><b>A. 環境</b> |   |  |
| <b>AI Emissions</b><br><b>AI 排放物</b>    | <b>General disclosure information</b><br><b>一般披露資料</b>  | <b>Environmental Responsibility section</b><br><b>環境責任章節</b>   |
|   | KPI A1.1 <i>The types of emissions and respective emissions data.</i><br>關鍵績效指標A1.1 排放物種類及相關排放數據。   | Key Performance Metrics (Hong Kong);<br>Key Performance Metrics (Singapore)<br>關鍵績效指標(香港)<br>關鍵績效指標(新加坡)                         |
|   | KPI A1.2 <i>Greenhouse gas emissions in total and, where appropriate, intensity</i><br>關鍵績效指標A1.2 溫室氣體總排放量及(如適用)密度。   |  |
|   | KPI A1.3 <i>Total hazardous waste produced and, where appropriate, intensity.</i><br>關鍵績效指標A1.3 所產生有害廢棄物總量及(如適用)密度。   | Not a material issue for the Group.<br>並非本集團的重大議題。   |
|   | KPI A1.4 <i>Total non-hazardous waste produced and, where appropriate, intensity.</i><br>關鍵績效指標A1.4 所產生無害廢棄物總量及(如適用)密度。   | Data currently not available except for waste cooking oil in Key Performance Metrics (Hong Kong)<br>除關鍵績效指標(香港)中廢置食用油外，目前並無可得數據。 |
|   | KPI A1.5 <i>Description of measures to mitigate emissions and results achieved.</i><br>關鍵績效指標A1.5 描述減低排放量的措施及所得成果。  | Reducing Carbon and Other Air Emissions<br>減少碳排放及其他廢氣排放  |
|   | KPI A1.6 <i>Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.</i><br>關鍵績效指標A1.6 描述處理有害及無害廢棄物的方法、減低產生量的措施及所得成果。 | Responsible Use of Resources<br>以負責任態度使用資源   |



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

| Subject areas & aspects<br>主要範疇及層面                            | Disclosures<br>披露資料  | Contents reference/Description<br>內容索引/描述   |
|---|--|---|
| <b>A2 Use of Resources</b><br>A2 資源使用                         | <p><b>General disclosure information</b><br/>一般披露資料</p> <p>KPI A2.1 <i>Direct and/or indirect energy consumption by type in total and intensity</i><br/>關鍵績效指標 A2.1 按類型劃分的直接及/或間接能源總耗量及密度。</p> <p>KPI A2.2 <i>Water consumption in total and intensity</i><br/>關鍵績效指標 A2.2 總耗水量及密度。</p> <p>KPI A2.3 <i>Description of energy use efficiency initiatives and results achieved</i><br/>關鍵績效指標 A2.3 描述能源使用效益計劃及所得成果。</p> <p>KPI A2.4 <i>Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.</i><br/>關鍵績效指標 A2.4 描述求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果。</p> <p>KPI A2.5 <i>Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.</i><br/>關鍵績效指標 A2.5 製成品所用包裝材料的總量(以噸計算)及(如適用)每生產單位估量。</p> | <p><b>Environmental Responsibility section</b><br/>環境責任章節</p> <p>Key Performance Metrics (Hong Kong);<br/>Key Performance Metrics (Singapore)<br/>關鍵績效指標(香港)<br/>關鍵績效指標(新加坡)</p> <p>Promoting Energy Efficiency<br/>提升能源效益</p> <p>Water is not a material environmental impact of the Group. There is no indication that water efficiency is a concern.<br/>用水並非本集團之重大環境影響，亦無指標顯示用水效益需要關注。</p> <p>Not a material issue for the Group, as we do not manufacture or produce packaging materials.<br/>本集團並無製造或生產包裝材料，因此並非本集團的重大議題。</p> |
| <b>A3 The Environment and Natural Resources</b><br>A3 環境及天然資源 | <p><b>General disclosure information</b><br/>一般披露資料</p> <p>KPI A3.1 <i>Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.</i><br/>關鍵績效指標 A3.1 描述業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動。</p>   | <p><b>Environmental Responsibility section</b><br/>環境責任章節</p> <p>After reviewing our environmental performance and stakeholder feedback, we confirm that our business activities do not have significant adverse impacts on the environment. Our commitments and measures to reducing our environmental footprint are detailed in the Environmental Responsibility section.<br/>經審閱環境績效及權益人回應後，我們確認業務活動並無對環境造成重大不利影響。我們對減少環境足跡的承諾及措施的詳情載於環境責任章節。</p>  |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 環境、社會及管治報告

| Subject areas & aspects<br>主要範疇及層面                       | Disclosures<br>披露資料                      | Contents reference/Description<br>內容索引/描述   |
|--|--|---|
| <b>B. Social</b><br><b>B. 社會</b>                         |  |   |
| <b>Employment and labour practices</b><br><b>僱傭及勞工慣例</b> |  |   |
| <b>B1 Employment</b><br><b>B1 僱傭</b>                     | General disclosure information<br>一般披露資料 | Caring for Our People<br>僱傭責任章節   |
| <b>B2 Health and Safety</b><br><b>B2 健康與安全</b>           | General disclosure information<br>一般披露資料 | Health and Safety<br>僱傭責任章節   |
| <b>B3 Development and Training</b><br><b>B3 發展及培訓</b>    | General disclosure information<br>一般披露資料 | Development and Training<br>僱傭責任章節  |
| <b>B4 Labour standards</b>                               | General disclosure information           | Not a material issue for the Group.<br><br><i>Given our business nature and locations of operation, the risk of child labour and forced labour in our business is low, and therefore we do not consider "Labour Practices" to be a material concern. The Group ensures compliance with all relevant labour laws governing minimum working age in the markets in which it operates. Forced labour is strictly prohibited.</i><br>並非本集團的重大議題。 |
| <b>B4 勞工準則</b>   | 一般披露資料                                   | 鑑於我們的業務性質及營運地點，我們的業務中有關童工及強迫勞工的風險較低，因此我們不認為「勞工慣例」為重大問題。本集團確保遵守其經營所在市場有關監管最低工作年齡的所有相關勞工法例。嚴格禁止強迫勞工。  |
| <b>Operating practices</b><br><b>營運慣例</b>                |  |   |
| <b>B5 Supply chain management</b><br><b>B5 供應鏈管理</b>     | General disclosure information<br>一般披露資料 | Responsible Use of Resources<br>以負責任態度使用資源  |
| <b>B6 Product responsibility</b><br><b>B6 產品責任</b>       | General disclosure information<br>一般披露資料 | Service Excellence; Protection of Data Privacy<br>卓越服務；保障私隱   |
| <b>B7 Anti-corruption</b><br><b>B7 反貪污</b>               | General disclosure information<br>一般披露資料 | Anti-Corruption<br>反貪污  |
| <b>Community</b><br><b>社區</b>                            |  |   |
| <b>B8 Community investment</b><br><b>B8 社區投資</b>         | General disclosure information<br>一般披露資料 | Community Investment<br>社區投資  |

# 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 2019.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company which is a leading integrated film entertainment company in the markets where the principal activities of the Group consist of worldwide film and video distribution, film exhibition and the provision of advertising and consultancy services in Hong Kong, Taiwan and Singapore and film and television programmes production in Hong Kong and Mainland China. In addition, the Group has recently expanded into the arenas of live show performances, club house business and entertainment centre business. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Cap. 622), 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 14 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 2019 and the state of affairs of the Company and the Group as at 31 December 2019 are set out in the financial statements on pages 83 to 149.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2019.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2019 are set out in note 11 to the financial statements.

### INVESTMENT PROPERTY

On 14 January 2013, Orange Sky Golden Harvest Entertainment Company Limited, an indirect wholly-owned subsidiary of the Company, announced to acquire all that 24th Floor, together with car parking spaces nos. 421, 422 & 423 on 4th Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong (the "Property"). AXA Centre is subsequently renamed as the Capital Centre.

On 4 September 2019, there was an intra-group property transfer in respect of the Property happened between Orange Sky Golden Harvest Entertainment Company Limited (the "Transferor") and Golden Properties (Pacific) Limited (the "Transferee"), which both the Transferor and Transferee are indirect wholly-owned subsidiaries of the Company. During the year, the Property was owned by the Company via the wholly-owned subsidiaries.

Details of the Property are set out in note 11 to the financial statements on pages 117 to 121 of this annual report.

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」)截至二零一九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、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。此外，本集團業務近期擴展現場表演、俱樂部業務及娛樂中心業務。根據香港法例第622章《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14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

本集團截至二零一九年十二月三十一日止年度之業績，以及本公司與本集團於二零一九年十二月三十一日之事務狀況載於第150至216頁之財務報表。

董事並不建議派付截至二零一九年十二月三十一日止年度之任何末期股息。

### 物業、廠房及設備

本集團物業、廠房及設備於截至二零一九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。

### 投資物業

於二零一三年一月十四日，本公司之間接全資附屬公司橙天嘉禾娛樂有限公司宣佈收購香港灣仔告士打道151號國衛中心24樓全層連同4樓第421、422及423號車位(「該物業」)。國衛中心隨後更名為資本中心。

於二零一九年九月四日，橙天嘉禾娛樂有限公司(「轉讓人」)與Golden Properties (Pacific) Limited(「受讓人」)作出有關該物業之集團內部物業轉讓，轉讓方和受讓人均為本公司間接全資附屬公司。年內，該物業由本公司通過全資附屬公司持有。

該物業的詳情載於本年報第184至188頁財務報表的附註11。

# REPORT OF THE DIRECTORS

## 董事會報告書

### BANK LOANS

Particulars of bank loans of the Group as at 31 December 2019 are set out in note 20 to the financial statements.

### SHARE CAPITAL

Details of the Company's share capital are set out in note 24 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.

### FIVE-YEAR SUMMARY FINANCIAL INFORMATION

### 銀行貸款

本集團於二零一九年十二月三十一日之銀行貸款詳情載於財務報表附註20。

### 股本

本公司股本詳情載於財務報表附註24。

### 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。

### 五年財務資料摘要

|  | Year ended<br>31 December<br>截至<br>十二月<br>三十一日<br>止年度<br>2019<br>二零一九年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | Year ended<br>31 December<br>截至<br>十二月<br>三十一日<br>止年度<br>2018<br>二零一八年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | Year ended<br>31 December<br>截至<br>十二月<br>三十一日<br>止年度<br>2017<br>二零一七年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | Year ended<br>31 December<br>截至<br>十二月<br>三十一日<br>止年度<br>2016<br>二零一六年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | Year ended<br>31 December<br>截至<br>十二月<br>三十一日<br>止年度<br>2015<br>二零一五年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) |
|--|---|---|---|---|---|
|--|---|---|---|---|---|

| Consolidated income statement   | 綜合收益表      |           |           |           |           |           |
|---------------------------------|------------|-----------|-----------|-----------|-----------|-----------|
| Revenue                         | 收益         | 1,060,842 | 1,050,972 | 1,006,599 | 1,291,819 | 1,277,132 |
| Profit/(loss) before taxation   | 除稅前溢利/(虧損) | (4,062)   | 83,661    | 2,548,144 | (68,153)  | (186,179) |
| Income tax (expense)/credit     | 所得稅(開支)/抵免 | (31,054)  | (31,371)  | (309,831) | 2,916     | 4,961     |
| Profit/(loss) for the year      | 本年度溢利/(虧損) | (35,116)  | 52,290    | 2,238,313 | (65,237)  | (181,218) |
| Attributable to:                | 以下人士應佔：    |           |           |           |           |           |
| — Equity holders of the Company | — 本公司股權持有人 | (35,092)  | 52,529    | 2,242,136 | (59,078)  | (180,471) |
| — Non-controlling interests     | — 非控股權益    | (24)      | (239)     | (3,823)   | (6,159)   | (747)     |
|                                 |            | (35,116)  | 52,290    | 2,238,313 | (65,237)  | (181,218) |



# 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<br>於十二月三十一日                          |  |  |  |  |
|--|----------------|--|--|--|--|--|
|  |                | 2019<br>二零一九年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | 2018<br>二零一八年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | 2017<br>二零一七年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | 2016<br>二零一六年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) | 2015<br>二零一五年<br>HK\$'000<br>千港元<br>(Audited)<br>(經審核) |
| <b>Consolidated statement of financial position</b>    | <b>綜合財務狀況表</b> |  |  |  |  |  |
| Right-of-use assets                                    | 使用權資產          | 1,481,273  | –  | –  | –  | –  |
| Property, plant and equipment                          | 物業、廠房及設備       | 404,529  | 1,031,644  | 1,026,222  | 245,789  | 1,519,528  |
| Interests in joint ventures                            | 於合營企業之權益       | 133,243  | 145,933  | 142,937  | 201,122  | 263,290  |
| Interests in associates                                | 於聯營公司之權益       | –  | –  | –  | –  | 11,269   |
| Available-for-sale investment                          | 可供出售投資         | –  | –  | –  | 6,048  | 6,372  |
| Other receivables, deposits and prepayments            | 其他應收款項、按金及預付款項 | 46,704   | 40,058   | 40,509   | 18,821   | 96,652   |
| Intangible assets                                      | 無形資產           | 525,397  | 523,079  | 525,625  | 82,414   | 83,014   |
| Goodwill   | 商譽             | 661,582  | 656,609  | 658,001  | 57,233   | 75,203   |
| Deferred tax assets                                    | 遞延稅項資產         | 4,824  | –  | –  | 6,160  | 44,001   |
| Non-current portion of pledged bank deposits           | 已抵押銀行存款之非即期部分  | 137,000  | 137,000  | 137,000  | 20,000   | 33,570   |
| Current assets   | 流動資產           | 1,327,603  | 1,491,863  | 2,146,475  | 2,518,278  | 732,294  |
| <b>Total assets</b>                                    | <b>資產總值</b>    | <b>4,722,155</b>                                       | 4,026,186  | 4,676,769  | 3,155,865  | 2,865,193  |
| Current liabilities                                    | 流動負債           | 792,887  | 647,190  | 784,169  | 974,334  | 885,250  |
| Non-current portion of bank loans                      | 銀行貸款之非即期部分     | 805,907  | 1,024,498  | 875,140  | 188,300  | 336,977  |
| Non-current portion of convertible bonds               | 可換股債券之非即期部分    | –  | –  | –  | 174,067  | –  |
| Non-current portion of obligations under finance lease | 融資租賃債務之非即期部分   | –  | –  | –  | 269  | 37,332   |
| Other financial liabilities                            | 其他金融負債         | –  | –  | –  | 219,389  | –  |
| Non-current portion of lease liabilities               | 租賃負債之非即期部分     | 790,497  | –  | –  | –  | –  |
| Deferred tax liabilities                               | 遞延稅項負債         | 176,931  | 173,383  | 174,778  | 9,471  | 12,419   |
| <b>Total liabilities</b>                               | <b>負債總額</b>    | <b>2,566,222</b>                                       | 1,845,071  | 1,834,087  | 1,565,830  | 1,271,978  |
| Net assets   | 資產淨值           | 2,155,933  | 2,181,115  | 2,842,682  | 1,590,035  | 1,593,215  |
| Non-controlling interests                              | 非控股權益          | (559)  | (545)  | (331)  | 58,433   | 13,378   |

# REPORT OF THE DIRECTORS

## 董事會報告書

### RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2019 are set out in note 24 to the financial statements and in the consolidated statement of changes in equity, respectively.

### DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for cash distribution and/or distribution in specie, representing retained profits, amounted to HK\$17,793,000 (2018: HK\$20,589,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve in an aggregate amount of HK\$1,059,279,000 (2018: HK\$1,059,279,000), as at 31 December 2019, 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 2019 and up to the date of this report were:

#### Chairman & Executive Director

Wu Kebo

#### Executive Directors

Mr. Li Pei Sen

Mr. Mao Yimin (resigned on 31 October 2019)

Ms. Chow Sau Fong, Fiona

Ms. Wu Keyan (resigned on 9 September 2019)

Ms. Go Misaki (appointed on 9 September 2019)

Mr. Peng Bolun (appointed on 9 September 2019)

#### Independent Non-executive Directors

Leung Man Kit

Wong Sze Wing

Fung Chi Man, Henry

In accordance with Bye-law 86(2) of the Bye-laws of the Company, Ms. Go Misaki and Mr. Peng Bolun who were appointed as executive Directors of the Company with effect from 9 September 2019, all of whom to fill casual vacancies or as an addition to the Board, shall respectively hold office until the first general meeting of the Company after his or her appointment and shall then be eligible for re-election at the forthcoming annual general meeting.

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

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

### 儲備

本公司及本集團於截至二零一九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24及綜合權益變動表。

### 可分派儲備

本公司於二零一九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17,793,000港元(二零一八年:20,589,000港元)。此外,本公司於二零一九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合共為1,059,279,000港元(二零一八年:1,059,279,000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

截至二零一九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

李培森先生

毛義民先生(於二零一九年十月三十一日辭任)

鄒秀芳女士

伍克燕女士(於二零一九年九月九日辭任)

Go Misaki女士(於二零一九年九月九日獲委任)

彭博倫先生(於二零一九年九月九日獲委任)

#### 獨立非執行董事

梁民傑

黃斯穎

馮志文

根據本公司之公司細則第86(2)條,Go Misaki女士及彭博倫先生自二零一九年九月九日起獲委任為本公司執行董事以填補董事會之臨時空缺或新增席位,彼等之任期分別直至獲委任後之本公司首個股東大會為止,屆時將合資格於應屆股東週年大會重選連任。

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

根據本公司的公司細則第87(1)及(2)條,梁民傑先生及黃斯穎女士將於應屆股東週年大會上退任,彼等全部均符合資格並願意重選連任。

# REPORT OF THE DIRECTORS

## 董事會報告書

Biographical details of the Directors and the Chief Executive Officer of the Group are set out on pages 4 to 9 of this annual report.

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.

### MANAGEMENT CONTRACT

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

### 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 2019. Neither the Company nor any of its subsidiaries has repurchase or sold any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year.

### EVENTS AFTER THE REPORTING PERIOD

Details of the non-adjusting events after the reporting period are set out in note 33 to the consolidated financial statements.

本集團董事及首席執行官的履歷詳情載於本年報第4至9頁。

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。

### 管理合約

概無於年內訂立或存續有關本公司全部或任何大部分業務之管理及行政之合約。

### 獲准許彌償條文

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

### 買賣及贖回上市證券

截至二零一九年十二月三十一日止年度，本公司並無贖回其任何上市證券。年內，本公司或其任何附屬公司概無於香港聯合交易所有限公司（「聯交所」）購回或出售本公司任何上市證券。

### 報告期後事項

報告期後之非調整事項的詳情載於綜合財務報表附註33。

# 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 2019, 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:

#### 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

### 董事及最高行政人員於股份、相關股份或債權證之權益及淡倉

於二零一九年十二月三十一日，本公司董事及最高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：

#### 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/<br>Chief Executive<br>董事／最高行政人員<br>姓名 | Capacity<br>身分                                | Note<br>附註 | Number of<br>Shares<br>股份數目 | Number of<br>underlying<br>Shares<br>相關股份數目 | Total<br>number of<br>Shares and<br>underlying Shares<br>股份及<br>相關股份總數 | * Approximate<br>percentage<br>of Shares and<br>underlying Shares<br>in the issued share<br>capital of the<br>Company<br>*股份及相關<br>股份於本公司<br>已發行股本中<br>所佔概約百分比 |
|---|---|------------|-----------------------------|---|--|--|
| Wu Kebo<br>伍克波  | Interest of controlled corporations<br>受控法團權益 | I          | 1,723,894,068 (L)           | –   | 1,723,894,068 (L)  | 61.57%   |
|   | Beneficial owner<br>實益擁有人                     | I          | 271,824,429 (L)             | –   | 271,824,429 (L)  | 9.71%  |
| Li Pei Sen<br>李培森                                       | Beneficial owner<br>實益擁有人                     |            | 200,000 (L)                 | –   | 200,000 (L)  | 0.01%  |
| Leung Man Kit<br>梁民傑                                    | Beneficial owner<br>實益擁有人                     |            | 370,000 (L)                 | –   | 370,000 (L)  | 0.01%  |
| Wong Sze Wing<br>黃斯穎                                    | Beneficial owner<br>實益擁有人                     |            | 170,000 (L)                 | –   | 170,000 (L)  | 0.01%  |

\* These percentages are computed based on the total number of Shares in issue (i.e. 2,799,669,050 Shares) as at 31 December 2019.

\* 該等百分比乃根據於二零一九年十二月三十一日已發行股份總數（即2,799,669,050股股份）而計算。



# REPORT OF THE DIRECTORS

## 董事會報告書

Note:

- I. 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 271,824,429 Shares as at 31 December 2019 which were beneficially held by him in his own name.

Abbreviation:

“L” stands for long position

Save as disclosed above and save for the disclosure referred to under “Share Option Schemes” set out below and in note 24 to the financial statements on pages 136 to 139 of this annual report, as at 31 December 2019, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

### RETIREMENT BENEFIT SCHEMES

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

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings “Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures” above and “Share Option Schemes” below, at no time during the year ended 31 December 2019 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：

- I. 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二零一九年十二月三十一日實益擁有 271,824,429 股股份權益。

縮略詞：

「L」指好倉

除上文披露者以及下文及本年報第 203 至 206 頁財務報表附註 24 有關「購股權計劃」之披露事項外，於二零一九年十二月三十一日，本公司各董事及最高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「董事及最高行政人員於股份、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二零一九年十二月三十一日止年度任何時間概無訂立任何安排，致使董事、彼等各自之配偶或未滿十八歲子女可藉收購本公司或任何其他法人團體之股份或債權證而獲益。

# REPORT OF THE DIRECTORS

## 董事會報告書

### SHARE OPTION SCHEMES

#### (i) 2009 Share Option Scheme

The Company has adopted the 2009 Share Option Scheme for the purpose of enabling the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. Eligible participants of the 2009 Share Option Scheme include the Directors and other employees of the Group, consultants or advisers, distributors, contractors, suppliers, service providers, agents, customers and business partners of the Group. The 2009 Share Option Scheme became effective on 11 November 2009 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date. On 10 November 2019, the 2009 Share Option Scheme was expired.

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。於二零一九年十一月十日，二零零九年購股權計劃已屆滿。

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（包括當日）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，合共佔建議日期已發行股份逾0.1%或總值（根據股份於授出日期之收市價計算）多於5,000,000港元，須獲本公司股東於股東大會上以按股數投票表決方式批准。

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

承授人可能行使購股權以認購股份之每股作價乃由董事釐定，惟不得低於以下各項之較高者：(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。

# REPORT OF THE DIRECTORS

## 董事會報告書

The maximum number of Shares issuable upon exercise of all share options to be granted under the 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.

At the end of the reporting period, the Company had no share option outstanding under the Scheme. No share option was granted to or exercised by any Directors or chief executives of the Company or employees of the Group or other participants nor cancelled or lapsed during the year ended 31 December 2019.

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.

### DIRECTORS' INTERESTS IN CONTRACTS

Except for the disclosure under the headings "Connected Transactions" and "Continuing Connected Transactions" below and save as detailed in note 28 to the financial statements on page 146 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 2019.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2019, none of the Directors had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

### EQUITY-LINKED AGREEMENTS

Other than the 2009 Share Option Scheme as disclosed in this annual report, no equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2019.

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個月期間內行使向各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%。倘於截至有關購股權授出日期止任何12個月期間內(包括當日)額外授出超過該上限之購股權(包括已行使、註銷及未行使之購股權),則須個別在股東大會上獲得本公司股東批准,而該等參與者及其聯繫人須放棄投票。

於報告期末,根據該計劃本公司並無購股權尚未行使。截至二零一九年十二月三十一日止年度,概無任何董事或本公司最高行政人員或本集團僱員或其他參與者獲授或行使任何購股權,亦無購股權被註銷或失效。

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。

### 董事於合約之權益

除下文「關連交易」和「持續關連交易」所披露者及本年報第213頁之財務報表附註28所詳述者外,各董事概無在截至二零一九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。

### 董事於競爭業務的權益

截至二零一九年十二月三十一日,根據上市規則,概無董事在與本集團業務直接或間接構成競爭或可能構成競爭的業務中擁有權益。

### 股票掛鈎協議

除於本年報內披露之二零零九年購股權計劃外,本公司於本年度並無訂立且於截至二零一九年十二月三十一日止年度並無任何股票掛鈎協議,將會或可能導致本公司發行股份,或要求本公司訂立任何將會或可能導致本公司發行股份之協議。

# REPORT OF THE DIRECTORS

## 董事會報告書

### MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 7.55% and 13.85%, respectively, of the Group's total purchases.

The Group's sales to its largest customer and its five largest customers accounted for approximately 0.27% and 1.06%, respectively, of the Group's total sales during the same period.

None of the Directors, or any of their close 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.

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

So far as is known to the Directors, as at 31 December 2019, the following persons, other than a Director or chief executive of the Company, had the following interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

### 主要客戶及供應商

截至二零一九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7.55%及13.85%。

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0.27%及1.06%。

除上文披露者外，各董事或彼等任何緊密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。

### 主要股東及其他人士於股份及相關股份之權益及淡倉

就董事所知，於二零一九年十二月三十一日，按本公司根據證券及期貨條例第XV部第336條須存置之登記冊所記錄，下列人士（董事或本公司最高行政人員除外）於股份或相關股份中持有以下權益或淡倉：

| Name of shareholder<br>股東姓名／名稱   | Capacity<br>身分                                | Note<br>附註 | Number of<br>Shares<br>股份數目 | Number of<br>underlying Shares<br>相關股份數目 | Total number<br>of Shares and<br>underlying Shares<br>股份及相關<br>股份總數 | *Approximate<br>percentage of<br>Shares and<br>underlying Shares<br>in the issued<br>share capital of<br>the Company<br>*股份及相關股份<br>於本公司已發行<br>股本中所佔<br>概約百分比 |
|--|---|------------|-----------------------------|--|---|---|
| Wu Kebo<br>伍克波   | Interest of controlled corporations<br>受控法團權益 | 1          | 1,723,894,068 (L)           | –  | 1,723,894,068 (L)   | 61.57%  |
|  | Beneficial owner<br>實益擁有人                     | 1          | 271,824,429 (L)             | –  | 271,824,429 (L)   | 9.71%   |
| Skyera International Limited<br>("Skyera")   | Beneficial owner<br>實益擁有人                     | 2          | 439,791,463 (L)             | –  | 439,791,463 (L)   | 15.71%  |
| Mainway Enterprises Limited<br>("Mainway")   | Beneficial owner<br>實益擁有人                     | 3          | 408,715,990 (L)             | –  | 408,715,990 (L)   | 14.60%  |
| Noble Biz International Limited<br>("Noble Biz")   | Beneficial owner<br>實益擁有人                     | 4          | 129,666,667 (L)             | –  | 129,666,667 (L)   | 4.63%   |
| Cyber International Limited<br>("Cyber")   | Beneficial owner<br>實益擁有人                     | 5          | 180,000,000 (L)             | –  | 180,000,000 (L)   | 6.43%   |
| Orange Sky Entertainment Group (International) Holding Company Limited<br>("OSEG")<br>橙天娛樂集團(國際)控股有限公司(「橙天」) | Beneficial owner<br>實益擁有人                     | 6          | 565,719,948 (L)             | –  | 565,719,948 (L)   | 20.21%  |



# REPORT OF THE DIRECTORS

## 董事會報告書

\* These percentages are computed based on the total number of Shares in issue (i.e. 2,799,669,050 Shares) as at 31 December 2019.

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 271,824,429 Shares as at 31 December 2019 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 2019, 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.

\* 該等百分比乃根據於二零一九年十二月三十一日已發行股份總數(即2,799,669,050股股份)計算。

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，於二零一九年十二月三十一日，伍先生亦以本身名義實益擁有271,824,429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，於二零一九年十二月三十一日，按本公司根據證券及期貨條例第XV部第336條須存置之登記冊所記錄，概無其他人士於股份或相關股份中擁有任何權益或淡倉。

# REPORT OF THE DIRECTORS

## 董事會報告書

### CONNECTED TRANSACTION

#### (a) Termination of Jiangyin Sale and Purchase Agreement

On 29 August 2018, Jiangyin Orange Sky Golden Harvest Liuliu Enterprise Management Co., Ltd. (江陰橙天嘉禾六六企業管理有限公司) (formerly known as Jiangyin Orange Sky Golden Harvest Liuliu Property Co., Ltd (江陰橙天嘉禾六六房產有限公司) (the "Purchaser" or "OSGH Liuliu Enterprise"), an indirect wholly-owned subsidiary of the Company, and Jiangyin Orange Land Cinema Development Management Co., Ltd. (江陰橙地影院開發管理有限公司) (the "Seller" or "Jiangyin Orange Land") entered into a sale and purchase agreement (the "Jiangyin Sale and Purchase Agreement"), pursuant to which, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the properties situated at Wuxing South Road, Xiagang Street, Jiangyin, China and west to Xiadong Road (中國江陰市夏港街道五星路南、夏東路西側), which comprises of (i) the complex with two buildings with 7 and 11 floors respectively and the underground area with 2 floors for commercial, hotel and cinema use with total gross floor area of approximately 93,137.68 square meters and (ii) the land use rights of land with total site area of approximately 23,334 square meters (the "Target Properties"), at a total consideration of RMB560 million ("Acquisition"). On the same day, Mr. Wu Kebo as the guarantor entered into the guarantee ("Guarantee") to guarantee the due performance of the Seller of its obligations under the Jiangyin Sale and Purchase Agreement.

As at the date of the Jiangyin Sale and Purchase Agreement, the Seller was owned as 75% by Orange Sky Land Holdings Company Limited (橙天地控股有限公司) ("Orange Sky Land") and 25% by Beijing Orange Land Cinema Investment Management Company Limited, (北京橙地影院投資管理有限公司 ("Beijing Orange Land"). Orange Sky Land was indirect wholly-owned by Mr. Wu Kebo. Beijing Orange Land was owned as to 80% by Beijing Orange Sky Cinema Investment Management Company Limited (北京橙天影院投資管理有限公司 ("Beijing Orange Sky"), which was in turn owned as to 99% by Mr. Wu Kebo and 1% by Ms. Wu Keyan. Mr. Wu Kebo was the Director and controlling Shareholder of the Company. Ms. Wu Keyan, the Director of the Company, was the sister of Mr. Wu Kebo. Accordingly, the Seller, being the associate of Mr. Wu Kebo and Ms. Wu Keyan, was a connected person of the Company and the Jiangyin Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder constituted connected transaction of the Company under the Listing Rules.

Pursuant to the Jiangyin Sale and Purchase Agreement, the Seller shall complete the primary registration within 7 months of the date of the signing of the Jiangyin Sale and Purchase Agreement (i.e. by 28 March 2019).

### 關連交易

#### (a) 終止江陰買賣協議

於二零一八年八月二十九日，江陰橙天嘉禾六六企業管理有限公司（前稱江陰橙天嘉禾六六房產有限公司）（「買方」或「江陰橙天企業」，本公司間接全資附屬公司）與江陰橙地影院開發管理有限公司（「賣方」或「江陰橙地」）訂立買賣協議（「江陰買賣協議」），據此，賣方有條件同意出售而買方有條件同意收購位於中國江陰市夏港街道五星路南、夏東路西側之物業，包括(i)由兩幢分別樓高7層及11層的樓宇組成的綜合大樓，地下部分共兩層，用途為商業、酒店及影院，總建築面積約93,137.68平方米及(ii)總地盤面積約23,334平方米的的土地的土地使用權（「標的物業」），總代價為人民幣560,000,000元（「收購事項」）。同日，伍克波先生（作為擔保人）訂立擔保（「擔保」），就賣方妥善履行其於江陰買賣協議項下責任作出擔保。

於江陰買賣協議日期，賣方分別由橙天地控股有限公司（「橙天地」）及北京橙地影院投資管理有限公司（「北京橙地」）擁有75%及25%權益。橙天地由伍克波先生間接全資擁有。北京橙地由北京橙天影院投資管理有限公司（「北京橙天」）擁有80%權益，北京橙天分別由伍克波先生及伍克燕女士擁有99%及1%權益。伍克波先生為本公司董事兼控股股東。本公司董事伍克燕女士為伍克波先生之胞妹。因此，賣方（即伍克波先生及伍克燕女士之聯繫人）為本公司關連人士，江陰買賣協議、擔保及其項下擬進行交易構成上市規則項下本公司關連交易。

根據江陰買賣協議，賣方須自江陰買賣協議簽訂日期起計七個月內（即二零一九年三月二十八日前）完成初始登記。

# REPORT OF THE DIRECTORS

## 董事會報告書

The Purchaser had been notified by the Seller that the primary registration could not be completed by 28 March 2019 due to a change in the primary registration requirements as requested by the relevant registration authorities in the PRC. Due to this change of circumstance, the Board was of the view that the Purchaser should not continue to wait for the completion of the Acquisition whilst the date of completion of the primary registration remained uncertain. The Purchaser had therefore notified the Seller on 8 March 2019 of its intention to terminate the Jiangyin Sale and Purchase Agreement (the "Termination Request") by way of a written notice (the "Termination Notice").

Pursuant to the Termination Notice, the Purchaser requested the Seller to refund the deposit, being 10% of the consideration amounting to RMB56 million, to the Purchaser within 6 months from the date of the termination (the "Refund Arrangement"). On the same day, the Seller acknowledged and confirmed the Termination Request and the Refund Arrangement by signing the Termination Notice. As a result, the Jiangyin Sale and Purchase Agreement was terminated with immediate effect on 8 March 2019 and the Acquisition will not proceed.

### (b) Cinema and Hotel Lease Agreements

On 28 June 2019, OSGH Liuliu Enterprise, an indirect wholly-owned subsidiary of the Company, (the "Tenant") entered into the a cinema lease agreement (the "Cinema Lease Agreement") and a hotel lease agreement (the "Hotel Lease Agreement") with Jiangyin Orange Land (the "Landlord"), a company established in the PRC with limited liability, in respect of leasing of cinema premises situated at floor 5, 6 and 7 of the building units 597 and 599 at Wuxing Road, Xiangang Street, Jiangyin, PRC (中國江陰市夏港街道五星路), with a total gross floor area of approximately 17,124.49 square meters (the "Cinema Premises") and hotel premises situated at Orange Sky Land Square One, Jiangyin, PRC\* (中國江陰市橙天地廣場1號), with a total gross floor area of approximately 14,188.57 square meters (the "Hotel Premises") for cinema and hotel operation respectively. The terms in relation to lease term and rent of the Cinema Lease Agreement and the Hotel Lease Agreement are summarized as follows:

|                  | Cinema Lease Agreement<br>影院租賃協議   | Hotel Lease Agreement<br>酒店租賃協議 |
|------------------|--|---------------------------------|
| Lease Term<br>租期 | A term of 15 years, commencing from the date following the date of the actual delivery of the said premises by the Landlord to the Tenant (the "Lease Term").<br>業主向租戶實際交付上述物業日期翌日起計為期15年（「租期」）。 |                                 |

買方獲賣方知會，由於中國相關登記機關所要求之初始登記規定出現變動，故初始登記未能於二零一九年三月二十八日前完成。由於是次情況有變，董事會認為買方不應在初始登記完成日期尚未確定之情況下繼續等待收購事項完成。因此，買方已於二零一九年三月八日知會賣方，其擬以書面通知方式（「終止通知」）終止江陰買賣協議（「終止要求」）。

根據終止通知，買方要求賣方須自終止日期起計六個月內向買方退還訂金，即代價之10%（人民幣56,000,000元）（「退款安排」）。同日，賣方透過簽署終止通知得悉及確認終止要求及退款安排。因此，江陰買賣協議隨即自二零一九年三月八日起終止，而收購事項不會進行。

### (b) 影院及酒店租賃協議

於二零一九年六月二十八日，江陰橙天企業（本公司間接全資附屬公司，「租戶」）與江陰橙地（一間於中國成立的有限公司，「業主」）分別訂立影院租賃協議（「影院租賃協議」）及酒店租賃協議（「酒店租賃協議」），內容分別有關租賃位於中國江陰市夏港街道五星路之597及599號大樓5、6及7樓，總建築面積約為17,124.49平方米的影院物業（「影院物業」）及位於中國江陰市橙天地廣場1號，總建築面積約為14,188.57平方米的酒店物業（「酒店物業」），以供影院及酒店營運。有關影院租賃協議及酒店租賃協議租期及租金的條款概述如下：

# REPORT OF THE DIRECTORS

## 董事會報告書

|            | Cinema Lease Agreement<br>影院租賃協議   | Hotel Lease Agreement<br>酒店租賃協議   |
|------------|--|---|
| Rent<br>租金 | <p>The amount payable by the Tenant to the Landlord for a particular rental year during the Lease Term is equivalent to (1) the yearly Fixed Cinema Lease Amount (as defined below), (2) the yearly Fixed Cinema Lease Amount and the Variable Cinema Lease Amount (as defined below) or (3) the yearly Fixed Cinema Lease Amount and the De Minimis Amount (as defined below) (as the case may be) (collectively, the "Cinema Rent").</p> <p>租戶就租期內特定租賃年度應付業主的金額相當於(1)年度固定影院租賃款項(定義見下文)·(2)年度固定影院租賃款項及可變影院租賃款項(定義見下文)或(3)年度固定影院租賃款項及最低款項(定義見下文)(視情況而定)(統稱「影院租金」)。</p> | <p>Hotel Rent (the "Hotel Rent")</p> <p>A rate at RMB1.4 per square meter per day (the "Initial Hotel Rent Rate") for the first three years from the date following the delivery of the Hotel Premises (the "Hotel Lease Initial Period"). During the Hotel Lease Initial Period, the yearly Hotel Rent (1) for the first rental year during the Lease Term shall amount to approximately RMB4,833,572.85 (inclusive of tax) taking into consideration of the rent exemption period (being the period of four months from the date following the delivery of the Hotel Premises) and (2) for the second and third rental year during the Hotel Lease Term shall amount to approximately RMB7,250,359.27 per year. The Initial Hotel Rent Rate will be increased by 8% every three years from the end of the Hotel Lease Initial Period during the Hotel Lease Term (the "Subsequent Hotel Rent Rate").</p> <p>酒店租金(「酒店租金」)</p> <p>酒店物業交付翌日起計首三年(「酒店租賃初期」)之費率為每日每平方米人民幣1.4元(「初步酒店租金費率」)。於酒店租賃初期·年度酒店租金(1)就租期首個租賃年度約為人民幣4,833,572.85元(包括稅項)·已計及酒店免租期(即自酒店物業交付日期翌日起計四個月期間)；及(2)就酒店租期內第二及第三個租賃年度約為每年人民幣7,250,359.27元。初步酒店租金費率將於酒店租期內酒店租賃初期結束後每三年增加8%(「其後酒店租金費率」)。</p> |

# REPORT OF THE DIRECTORS

## 董事會報告書

### Cinema Lease Agreement 影院租賃協議

### Hotel Lease Agreement 酒店租賃協議

- (a) Fixed Cinema Lease Amount (the "Fixed Cinema Lease Amount")
- (a) 固定影院租賃款項（「固定影院租賃款項」）

A rate at RMB1.35 per square meter per day (the "Initial Cinema Rent Rate") for the first three years from the date following the delivery of the Cinema Premises (the "Cinema Lease Initial Period"). During the Cinema Lease Initial Period, the yearly Fixed Cinema Lease Amount (1) for the first rental year during the Cinema Lease Term shall amount to approximately RMB5,625,394.97 (inclusive of tax) taking into consideration of the Cinema Rent Exemption Period and (2) for the second and third rental year during the Lease Term amount to approximately RMB8,438,092.45 (inclusive of tax) per year.

自影院物業交付翌日起計首三年（「影院租賃初期」）之費率為每日每平方米人民幣1.35元（「初步影院租金費率」）。於影院租賃初期，年度固定影院租賃款項（1）於影院租期首個租賃年度將約為人民幣5,625,394.97元（包括稅項），已計及影院免租期及（2）於租期第二及第三個租賃年度約為每年人民幣8,438,092.45元（包括稅項）。

The Initial Cinema Rent Rate will be increased by 8% every three years from the end of the Cinema Lease Initial Period during the Cinema Lease Term (the "Subsequent Cinema Rent Rate").

於影院租期內，初步影院租金費率將自影院租賃初期結束後每三年增加8%（「其後影院租金費率」）。



# REPORT OF THE DIRECTORS

## 董事會報告書

### Cinema Lease Agreement 影院租賃協議

### Hotel Lease Agreement 酒店租賃協議

- (b) Variable Lease Amount (the "Variable Lease Amount")
- (b) 可變租賃款項（「可變租賃款項」）

In the event that the yearly cinema commission amount (as the case may be, the amount which is equivalent to: (i) 14% of the annual Net Box Office<sup>1</sup> for each rental year during the first to the fifth rental year of the Lease Term; (ii) 15% of the annual Net Box Office<sup>1</sup> for each rental year during the sixth to the tenth rental year of the Lease Term; or (iii) 16% of the annual Net Box Office<sup>1</sup> for each rental year during the eleventh to the fifteenth rental year of the Lease Term) (the "Cinema Commission Amount") exceeds the yearly Fixed Cinema Lease Amount for a particular rental year during the Lease Term, an amount equivalent to the difference between the yearly Cinema Commission Amount and the yearly Fixed Cinema Lease Amount shall be payable by the Tenant to the Landlord.

倘於租期內特定租賃年度的年度影院佣金(視情況而定，有關金額相當於：(i) 於租期內首年至第五年各租賃年度之年度票房淨額14%；(ii) 於租期內第六至第十年各租賃年度之年度票房淨額15%；或(iii) 於租期內第十一至第十五各租賃年度之年度票房淨額16%) (「影院佣金」) 超過年度固定影院租賃款項，則租戶須向業主支付相當於年度影院佣金與年度固定影院租賃款項兩者間差額的款項。

# REPORT OF THE DIRECTORS

## 董事會報告書

### Cinema Lease Agreement 影院租賃協議

### Hotel Lease Agreement 酒店租賃協議

- (c) De Minimis Amount (the "De Minimis Amount")  
(c) 最低款項(「最低款項」)

De Minimis Amount is the maximum amount which would render the entering into of the Cinema Lease Agreement with the payment of the Variable Cinema Lease Amount for a particular rental year during the Lease Term by the Tenant to the Landlord being constituted as a fully exempt continuing connected transaction under Rule 14A.76 of the Listing Rules.  
最低款項為根據上市規則第14A.76條，導致訂立影院租賃協議中於租期內特定年度租戶向業主支付可變影院租賃款項構成獲全面豁免持續關連交易涉及之有關最高金額。

Notwithstanding the above, in the event that (1) the yearly Cinema Commission Amount exceeds the yearly Fixed Cinema Lease Amount and (2) the yearly Variable Cinema Lease Amount exceeds the De Minimis Amount for a particular rental year during the Cinema Lease Term, the Tenant shall pay an amount equivalent to (1) the yearly Fixed Cinema Lease Amount and (2) the De Minimis Amount to the Landlord for the relevant rental year. As such, in the event that the Variable Lease Amount exceeds the De Minimis Amount for a particular rental year, the Variable Lease Amount payable by the Tenant for that particular rental year will be no more than the De Minimis Amount. The amount equivalent to the difference between the Variable Lease Amount and the De Minimis Amount will not be payable by the Tenant to the Landlord, unless the Company re-complies with the requirements under the Listing Rules.

儘管如此，於影院租期內特定租賃年度，倘(1)年度影院佣金超逾年度固定影院租賃款項及(2)年度可變影院租賃款項超逾最低款項，租戶須於相關租賃年度向業主支付相當於(1)年度固定影院租賃款項及(2)最低款項的金額。因此，倘於特定租賃年度的可變租賃款項超過最低款項，則租戶於該特定租賃年度應付的可變租賃款項將不超過最低款項。除非本公司重新遵守上市規則的規定，否則租戶將不會向業主支付相當於可變租賃款項與最低款項兩者間差額的款項。

#### Note:

1. The box office minus the value-added tax and the Special State Film Undertaking Development Fund (國家電影專項資金), amounting to 5% of the box office, which may be subject to changes of the relevant regulations of the respective departments in the PRC.

#### 附註：

1. 不包括增值稅及不包括國家電影專項資金之票房，即票房之5%，可按中國有關部門之有關規例予以變動。

# REPORT OF THE DIRECTORS

## 董事會報告書

As at the date of the Cinema Lease Agreement and the Hotel Lease Agreement, the Landlord was owned as 75% by Orange Sky Land and 25% by Beijing Orange Land. Orange Sky Land was indirect wholly-owned by Mr. Wu Kebo. Beijing Orange Land was wholly-owned by Beijing Orange Sky, which was in turn held as to 99% by Zeng Qingxin (who held the shareholding interests in Beijing Orange Sky in accordance to the instructions of Mr. Wu Kebo) and 1% by Ms. Wu Keyan. Mr. Wu Kebo was the Director and controlling shareholder of the Company. Ms. Wu Keyan was the Director and the sister of Mr. Wu Kebo. Accordingly, the Landlord, being the associate of Mr. Wu Kebo and Ms. Wu Keyan was a connected person of the Company.

Pursuant to HKFRS 16, the entering into of the Cinema Lease Agreement and the Hotel Lease Agreement as a lessee will require the Group to recognise the Cinema Premises and the Hotel Premises as the right-of-use assets in relation to the Fixed Cinema Lease Amount and the Hotel Rent, thus the entering into of the Lease Agreements with the Fixed Cinema Lease Amount and the Hotel Rent and the transactions contemplated thereunder will be regarded as deemed acquisition of assets and connected transactions by the Group. The Fixed Cinema Lease Amount under the Cinema Lease Agreement, the Hotel Rent under the Hotel Cinema Lease Agreement and the transactions contemplated thereunder constituted connected transactions for the Company under Chapter 14A of the Listing Rules.

### (c) Leases in relation to Beijing Office Premises

On 29 January 2019, Lessor and Shanghai Orange Sky Jiayin Shiyue Company Limited (上海橙天嘉影實業有限公司), entered into a lease agreement in respect of sub-leasing of office premises at the portion of first and portion of second floor of house No.3 at No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 1,171 square meter for the period, from 29 January 2019 to 31 December 2021 at the rent of RMB8.8 per square meter per day with the management fee of RMB0.848 per square meter per day. The total rental for the term of this agreement amounts to RMB11,347,733.35 (equivalent to approximately HK\$13,163,370.69); and the total management fee for the term of this agreement amounts to RMB1,093,508.86 (equivalent to approximately HK\$1,268,470.28).

於影院租賃協議及酒店租賃協議日期，業主由分別由橙天地及北京橙地擁有75%及25%權益。橙天地由伍克波先生間接全資擁有。北京橙地由北京橙天全資擁有。北京橙天則分別由曾慶新(根據伍克波先生之指示持有北京橙天之股權)及伍克燕女士持有99%及1%股權。伍克波先生為本公司董事兼控股股東。伍克燕女士為董事及伍克波先生之胞妹。因此，業主(即伍克波先生及伍克燕女士之聯繫人)為本公司關連人士。

根據香港財務報告準則第16號，作為承租人訂立影院租賃協議及酒店租賃協議要求本集團須就固定影院租賃款項及酒店租金將影院物業及酒店物業確認為使用權資產，因此訂立有關固定影院租賃款項及酒店租金的租賃協議以及其項下擬進行交易將被視為本集團視作收購資產及關連交易。根據上市規則第14A章，影院租賃協議項下固定影院租賃款項、酒店租賃協議項下酒店租金及其項下擬進行交易構成本公司的關連交易。

### (c) 有關北京辦公室物業之租賃

於二零一九年一月二十九日，出租人與上海橙天嘉影實業有限公司訂立租賃協議，內容有關由二零一九年一月二十九日起至二零二一年十二月三十一日止期間，分租位於中國北京市朝陽區小亮馬橋路安家樓1號院3號樓1層(部分)、2層(部分)，總建築面積約為1,171平方米之辦公室物業，租金為每日每平方米人民幣8.8元，管理費為每日每平方米人民幣0.848元。本協議年期內總租金為人民幣11,347,733.35元(相當於約13,163,370.69港元)；而本協議年期內總管理費為人民幣1,093,508.86元(相當於約1,268,470.28港元)。

# REPORT OF THE DIRECTORS

## 董事會報告書

Also, on 29 January 2019, the Lessor and 北京橙天三六零劇場管理有限公司 (Beijing Orange Sky 360 Theatre Management Company Limited), entered into a lease agreement in respect of sub-leasing of office premises at third floor of house No.3 & portion of second floor of house No.7 & house No.5 at No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 1,960.88 square meter for the period from 29 January 2019 to 31 December 2021 at the rent of RMB8.8 per square meter per day with the management fee of RMB0.848 per square meter per day. The total rental for the term of this agreement amounts to RMB19,002,171.97 (equivalent to approximately HK\$22,042,519.49); and the total management fee for the term of this agreement amounts to RMB1,831,118.39 (equivalent to approximately HK\$2,124,097.33).

As at the date of the above lease agreements, Zeng Qingxin (who held the shareholding interests in the Lessor in accordance to the instructions of Mr. Wu Kebo) and Ms. Wu Keyan held 99% and 1% of the equity interest in the Lessor respectively. Mr. Wu Kebo, the chairman, a Director and the controlling shareholder of the Company. Ms. Wu Keyan was a Director and the sister of Mr. Wu. Therefore, the Lessor was a connected person of the Company. Accordingly, the transactions contemplated the above lease agreements constituted connected transaction of the Company under the Listing Rules.

Save as disclosed above, during the year ended 31 December 2019, no other connected transactions were entered into by the Company.

此外，於二零一九年一月二十九日，出租人與北京橙天三六零劇場管理有限公司訂立租賃協議，內容有關於二零一九年一月二十九日至二零二一年十二月三十一日期間，分租中國北京市朝陽區小亮馬橋路安家樓1號院3號樓3層、7號樓2層(部分)及5號樓，總建築面積約為1,960.88平方米之辦公室物業，租金為每日每平方米人民幣8.8元，管理費為每日每平方米人民幣0.848元。本協議年內總租金為人民幣19,002,171.97元(相當於約22,042,519.49港元)；而本協議年內總管理費為人民幣1,831,118.39元(相當於約2,124,097.33港元)。

於上述租賃協議日期，曾慶新(根據伍克波先生之指示持有出租人之股權)及伍克燕女士分別持有出租人99%及1%股權。伍克波先生為本公司主席、董事兼控股股東。伍克燕女士為董事及伍克波先生之胞妹。因此，出租人為本公司關連人士。因此，根據上市規則，上述租賃協議項下擬進行交易構成本公司之關連交易。

除上文所披露者外，於截至二零一九年十二月三十一日止年度，本公司概無訂立其他關連交易。

# REPORT OF THE DIRECTORS

## 董事會報告書

### CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, 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) Cinema Lease Agreement

Reference is made to the paragraph headed “Connected Transactions — (b) Cinema and Hotel Lease Agreements” above.

As disclosed above, in the event that the yearly Cinema Commission Amount exceeds the yearly Fixed Cinema Lease Amount for a particular rental year during the Lease Term, an amount equivalent to the difference between the yearly Cinema Commission Amount and the yearly Fixed Cinema Lease Amount shall be payable by the Tenant to the Landlord (i.e. the Variable Lease Amount). In addition, pursuant to the Cinema Lease Agreement, the property management service fee payable is initially at a rate of RMB0.5 per square meter per day for the property management services at the Cinema Premises (the “Initial Management Fee”) provided by the Landlord for the first three rental years (the “Initial Management Fee Period”), which amounts to (1) approximately RMB2,083,479.62 (inclusive of water and air conditioning bills and tax) for the first rental year during the Lease Term and (2) approximately RMB3,125,219.43 (inclusive of water and air conditioning bills and tax) per year for the second and third rental year during the Lease Term. The Initial Management Fee will be increased by 8% every three years from the end of Initial Management Fee Period.

As at the date of the Cinema Lease Agreement, the Landlord was owned as 75% by Orange Sky Land and 25% by Beijing Orange Land. Orange Sky Land was indirect wholly-owned by Mr. Wu Kebo. Beijing Orange Land was wholly owned by Beijing Orange Sky, which was in turn held as to 99% by Zeng Qingxin (who held the shareholding interests in Beijing Orange Sky in accordance to the instructions of Mr. Wu Kebo) and 1% by Ms. Wu Keyan. Mr. Wu Kebo was the Director and controlling shareholder of the Company. Ms. Wu Keyan was the Director and the sister of Mr. Wu Kebo. Accordingly, the Landlord, being the associate of Mr. Wu Kebo was a connected person of the Company. Pursuant to HKFRS 16, the entering into of the Cinema Lease Agreement as a lessee will require the Group to recognize the Variable Cinema Lease Amount linked to sales to be recognized as expenses incurred by the Group over the term of the Cinema Lease Agreement, thus the entering into of the Cinema Lease Agreement with the Variable Cinema Lease Amount and the transactions contemplated thereunder will be regarded as a continuing connected transaction under Rule 14A.31 of the Listing Rules. In addition, the provision of property management services at the Cinema Premises by the cinema property manager appointed by the Landlord under the Cinema Lease Agreements also constitutes continuing connected transactions under Rule 14A.31 of the Listing Rules.

The aggregate amount paid by the Group to the Landlord for the year ended 31 December 2019 amounted to HK\$nil, which was within the annual cap of RMB5,756,797.50 (equivalent to HK\$6,562,749.15).

### 持續關連交易

截至二零一九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) 影城租賃協議

茲提述上文「關連交易—(b)影院及酒店租賃協議」一段。

誠如上文所披露，倘於租期內特定租賃年度的年度影院佣金超過年度固定影院租賃款項，則租戶須向業主支付相當於年度影院佣金與年度固定影院租賃款項兩者間差額的款項(即可變租賃款項)。此外，根據影院租賃協議，應付物業管理服務費初步按業主於首三個租賃年度(「初步管理費期間」)在影院物業提供物業管理服務之費率每日每平方米人民幣0.5元計算(「初步管理費」)，即(1)於租期首個租賃年度將約人民幣2,083,479.62元(包括水費、空調費用及稅項)及(2)於租期第二及第三個租賃年度每年約人民幣3,125,219.43元(包括水費、空調費用及稅項)。初步管理費將自初步管理費期間結束後每三年增加8%。

於影院租賃協議日期，業主分別由橙天地及北京橙地擁有75%及25%權益。橙天地由伍克波先生間接全資擁有。北京橙地由北京橙天全資擁有。北京橙天則分別由曾慶新(根據伍克波先生之指示持有北京橙天之股權)及伍克燕女士持有99%及1%股權。伍克波先生為本公司董事兼控股股東。伍克燕女士為董事及伍克波先生之胞妹。因此，業主(即伍克波先生之聯繫人)為本公司關連人士。根據香港財務報告準則第16號，作為承租人訂立影院租賃協議將要求本集團將與銷售掛鈎之可變影院租賃款項確認為本集團於影院租賃協議年期內產生之開支，故訂立涉及可變影院租賃款項之影院租賃協議及其項下擬進行交易將根據上市規則第14A.31條被視為持續關連交易。此外，根據上市規則第14A.31條，業主根據影院租賃協議委任之影院物業經理在影院物業提供物業管理服務亦構成持續關連交易。

截至二零一九年十二月三十一日止年度，本集團向業主支付的總金額為零港元，於年度上限人民幣5,756,797.50元(相當於6,562,749.15港元)的範圍內。



# REPORT OF THE DIRECTORS

## 董事會報告書

### (b) Lease in relation to Beijing Office Premises

On 31 August 2016, Beijing Orange Sky (the "Lessor") entered into a sub-lease agreement with 北京橙天嘉禾影視製作有限公司 (Orange Sky Golden Harvest (Beijing) TV & Film Production Company Limited) (the "Sublease") in relation to the sub-leasing of the office premises with a total floor area of approximately 6.75 square metres occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC for a term commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive) at total rental amounting to RMB46,564.88 and total management fee amounting to RMB5,173.88. As at the date of the Sublease, Mr. Wu Kebo and Ms. Wu Keyan were connected persons of the Company. As the entire equity interest of the Lessor was owned by Mr. Wu Kebo and Ms. Wu Keyan, the Lessor was an associate of Mr. Wu Kebo and Ms. Wu Keyan and thus, a connected person of the Company. The aggregate amount paid by the Group to the Landlord for the year ended 31 December 2019 amounted to HK\$nil, which was within the annual cap of approximately RMB10,194,401.23 (equivalent to approximately HK\$11,825,505.43). Upon to the expiry of the Sublease, it ceased to be a continuing connected transaction of the Company.

### Confirmation from Directors

The Directors, including the non-executive Directors, have reviewed the continuing connected transactions 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 2019.

### (b) 有關北京辦公室物業之租賃

於二零一六年八月三十一日，北京橙天（「出租人」）與北京橙天嘉禾影視製作有限公司訂立分租租約（「分租租約」），內容有關分租位於中國北京市朝陽區小亮馬橋路安家樓1號院3號樓二層部分辦公室物業，總樓面面積約為6.75平方米，由二零一六年九月一日起至二零一九年八月三十一日（包括首尾兩日）止，總租金為人民幣46,564.88元及總管理費為人民幣5,173.88元。於分租租約日期，伍克波先生及伍克燕女士為本公司之關連人士。由於出租人全部股權由伍克波先生及伍克燕女士擁有，故出租人為伍克波先生及伍克燕女士之聯繫人，因此為本公司之關連人士。截至二零一九年十二月三十一日止年度，本集團向業主支付的總金額為零港元，屬年度上限約人民幣10,194,401.23元（相當於約11,825,505.43港元）的範圍內。在分租租約期滿後，其不再是本公司的持續關連交易。

### 董事確認

董事（包括非執行董事）已審閱持續關連交易，並確認該等交易乃於本集團日常及一般業務過程中，按一般商業條款或不遜於獨立第三方獲提供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。

據本公司核數師告知，其並無注意到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二零一九年十二月三十一日止財政年度之相關金額上限（如適用）。

# REPORT OF THE DIRECTORS

## 董事會報告書

Save as disclosed above, details of the other connected transactions and/or continuing connected transactions for the year ended 31 December 2019 are set out in note 28 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 2019, the Corporate Governance Report is set out on pages 25 to 40 of the annual report.

### 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 24 to the financial statements on pages 136 to 139 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.

除上文披露者外，於截至二零一九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28。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。獨立非執行董事亦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日常及一般業務過程中，按一般商業條款或不遜於獨立第三方獲提供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

截至二零一九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40頁。

### 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、社會及管治報告一節。

### 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203至206頁之財務報表附註24。

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。

# REPORT OF THE DIRECTORS

## 董事會報告書

### 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 2019, the Group has made charitable and other donations in Hong Kong totalling HK\$nil.

### AUDITORS

The financial statements for the year ended 31 December 2019 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  
27 March 2020

### 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

截至二零一九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

截至二零一九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  
二零二零年三月二十七日

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告



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

### OPINION

We have audited the consolidated financial statements of Orange Sky Golden Harvest Entertainment (Holdings) Limited ("the Company") and its subsidiaries ("the Group") set out on pages 83 to 149, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

致橙天嘉禾娛樂(集團)有限公司  
(於百慕達註冊成立之有限公司)  
股東

### 意見

本核數師(以下簡稱「我們」)已審計列載於第150至216頁的橙天嘉禾娛樂(集團)有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，該等綜合財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表以及綜合財務報表附註，包括主要會計政策概要。

我們認為，該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》真實而中肯地反映 貴集團於二零一九年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

### 意見之基礎

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

### 關鍵審計事項

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

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### Assessing potential impairment of goodwill

#### 對商譽潛在減值的評估

Refer to note 15 to the consolidated financial statements and the accounting policies on note 2(k).

請參閱綜合財務報表附註15以及附註2(k)所載的會計政策。

### The Key Audit Matter

#### 關鍵審計事項

The carrying value of the Group's goodwill which amounted to HK\$661,582,000 as at 31 December 2019 was allocated to the Group's exhibition business and distribution and production business.

貴集團於二零一九年十二月三十一日賬面值為661,582,000港元的商譽獲分配至 貴集團的影城業務以及發行及製作業務。

Management performs an annual impairment assessment of goodwill by assessing its value in use by preparing a discounted cash flow forecast and comparing the net present value of the cash flow forecast with carrying value of the cash generating unit ( "CGU" ) to which the goodwill has been allocated to determine if any impairment is required.

管理層每年對商譽進行減值評估，方法為通過編製貼現現金流量預測及將現金流量預測的淨現值與獲分配商譽的現金產生單位（「現金產生單位」）的賬面值進行比較來評估商譽的使用價值，從而釐定是否需要作出任何減值。

Management is required to exercise significant judgement in estimating the future revenue and future gross margins to be generated from movies to be distributed or produced by the Group. The movie market is dynamic and the reception of the market to the Group's movies is inherently uncertain.

管理層於估計 貴集團將予發行或製作的電影產生的未來收益及未來毛利率時須行使重大判斷。電影市場表現活躍，而市場對 貴集團電影的接受程度存在固有的不確定性。

We identified assessing potential impairment of goodwill as a key audit matter because determining the level of impairment, if any, involves a significant degree of management judgement in forecasting future cash flows and estimating the recoverable amount of the CGU both of which are inherently uncertain and may be subject to management bias.

我們將評估商譽的潛在減值列為關鍵審計事項，原因為釐定減值程度（如有）涉及管理層於預測未來現金流量和估計現金產生單位的可收回金額時作出高度判斷，而上述兩者均存在固有的不確定性及可能受管理層的偏見左右。

### How the matter was addressed in our audit

#### 我們的審計如何處理該事項

Our audit procedures to assess the potential impairment of goodwill included the following:

我們就評估商譽潛在減值的審計程序包括以下各項：

- evaluating management's identification of the CGU, the amount of goodwill and other assets allocated to the CGU and the methodology adopted in the impairment assessment with reference to the requirement of the prevailing accounting standards; 參考現行會計準則的規定，評價管理層對現金產生單位的識別方式、分配至現金產生單位的商譽及其他資產金額以及評估減值時採用的方法；
- comparing the most significant inputs used in the discounted cash flow forecast, including future revenue and future gross margins, with the historical performance of the CGU and assessing these inputs with reference to industry forecasts and statistics; 將貼現現金流量預測中使用的最重大輸入數據（包括未來收益及未來毛利率）與現金產生單位的過往表現進行比較，並參考行業預測及統計數據評估該等輸入數據；
- evaluating the discount rate used in the cash flow forecast by benchmarking against other similar companies in the same industry; 參照同業其他同類公司評價現金流量預測中使用的貼現率；
- performing sensitivity analysis of the discount rate and future revenue and considering the resulting impact on management's conclusion in respect of the impairment assessment and whether there were any indicators of management bias; and 對貼現率及未來收益進行敏感度分析，並考慮對管理層有關減值評估的結論產生的影響及是否存在管理層偏見的跡象；及
- considering the disclosures in the consolidated financial statements in respect of the impairment assessment of goodwill, including the key assumptions and sensitivities, with reference to the requirements of the prevailing accounting standards. 參考現行會計準則的規定，考慮綜合財務報表有關商譽減值評估的披露，包括主要假設及敏感度。



# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### **Impairment assessment of property, plant and equipment and right-of-use assets relating to film exhibition operations**

#### **對有關影城業務營運的物業、廠房及設備以及使用權資產的減值評估**

Refer to note 11 to the consolidated financial statements and the accounting policies on note 2(h).

請參閱綜合財務報表附註11以及附註2(h)所載的會計政策。

#### **The Key Audit Matter**

##### **關鍵審計事項**

As at 31 December 2019, the Group held property, plant and equipment and right-of-use assets relating to film exhibition operations ("Cinema Related Assets") which were stated at cost less accumulated depreciation and impairment losses at amounts of HK\$298,779,000 and HK\$1,239,257,000 respectively.

於二零一九年十二月三十一日，貴集團持有有關影城業務營運的物業、廠房及設備以及使用權資產（「影城相關資產」），乃按成本減累計折舊及減值虧損列賬，金額分別為298,779,000港元及1,239,257,000港元。

At the financial reporting date, the Group reviewed the film exhibition operations to determine whether there were any indicators of impairment. When indicators of impairment are identified, management assesses the recoverable amounts of the Cinema Related Assets. An impairment loss is recognised as an expense in the consolidated income statement if the carrying amounts of the Cinema Related Assets exceed their recoverable amounts. The recoverable amounts of the Cinema Related Assets are the greater of the fair value less costs of disposal and value in use.

於財務報告日期，貴集團已審閱影城業務營運，以釐定是否出現任何減值跡象。當確定有跡象顯示出現減值時，管理層評估影城相關資產的可收回金額。倘影城相關資產的賬面值超過其可收回金額時，減值虧損於綜合收益表確認為開支。影城相關資產的可收回金額高於公允值減出售成本及使用價值。

The calculation of the recoverable amounts of the Cinema Related Assets is performed by the Group's management. In assessing the value in use, the projected cash flows associated with the Cinema Related Assets are discounted using risk-adjusted discount rates. The preparation of discounted cash flow forecasts can be highly subjective and requires the exercise of significant management judgement and estimation, in particular in determining forecast box office takings, forecast confectionary sales, forecast screen advertising, growth rates and discount rates applied.

影城相關資產的可收回金額由貴集團管理層計算。於評估使用價值時，影城相關資產相關預計現金流使用經風險調整的貼現率進行貼現。貼現現金流量預測的編製相當主觀，需要管理層作出重大判斷及估計，特別是釐定的票房收入預測、小賣部銷售額預測、銀幕廣告費預測、增長率及所應用的貼現率。

#### **How the matter was addressed in our audit**

##### **我們的審計如下處理該事項**

Our audit procedures to assess the impairment of property, plant and equipment relating to the Group's Cinema Related Assets included the following:

我們就評估有關貴集團影城相關資產的物業、廠房及設備的減值的審計程序包括以下各項：

- evaluating management's process and procedures for the identification of indicators of potential impairment of the Cinema Related Assets as at 31 December 2019;  
評估管理層對確認於二零一九年十二月三十一日影城相關資產潛在減值跡象之過程及程序；
- evaluating the methodology used by management in the preparation of the impairment assessment models with reference to the requirements of the prevailing accounting standards;  
評估管理層就參考現行會計準則規定編製之減值評估模式所用方式；
- with the assistance of our internal valuation specialists, comparing the key estimates and assumptions adopted in the value in use calculations of the Cinema Related Assets prepared by the Group's management, including forecast box office takings, forecast confectionary sales, forecast screen advertising, growth rates and discount rates applied, with available market data;  
在我們的內部估值專家的協助下，將影城相關資產使用價值計算所採用的關鍵估計及假設（包括票房收入預測、小賣部銷售額預測、銀幕廣告費預測、增長率及所應用的貼現率）與現有市場數據作比較；

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### **Impairment assessment of property, plant and equipment and right-of-use assets relating to film exhibition operations**

#### **對有關影城業務營運的物業、廠房及設備以及使用權資產的減值評估**

Refer to note 11 to the consolidated financial statements and the accounting policies on note 2(h).

請參閱綜合財務報表附註11以及附註2(h)所載的會計政策。

#### **The Key Audit Matter**

##### **關鍵審計事項**

We identified assessing impairment of Cinema Related Assets as a key audit matter because of the significant management judgement and estimation required in making assumptions and estimations which are inherently uncertain and could be subject to management bias.

我們將評估影城相關資產的減值列為關鍵審計事項，原因是作出假設及估計時需要管理層作出重大判斷及估計，上述兩者均存在固有不确定性及可能受管理層的偏見左右。

#### **How the matter was addressed in our audit**

##### **我們的審計如下處理該事項**

- evaluating the historical accuracy of the key assumptions and most significant inputs used in the prior year's discounted cash flow forecast, including box office takings, confectionary sales, screen advertising and growth rates, by comparison with the actual outcomes in the current year and enquiry of management in respect of the reasons for any significant variations identified; and  
通過對比本年度的實際結果，評估上一年度的貼現現金流量預測所採用的主要假設及最重要的輸入值（包括票房收入、小賣部銷售額、銀幕廣告費及增長率）是否準確，並就所發現的任何重大差額諮詢管理層；及
- performing sensitivity analyses to determine the extent of change in those estimates that, either individually or collectively, would be required for the Cinema Related Assets to be materially misstated and considering the likelihood of such a movement in those key estimates arising and whether there was any evidence of management bias.  
進行敏感度分析以確定在影城相關資產出現重大錯誤陳述的情況下，有關估計所需的變動程度（不論個別或共同）並考慮該等關鍵估計出現變動的可能性，以及是否有證據顯示受管理層的偏見左右。

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

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

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

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

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

### **綜合財務報表及其核數師報告以外的信息**

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

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

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

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

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

### 董事就綜合財務報表承擔的責任

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

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

審核委員會協助董事履行監督 貴集團的財務報告過程的責任。

### 核數師就審計綜合財務報表承擔的責任

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

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

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內各實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

# INDEPENDENT AUDITOR'S REPORT

## 獨立核數師報告

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Ka Nang.

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

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

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

出具本獨立核數師報告的審計項目合夥人是李家能。

### **KPMG**

*Certified Public Accountants*

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

27 March 2020

### **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

二零二零年三月二十七日



# CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019

|  | Note  | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|--|-------|------------------|----------------------------|
| <b>Revenue</b>                             | 3 & 4 | <b>1,060,842</b> | 1,050,972                  |
| Cost of sales                              |       | <b>(392,216)</b> | (397,581)                  |
| <b>Gross profit</b>                        |       | <b>668,626</b>   | 653,391                    |
| Other revenue                              | 5(a)  | <b>36,112</b>    | 44,134                     |
| Other net loss                             | 5(b)  | <b>(15,227)</b>  | (13,555)                   |
| Selling and distribution costs             |       | <b>(495,907)</b> | (457,089)                  |
| General and administrative expenses        |       | <b>(131,430)</b> | (123,171)                  |
| Other operating income/(expenses)          |       | <b>1,357</b>     | (3,981)                    |
| Valuation loss on investment property      | 11    | <b>(9,000)</b>   | –                          |
| <b>Profit from operations</b>              |       | <b>54,531</b>    | 99,729                     |
| Finance costs                              | 6(a)  | <b>(83,150)</b>  | (51,902)                   |
| Share of profit of a joint venture         |       | <b>24,557</b>    | 35,834                     |
| <b>(Loss)/profit before taxation</b>       | 6     | <b>(4,062)</b>   | 83,661                     |
| Income tax expense                         | 7(a)  | <b>(31,054)</b>  | (31,371)                   |
| <b>(Loss)/profit for the year</b>          |       | <b>(35,116)</b>  | 52,290                     |
| <b>Attributable to:</b>                    |       |                  |                            |
| Equity holders of the Company              |       | <b>(35,092)</b>  | 52,529                     |
| Non-controlling interests                  |       | <b>(24)</b>      | (239)                      |
| <b>(Loss)/profit for the year</b>          |       | <b>(35,116)</b>  | 52,290                     |
| <b>(Loss)/earnings per share (HK cent)</b> | 10    |                  |                            |
| Basic and diluted                          |       | <b>(1.25)</b>    | 1.88                       |

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 90 to 149 form part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2019

|   | <b>2019</b>     | 2018                 |
|---|-----------------|----------------------|
|   | <b>HK\$'000</b> | (Note a)<br>HK\$'000 |
| <b>(Loss)/profit for the year</b>                                     | <b>(35,116)</b> | 52,290               |
| <b>Other comprehensive income for the year:</b>                       |                 |                      |
| <i>Items that may be reclassified subsequently to profit or loss:</i> |                 |                      |
| Exchange differences on translation of financial statements of:       |                 |                      |
| — subsidiaries outside Hong Kong                                      | <b>15,216</b>   | (5,594)              |
| — a joint venture outside Hong Kong                                   | <b>(5,282)</b>  | 53                   |
|   | <b>9,934</b>    | (5,541)              |
| <b>Total comprehensive income for the year</b>                        | <b>(25,182)</b> | 46,749               |
| <b>Total comprehensive income attributable to:</b>                    |                 |                      |
| Equity holders of the Company   | <b>(25,168)</b> | 46,963               |
| Non-controlling interests   | <b>(14)</b>     | (214)                |
| <b>Total comprehensive income for the year</b>                        | <b>(25,182)</b> | 46,749               |

Note a: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

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

The notes on pages 90 to 149 form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

|   | Note  | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|---|-------|------------------|----------------------------|
| <b>Non-current assets</b>                   |       |                  |                            |
| Investment property                         | 11    | 41,000           | 50,000                     |
| Other property, plant and equipment         | 11    | 363,529          | 368,119                    |
| Leasehold land                              | 11    | –                | 613,525                    |
| Right-of-use assets                         | 11    | 1,481,273        | –                          |
|   |       | <b>1,885,802</b> | 1,031,644                  |
| Interest in a joint venture                 | 13    | 133,243          | 145,933                    |
| Other receivables, deposits and prepayments |       | 46,704           | 40,058                     |
| Intangible assets                           | 14    | 525,397          | 523,079                    |
| Goodwill                                    | 15    | 661,582          | 656,609                    |
| Pledged bank deposits                       | 19    | 137,000          | 137,000                    |
| Deferred tax assets                         | 23(b) | 4,824            | –                          |
|   |       | <b>3,394,552</b> | 2,534,323                  |
| <b>Current assets</b>                       |       |                  |                            |
| Inventories                                 | 16    | 3,966            | 2,592                      |
| Film rights                                 | 17    | 38,622           | 34,868                     |
| Trade receivables                           | 18(a) | 65,399           | 41,473                     |
| Other receivables, deposits and prepayments | 18(b) | 151,356          | 122,835                    |
| Deposits and cash                           | 19    | 1,068,260        | 1,290,095                  |
|   |       | <b>1,327,603</b> | 1,491,863                  |
| <b>Current liabilities</b>                  |       |                  |                            |
| Bank loans                                  | 20    | 251,158          | 274,850                    |
| Trade payables                              | 21(a) | 106,120          | 121,813                    |
| Other payables and accrued charges          | 21(b) | 225,627          | 163,144                    |
| Deferred revenue                            | 21(c) | 66,552           | 56,591                     |
| Lease liabilities                           | 22    | 112,226          | –                          |
| Taxation payable                            | 23(a) | 31,204           | 30,792                     |
|   |       | <b>792,887</b>   | 647,190                    |
| <b>Net current assets</b>                   |       | <b>534,716</b>   | 844,673                    |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

|   | Note  | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|---|-------|------------------|----------------------------|
| <b>Total assets less current liabilities</b>                      |       | <b>3,929,268</b> | 3,378,996                  |
| <b>Non-current liabilities</b>                                    |       |                  |                            |
| Bank loans  | 20    | <b>805,907</b>   | 1,024,498                  |
| Lease liabilities   | 22    | <b>790,497</b>   | –                          |
| Deferred tax liabilities  | 23(b) | <b>176,931</b>   | 173,383                    |
|   |       | <b>1,773,335</b> | 1,197,881                  |
| <b>NET ASSETS</b>   |       | <b>2,155,933</b> | 2,181,115                  |
| <b>CAPITAL AND RESERVES</b>                                       | 24    |                  |                            |
| Share capital   |       | <b>279,967</b>   | 279,967                    |
| Reserves  |       | <b>1,876,525</b> | 1,901,693                  |
| <b>Total equity attributable to equity holders of the Company</b> |       | <b>2,156,492</b> | 2,181,660                  |
| <b>Non-controlling interests</b>                                  |       | <b>(559)</b>     | (545)                      |
| <b>TOTAL EQUITY</b>   |       | <b>2,155,933</b> | 2,181,115                  |

Approved and authorised for issue by the Board of Directors on 27 March 2020.

**Wu Kebo**  
Director

**Chow Sau Fong, Fiona**  
Director

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 90 to 149 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

|                                    | Share capital  | Share premium  | Capital redemption reserve | Contributed surplus | Reserve funds | Exchange reserve | Retained profits (Note) | Total            | Non-controlling interests | Total equity     |
|------------------------------------|----------------|----------------|----------------------------|---------------------|---------------|------------------|-------------------------|------------------|---------------------------|------------------|
|                                    | HK\$'000       | HK\$'000       | HK\$'000                   | HK\$'000            | HK\$'000      | HK\$'000         | HK\$'000                | HK\$'000         | HK\$'000                  | HK\$'000         |
| <b>Balance at 1 January 2019</b>   | <b>279,967</b> | <b>771,749</b> | <b>15,886</b>              | <b>80,000</b>       | <b>3,134</b>  | <b>(4,826)</b>   | <b>1,035,750</b>        | <b>2,181,660</b> | <b>(545)</b>              | <b>2,181,115</b> |
| <b>Changes in equity for 2019:</b> |                |                |                            |                     |               |                  |                         |                  |                           |                  |
| Loss for the year                  | -              | -              | -                          | -                   | -             | -                | (35,092)                | (35,092)         | (24)                      | (35,116)         |
| Other comprehensive income         | -              | -              | -                          | -                   | -             | 9,924            | -                       | 9,924            | 10                        | 9,934            |
| Total comprehensive income         | -              | -              | -                          | -                   | -             | 9,924            | (35,092)                | (25,168)         | (14)                      | (25,182)         |
| <b>Balance at 31 December 2019</b> | <b>279,967</b> | <b>771,749</b> | <b>15,886</b>              | <b>80,000</b>       | <b>3,134</b>  | <b>5,098</b>     | <b>1,000,658</b>        | <b>2,156,492</b> | <b>(559)</b>              | <b>2,155,933</b> |

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

|   | Share capital | Share premium  | Capital redemption reserve | Contributed surplus | Reserve funds | Exchange reserve | Retained profits | Total            | Non-controlling interests | Total equity |                  |
|---|---------------|----------------|----------------------------|---------------------|---------------|------------------|------------------|------------------|---------------------------|--------------|------------------|
| Note  | HK\$'000      | HK\$'000       | HK\$'000                   | HK\$'000            | HK\$'000      | HK\$'000         | HK\$'000         | HK\$'000         | HK\$'000                  | HK\$'000     |                  |
| <b>Balance at 1 January 2018</b>                  |               | 279,967        | 771,749                    | 15,886              | 80,000        | 3,134            | 740              | 1,691,537        | 2,843,013                 | (331)        | 2,842,682        |
| <b>Changes in equity for 2018:</b>                |               |                |                            |                     |               |                  |                  |                  |                           |              |                  |
| Profit/(loss) for the year                        |               | -              | -                          | -                   | -             | -                | -                | 52,529           | 52,529                    | (239)        | 52,290           |
| Other comprehensive income                        |               | -              | -                          | -                   | -             | -                | (5,566)          | -                | (5,566)                   | 25           | (5,541)          |
| Total comprehensive income                        |               | -              | -                          | -                   | -             | -                | (5,566)          | 52,529           | 46,963                    | (214)        | 46,749           |
| Dividends declared in respect of the current year | 24(a)(ii)     | -              | -                          | -                   | -             | -                | -                | (708,316)        | (708,316)                 | -            | (708,316)        |
| <b>Balance at 31 December 2018</b>                |               | <b>279,967</b> | <b>771,749</b>             | <b>15,886</b>       | <b>80,000</b> | <b>3,134</b>     | <b>(4,826)</b>   | <b>1,035,750</b> | <b>2,181,660</b>          | <b>(545)</b> | <b>2,181,115</b> |

The notes on pages 90 to 149 form part of these financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

|   |       | <b>2019</b>     | 2018               |
|---|-------|-----------------|--------------------|
|   | Note  | <b>HK\$'000</b> | (Note)<br>HK\$'000 |
| <b>Operating activities</b>   |       |                 |                    |
| (Loss)/profit before taxation   |       | <b>(4,062)</b>  | 83,661             |
| Adjustments for:  |       |                 |                    |
| Interest income   | 5(a)  | <b>(22,054)</b> | (28,321)           |
| Finance costs   | 6(a)  | <b>83,150</b>   | 51,902             |
| Depreciation of property, plant and equipment                                     | 6(c)  | <b>207,577</b>  | 75,192             |
| Amortisation of intangible assets   | 6(c)  | <b>1,482</b>    | 1,482              |
| Loss/(gain) on disposal of property, plant and equipment                          | 5(b)  | <b>1,023</b>    | (180)              |
| Impairment of film rights   | 6(c)  | <b>805</b>      | 2,069              |
| Valuation loss on investment property   | 11    | <b>9,000</b>    | –                  |
| Share of profit of a joint venture  |       | <b>(24,557)</b> | (35,834)           |
| Exchange (gain)/loss, net   |       | <b>(6,845)</b>  | 23,552             |
| <b>Operating profit before changes in working capital</b>                         |       | <b>245,519</b>  | 173,523            |
| (Increase)/decrease in inventories  |       | <b>(1,361)</b>  | 123                |
| Increase in film rights   |       | <b>(4,833)</b>  | (7,095)            |
| (Increase)/decrease in trade receivables  |       | <b>(13,928)</b> | 8,094              |
| Increase in other receivables, deposits and prepayments                           |       | <b>(14,753)</b> | (72,475)           |
| (Decrease)/increase in trade payables   |       | <b>(16,208)</b> | 9,439              |
| Increase/(decrease) in other payables and accrued charges                         |       | <b>48,946</b>   | (14,309)           |
| Increase/(decrease) in deferred revenue   |       | <b>9,500</b>    | (13,380)           |
| <b>Cash generated from operations</b>   |       | <b>252,882</b>  | 83,920             |
| Interest received   |       | <b>18,446</b>   | 28,210             |
| Finance costs paid  |       | <b>(44,382)</b> | (66,068)           |
| Interest element of finance lease rentals paid                                    |       | <b>–</b>        | (9)                |
| Tax paid  | 23(a) | <b>(33,768)</b> | (38,548)           |
| <b>Net cash generated from operating activities</b>                               |       | <b>193,178</b>  | 7,505              |
| <b>Investing activities</b>   |       |                 |                    |
| Payment for the purchase of property, plant and equipment                         |       | <b>(56,611)</b> | (95,635)           |
| Proceeds from disposal of property, plant and equipment                           |       | <b>889</b>      | 525                |
| Receipt from pledged deposits   |       | <b>–</b>        | 47,701             |
| Receipt from maturity of term deposits with initial terms of<br>over three months |       | <b>–</b>        | 60,000             |
| Repayment from joint ventures   |       | <b>(9,582)</b>  | 991                |
| Dividends received  |       | <b>31,964</b>   | 32,890             |
| <b>Net cash (used in)/generated from investing activities</b>                     |       | <b>(33,340)</b> | 46,472             |

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2019

|  |             | <b>2019</b>      | 2018               |
|--|-------------|------------------|--------------------|
|  | <i>Note</i> | <b>HK\$'000</b>  | (Note)<br>HK\$'000 |
| <b>Financing activities</b>                      |             |                  |                    |
| Proceeds from new bank loans                     | 19(b)       | –                | 458,400            |
| Repayment of bank loans                          | 19(b)       | <b>(251,386)</b> | (398,617)          |
| Capital element of lease rentals paid            | 19(b)       | <b>(93,250)</b>  | (269)              |
| Interest element of lease rentals paid           | 19(b)       | <b>(34,760)</b>  | –                  |
| Dividends paid                                   | 24(a)(ii)   | –                | (708,316)          |
| <b>Net cash used in financing activities</b>     |             | <b>(379,396)</b> | (648,802)          |
| <b>Net decrease in cash and cash equivalents</b> |             | <b>(219,558)</b> | (594,825)          |
| <b>Cash and cash equivalents at 1 January</b>    |             | <b>1,290,095</b> | 1,901,126          |
| <b>Effect of foreign exchange rate changes</b>   |             | <b>(2,277)</b>   | (16,206)           |
| <b>Cash and cash equivalents at 31 December</b>  | 19(a)       | <b>1,068,260</b> | 1,290,095          |

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

The notes on pages 90 to 149 form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## I CORPORATE INFORMATION

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

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

## 2 SIGNIFICANT ACCOUNTING POLICIES

### (a) Statement of compliance

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

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

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

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

- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest (see note 2(g));
- other leasehold land and buildings, including interests in leasehold land and buildings where the Group is the registered owner of the property interest (see notes 2(h) and (j)).

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 30.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting year of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year.

#### **HKFRS 16, Leases**

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases — incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

#### a. *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

#### b. *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to office premises and cinemas as disclosed in note 26(b). For an explanation of how the Group applies lessee accounting, see note 2(j)(i).

At the date of transition to HKFRS 16 (i.e., 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.83%.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Changes in accounting policies (continued)

#### HKFRS 16, Leases (continued)

##### b. Lessee accounting and transitional impact (continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e., where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as disclosed in note 26(b) as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019.

|  | <b>1 January 2019</b><br>HK\$'000 |
|--|-----------------------------------|
| Operating lease commitments at 31 December 2018  | 554,819                           |
| Less:  |                                   |
| — commitments relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 which are exempt from capitalisation | (2,074)                           |
| — operating lease committed at 31 December 2018, but commenced subsequently after 31 December 2018   | (73,616)                          |
| — other lease related payments (non-lease components) not included in the measurement of lease liabilities   | (69,014)                          |
| Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options                       | 550,512                           |
|  | 960,627                           |
| Less: total future interest expenses   | (143,871)                         |
| Total lease liabilities recognised at 1 January 2019   | 816,756                           |

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.



# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Changes in accounting policies (continued)

#### HKFRS 16, Leases (continued)

##### b. Lessee accounting and transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

|  | Carrying<br>amount at<br>31 December<br>2018<br>HK\$'000 | Capitalisation<br>of operating<br>lease<br>contracts<br>HK\$'000 | Carrying<br>amount at<br>1 January<br>2019<br>HK\$'000 |
|--|--|--|--|
| <b>Line items in the statement of financial position impacted by the adoption of HKFRS 16:</b> |  |  |  |
| Leasehold land   | 613,525  | (613,525)  | –  |
| Right-of-use assets  | –  | 1,410,136  | 1,410,136  |
| <b>Total non-current assets</b>  | <b>2,534,323</b>   | <b>796,611</b>   | <b>3,330,934</b>                                       |
| Other payables and accrued charges   | 163,144  | (20,145)   | 142,999  |
| Lease liabilities (current)  | –  | 91,739   | 91,739   |
| <b>Current liabilities</b>   | <b>647,190</b>   | <b>71,594</b>  | <b>718,784</b>   |
| <b>Net current assets</b>  | <b>844,673</b>   | <b>(71,594)</b>  | <b>773,079</b>   |
| <b>Total assets less current liabilities</b>   | <b>3,378,996</b>   | <b>725,017</b>   | <b>4,104,013</b>                                       |
| Lease liabilities (non-current)  | –  | 725,017  | 725,017  |
| <b>Total non-current liabilities</b>   | <b>1,197,881</b>   | <b>725,017</b>   | <b>1,922,898</b>                                       |
| <b>Net assets</b>  | <b>2,181,115</b>   | <b>–</b>   | <b>2,181,115</b>                                       |

##### c. Impact on the financial result and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated income statement, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 19(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows (see note 19(c)).

The following table gives an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial result for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (c) Changes in accounting policies (continued)

#### HKFRS 16, Leases (continued)

##### c. Impact on the financial result and cash flows of the Group (continued)

|                                      | 2019   |   |   | 2018           | Compared to amounts reported for 2018 under HKAS 17 HK\$'000 |
|--------------------------------------|--|---|---|----------------|--|
|                                      | Amounts reported under HKFRS 16 (A) HK\$'000 | Add back: HKFRS 16 depreciation and interest expense (B) HK\$'000 | Deduct: Estimated amounts related to operating leases as if under HKAS 17 (note) (C) HK\$'000 |                |  |
| <b>Profit from operations</b>        | <b>54,531</b>                                | <b>136,798</b>  | <b>143,987</b>  | <b>47,342</b>  | 99,729   |
| Finance costs                        | (83,150)                                     | 34,760  | -   | (48,390)       | (51,902)   |
| Share of profit of a joint venture   | 24,557                                       | 99,763  | 92,648  | 31,672         | 35,834   |
| <b>(Loss)/profit before taxation</b> | <b>(4,062)</b>                               | <b>271,321</b>  | <b>236,635</b>  | <b>30,624</b>  | 83,661   |
| Income tax charge                    | (31,054)                                     | (4,888)   | -   | (35,942)       | (31,371)   |
| <b>(Loss)/profit for the year</b>    | <b>(35,116)</b>                              | <b>266,433</b>  | <b>236,635</b>  | <b>(5,318)</b> | 52,290   |

#### Financial result for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:

|                                      |                 |                |                |                |          |
|--------------------------------------|-----------------|----------------|----------------|----------------|----------|
| <b>Profit from operations</b>        | <b>54,531</b>   | <b>136,798</b> | <b>143,987</b> | <b>47,342</b>  | 99,729   |
| Finance costs                        | (83,150)        | 34,760         | -              | (48,390)       | (51,902) |
| Share of profit of a joint venture   | 24,557          | 99,763         | 92,648         | 31,672         | 35,834   |
| <b>(Loss)/profit before taxation</b> | <b>(4,062)</b>  | <b>271,321</b> | <b>236,635</b> | <b>30,624</b>  | 83,661   |
| Income tax charge                    | (31,054)        | (4,888)        | -              | (35,942)       | (31,371) |
| <b>(Loss)/profit for the year</b>    | <b>(35,116)</b> | <b>266,433</b> | <b>236,635</b> | <b>(5,318)</b> | 52,290   |

Note: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019.

##### d. Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

### (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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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(p) or (q) depending on the nature of the liability.

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

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

### (e) Joint venture

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 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). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. 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 note 2(k)). 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 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 any other 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 joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Joint venture *(continued)*

When the Group ceases to have 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 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.

### (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(k)).

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) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(j)) 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(u)(vii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 2(j)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 2(j).

### (h) 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(k)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest;
- machinery and equipment; and
- other items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment, other than construction in progress.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (h) Other property, plant and equipment *(continued)*

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 realistically, 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   | Over the unexpired term of lease                      |
| — The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the building's estimated useful lives. |   |
| — Leasehold improvements   | Over the shorter of the lease term or its useful life |
| — Machinery and equipment  | 6.7%–33.3%  |
| — 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.

### (i) Intangible assets (other than goodwill)

#### (i) Club memberships

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

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



# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (i) Intangible assets (other than goodwill) *(continued)*

#### (ii) Trademarks

Trademarks acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks are stated in the consolidated statement of financial position at cost less impairment losses (see note 2(k)). Trademarks with indefinite useful lives are not amortised until their useful lives are determined to be finite. Any conclusion that the useful life of trademarks is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment.

#### (iii) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date.

Customer relationships with finite useful lives are stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses (see note 2(k)). Amortisation is calculated to write off the cost of customer relationships less their estimated residual value, if any, using the straight-line method, over their estimated useful lives of 5 years.

Both the period and method of amortisation are viewed annually.

### (j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

##### (A) Policy applicable from 1 January 2019

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(h) and 2(k)(ii)), except for right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2(g).

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Leased assets *(continued)*

#### (i) As a lessee *(continued)*

##### (A) Policy applicable from 1 January 2019 *(continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In the statement of financial position, the Group presents right-of-use assets and lease liabilities as separate line items.

##### (B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, with the following exceptions:

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

Where the Group acquired 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 were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in note 2(h). Impairment losses were accounted for in accordance with the accounting policy as set out in note 2(k). Finance charges implicit in the lease payments were 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. Variable lease payments were charged to profit or loss in the accounting period in which they were incurred.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (j) Leased assets *(continued)*

#### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(u)(vii).

### (k) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following item:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables).

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Credit losses and impairment of assets *(continued)*

#### (i) Credit losses from financial instruments *(continued)*

##### *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Basis of calculation of interest income*

Interest income recognised in accordance with note 2(u)(viii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Credit losses and impairment of assets *(continued)*

#### (i) Credit losses from financial instruments *(continued)*

##### *Write-off policy*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### (ii) Impairment of other non-current 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, including right-of-use assets (other than property carried at revalued amounts);
- pre-paid interests in leasehold land classified as being held under operating leases;
- film rights;
- goodwill;
- intangible assets (other than goodwill); and
- investments in subsidiaries and joint ventures in the Company's statement of financial position.

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

##### *Calculation of recoverable amount*

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

##### *Recognition of impairment losses*

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (k) Credit losses and impairment of assets *(continued)*

#### (ii) Impairment of other non-current assets

##### — Reversals of impairment losses

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

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

#### (iii) Interim financial reporting and impairment

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

Impairment losses recognised in an interim period in respect of goodwill 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.

### (l) 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.

### (m) Film rights

#### (i) Film rights

The cost of film rights is amortised at a systematic basis with reference to the underlying license periods which are subject to annual review.

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

#### (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(k)). 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.

#### (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(k)). The cost of self-produced programmes is amortised at a systematic basis with reference to the underlying license periods, which are subject to annual review.



# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Film rights *(continued)*

#### (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(k)).

### (n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(k)).

### (o) 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. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 2(k).

### (p) Trade and other payables and deferred revenue

#### (i) Trade and other payables

Trade and other payables are initially recognised at fair value, which are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

#### (ii) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(u)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(n)). In this annual report, the Group discloses contract liability as deferred revenue.

### (q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Group's accounting policy for borrowing costs (see note 2(w)).

### (r) 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

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (r) 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 become payable in accordance with the rules of the State Scheme.

### (s) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Income tax (continued)

#### (iii) (continued)

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), 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.

### (t) Provisions and contingent liabilities

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services.

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are 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 film royalties arising from the assignment of screening rights to television stations and the granting of rights to manufacture, distribute and sell video cassettes, laser discs, video compact discs and digital video discs is recognised as accrued royalties when the Group's right to receive payment is established;
- (vi) 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;
- (vii) 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. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned;
- (viii) Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(k)(i));
- (ix) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established;
- (x) Income from ticket booking is recognised upon the provision of the services;
- (xi) Income from gift voucher purchases is recognised when customers exchange them for goods/services or upon expiry;
- (xii) Income from membership fees is recognised in profit or loss in the accounting period covered by the membership terms;

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (u) Revenue and other income *(continued)*

- (xiii) Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense; and
- (xiv) Food and beverage sales income is recognised when the related service is provided to the members and/or their guests.

### (v) 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 and joint venture 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 and joint ventures which are taken directly to the exchange reserve.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. 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.

### (w) 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.

### (x) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Related parties *(continued)*

- (b) An entity is related to the Group if any of the following conditions applies: *(continued)*
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

### (y) Segment reporting

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

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

## 3 REVENUE

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

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 25(a) to the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## 4 SEGMENT REPORTING

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

- Hong Kong
- Mainland China
- Singapore
- Taiwan

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

Each of the above reportable segments primarily programme production and the provision of advertising and consultancy services. The reportable segments of Taiwan, represent the Group's share of results of the joint venture operating in Taiwan. 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, and the effect of HKFRS 16 is adjusted as if the rentals had been recognised under HKAS 17. To arrive at adjusted operating profit after taxation the Group's profit is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and head office or corporate administration costs.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 4 SEGMENT REPORTING (CONTINUED)

### Segment revenue and results (continued)

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

|   | Hong Kong      |                | Mainland China  |                 | Singapore      |                | Taiwan         |                | Consolidated     |                  |
|---|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|------------------|------------------|
|   | 2019           | 2018           | 2019            | 2018            | 2019           | 2018           | 2019           | 2018           | 2019             | 2018             |
|   | HK\$'000       | HK\$'000       | HK\$'000        | HK\$'000        | HK\$'000       | HK\$'000       | HK\$'000       | HK\$'000       | HK\$'000         | HK\$'000         |
| <b>Segment revenue</b>                                |                |                |                 |                 |                |                |                |                |                  |                  |
| Revenue   |                |                |                 |                 |                |                |                |                |                  |                  |
| — Exhibition  | 230,926        | 218,910        | —               | —               | 810,263        | 822,139        | 456,451        | 479,393        | 1,497,640        | 1,520,442        |
| — Distribution and production                         | 13,961         | 13,820         | —               | 165             | 44,489         | 37,226         | 10,602         | 2,368          | 69,052           | 53,579           |
| — Club house  | —              | —              | 4,045           | —               | —              | —              | —              | —              | 4,045            | —                |
| — Corporate   | 1,024          | 1,513          | —               | —               | —              | —              | —              | —              | 1,024            | 1,513            |
| <b>Reportable segment revenue</b>                     | <b>245,911</b> | <b>234,243</b> | <b>4,045</b>    | <b>165</b>      | <b>854,752</b> | <b>859,365</b> | <b>467,053</b> | <b>481,761</b> | <b>1,571,761</b> | <b>1,575,534</b> |
| <b>Reportable segment profit/(loss)</b>               | <b>1,686</b>   | <b>8,872</b>   | <b>(62,726)</b> | <b>(31,159)</b> | <b>139,748</b> | <b>149,890</b> | <b>35,743</b>  | <b>36,487</b>  | <b>114,451</b>   | <b>164,090</b>   |
| <b>Reconciliation — Revenue</b>                       |                |                |                 |                 |                |                |                |                |                  |                  |
| Reportable segment revenue                            |                |                |                 |                 |                |                |                |                | 1,571,761        | 1,575,534        |
| Share of revenue from a joint venture in Taiwan       |                |                |                 |                 |                |                |                |                | (467,053)        | (481,761)        |
| Elimination of intra-segmental revenue                |                |                |                 |                 |                |                |                |                | (28,320)         | (25,559)         |
| Others  |                |                |                 |                 |                |                |                |                | (15,546)         | (17,242)         |
| Consolidated revenue                                  |                |                |                 |                 |                |                |                |                | 1,060,842        | 1,050,972        |
| <b>Reconciliation — (Loss)/profit before taxation</b> |                |                |                 |                 |                |                |                |                |                  |                  |
| Reportable profit                                     |                |                |                 |                 |                |                |                |                | 114,451          | 164,090          |
| Unallocated operating expenses, net                   |                |                |                 |                 |                |                |                |                | (149,543)        | (111,561)        |
| Non-controlling interests                             |                |                |                 |                 |                |                |                |                | (24)             | (239)            |
| Income tax expense                                    |                |                |                 |                 |                |                |                |                | 31,054           | 31,371           |
| Consolidated (loss)/profit before taxation            |                |                |                 |                 |                |                |                |                | (4,062)          | 83,661           |

# NOTES TO THE FINANCIAL STATEMENTS

## 5 OTHER REVENUE AND OTHER NET LOSS

### (a) Other revenue

|                                    | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|------------------------------------|------------------|------------------|
| Interest income from bank deposits | 22,054           | 28,321           |
| Miscellaneous income               | 14,058           | 15,813           |
|                                    | <b>36,112</b>    | 44,134           |

### (b) Other net loss

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| (Loss)/gain on disposal of property, plant and equipment | (1,023)          | 180              |
| Exchange loss, net                                       | (14,204)         | (13,735)         |
|  | <b>(15,227)</b>  | (13,555)         |

## 6 (LOSS)/PROFIT BEFORE TAXATION

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

### (a) Finance costs

|   | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|---|------------------|----------------------------|
| Interest on bank loans  | 42,726           | 46,258                     |
| Interest on lease liabilities (note 22)   | 34,760           | –                          |
| Finance charges on obligations under finance leases                                   | –                | 9                          |
| Other ancillary borrowing costs   | 5,664            | 5,635                      |
| Total finance costs on financial liabilities not at fair value through profit or loss | <b>83,150</b>    | 51,902                     |

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 2(c).

### (b) Staff costs (excluding directors' and chief executive officers' emoluments (note 8))

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| Salaries, wages and other benefits (note (i))          | 137,961          | 125,281          |
| Contributions to defined contribution retirement plans | 12,007           | 12,283           |
|  | <b>149,968</b>   | 137,564          |

# NOTES TO THE FINANCIAL STATEMENTS

## 6 (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

### (c) Other items

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| Cost of inventories  | 44,989           | 38,355           |
| Cost of services provided  | 341,341          | 353,413          |
| Depreciation charge (note 11)  |                  |                  |
| — Owned property, plant and equipment*   | 62,789           | 75,192           |
| — Right-of-use-assets*   | 144,788          | —                |
| Total minimum lease payments for leases previously classified as operating leases under HKAS 17* | —                | 108,770          |
| Variable lease payments not included in the measurement of lease liabilities                     | 11,520           | 15,615           |
| Amortisation of intangible assets (note 14)  | 1,482            | 1,482            |
| Amortisation of film rights (note (ii)) (note 17)  | 5,886            | 5,813            |
| Impairment of film rights (note 17)  | 805              | 2,069            |
| Auditors' remuneration   | 3,163            | 2,950            |
| Rental income less direct outgoings  | (10,656)         | (9,673)          |

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.

\* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(c).

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

### (a) Taxation in the consolidated income statement represents:

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| <i>Current income tax</i>                |                  |                  |
| Provision for Hong Kong tax              | 720              | 420              |
| Provision for overseas tax               | 33,740           | 34,128           |
| Over-provision in respect of prior years | (602)            | (2,559)          |
|  | <b>33,858</b>    | 31,989           |
| <i>Deferred tax (note 23(b))</i>         |                  |                  |
| Reversal of temporary differences        | (2,804)          | (618)            |
|  | <b>31,054</b>    | 31,371           |

# NOTES TO THE FINANCIAL STATEMENTS

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

### (a) Taxation in the consolidated income statement represents: *(continued)*

Notes:

- (i) The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 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% (2018: 25%) of the estimated taxable profits for the year.
- (iii) The provision for Singapore Corporate Income Tax of the subsidiaries incorporated in Singapore is calculated at 17% (2018: 17%) of the estimated taxable profits for the year.
- (iv) During the year ended 31 December 2019, the Group paid HK\$3,424,000 (2018: HK\$3,936,000) for income taxes on distributed earnings from its joint venture in Taiwan.

During the year ended 31 December 2019, the Group provided HK\$4,002,000 (2018: HK\$4,570,000) for income taxes on accumulated earnings generated by its joint venture in Taiwan which will be distributed to the Group in the foreseeable future.

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

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| (Loss)/profit before taxation  | (4,062)          | 83,661           |
| Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profit in the jurisdictions concerned | (4,226)          | 12,924           |
| Tax effect of non-deductible expenses  | 29,814           | 22,503           |
| Tax effect of non-taxable income   | (3,197)          | (4,348)          |
| Tax effect of unused tax losses not recognised   | 9,228            | 9,449            |
| Tax effect of tax losses utilised  | (18)             | (1,124)          |
| Tax effect of profits attributable to joint ventures   | (4,911)          | (6,092)          |
| Tax effect of temporary differences unrecognised, net  | 4,388            | (16)             |
| Provision for Taiwan withholding tax for the year  | 578              | 634              |
| Over-provision in prior years  | (602)            | (2,559)          |
| Actual tax expense   | 31,054           | 31,371           |

# NOTES TO THE FINANCIAL STATEMENTS

## 8 DIRECTORS' AND CHIEF EXECUTIVE OFFICERS' EMOLUMENTS

Directors' and chief executive officers' 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<br>HK\$'000 | Salaries, allowances and benefits in kind<br>HK\$'000 | Double paid and discretionary bonus<br>HK\$'000 | Retirement scheme contributions<br>HK\$'000 | 2019 Total<br>HK\$'000 |
|---|-----------------------------|---|---|---|------------------------|
| <b>Executive directors and chief executive officers</b> |                             |   |   |   |                        |
| WU, Kebo  | 7,782                       | 2,552   | –   | 18  | 10,352                 |
| LI, Pei Sen   | 372                         | 1   | –   | –   | 373                    |
| WU, Keyan (resigned on 9 September 2019)                | 266                         | 239   | 37  | 13  | 555                    |
| MAO, Yimin (resigned on 31 October 2019)                | 1,029                       | 1,126   | 193   | 15  | 2,363                  |
| CHOW, Sau Fong Fiona                                    | 1,181                       | 859   | 172   | 18  | 2,230                  |
| Go, Misaki (appointed on 9 September 2019)              | 90                          | 74  | –   | –   | 164                    |
| Peng, Bolun (appointed on 9 September 2019)             | 85                          | 97  | –   | 28  | 210                    |
| XU, Hua (appointed on 2 October 2019)                   | –                           | 594   | 49  | 3   | 646                    |
| <b>Independent non-executive directors</b>              |                             |   |   |   |                        |
| LEUNG, Man Kit  | 340                         | –   | –   | –   | 340                    |
| WONG, Sze Wing  | 240                         | –   | –   | –   | 240                    |
| FUNG, Chi Man Henry                                     | 240                         | –   | –   | –   | 240                    |
|   | <b>11,625</b>               | <b>5,542</b>  | <b>451</b>                                      | <b>95</b>                                   | <b>17,713</b>          |

|  | Directors' fees<br>HK\$'000 | Salaries, allowances and benefits in kind<br>HK\$'000 | Double paid and discretionary bonus<br>HK\$'000 | Retirement scheme contributions<br>HK\$'000 | 2018 Total<br>HK\$'000 |
|--|-----------------------------|---|---|---|------------------------|
| <b>Executive directors and chief executive officer</b> |                             |   |   |   |                        |
| WU, Kebo   | –                           | 10,318  | –   | 18  | 10,336                 |
| LI, Pei Sen  | –                           | 360   | –   | –   | 360                    |
| WU, Keyan  | –                           | 656   | 69  | 18  | 743                    |
| MAO, Yimin   | –                           | 2,203   | 170   | 102   | 2,475                  |
| CHOW, Sau Fong Fiona                                   | –                           | 1,918   | 154   | 18  | 2,090                  |
| <b>Independent non-executive directors</b>             |                             |   |   |   |                        |
| LEUNG, Man Kit   | 340                         | –   | –   | –   | 340                    |
| WONG, Sze Wing   | 240                         | –   | –   | –   | 240                    |
| FUNG, Chi Man Henry                                    | 240                         | –   | –   | –   | 240                    |
|  | <b>820</b>                  | <b>15,455</b>   | <b>393</b>                                      | <b>156</b>                                  | <b>16,824</b>          |

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 24(a)(i).

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



# NOTES TO THE FINANCIAL STATEMENTS

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2018: three) are directors whose emoluments are disclosed in note 8 to the financial statements. The aggregate of the emoluments in respect of the other two (2018: two) are as follows:

|                                 | <b>2019</b><br><b>HK\$'000</b> | 2018<br>HK\$'000 |
|---------------------------------|--------------------------------|------------------|
| Salaries and other emoluments   | <b>2,886</b>                   | 2,482            |
| Discretionary bonuses           | <b>–</b>                       | 381              |
| Retirement scheme contributions | <b>36</b>                      | 30               |
|                                 | <b>2,922</b>                   | 2,893            |

The emoluments of the two (2018: two) individuals with the highest emoluments are within the following bands:

|                             | <b>2019</b><br><b>Number of</b><br><b>individuals</b> | 2018<br>Number of<br>individuals |
|-----------------------------|---|----------------------------------|
| HK\$1,000,001–HK\$1,500,000 | <b>1</b>  | 1                                |
| HK\$1,500,001–HK\$2,000,000 | <b>1</b>  | 1                                |

## 10 (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic earnings per share is based on the loss attributable to equity holders of the Company of HK\$35,092,000 (2018: earnings of HK\$52,529,000) and the weighted average number of ordinary shares of 2,799,669,050 (2018: 2,799,669,050), in issue during the year, calculated as follows:

|  | <b>2019</b><br><b>Number</b><br><b>of shares</b> | 2018<br>Number<br>of shares |
|--|--|-----------------------------|
| Issued ordinary shares and weighted average number of ordinary shares at 31 December | <b>2,799,669,050</b>                             | 2,799,669,050               |

### (b) Diluted (loss)/earnings per share

The Company does not have any dilutive potential ordinary shares as at 31 December 2018 and 2019. Diluted loss/earnings per share for the year ended 31 December 2018 and 2019 is the same as the basic loss/earnings per share.

# NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND

### (a) Reconciliation of carrying amount

|  | Ownership interests in land held for own use carried at cost HK\$'000 | Other properties leased for own use carried at cost HK\$'000 | Buildings HK\$'000 | Leasehold improvements HK\$'000 | Machinery and equipment HK\$'000 | Furniture and fixtures HK\$'000 | Motor vehicles HK\$'000 | Construction in progress HK\$'000 | Sub-total HK\$'000 | Investment property HK\$'000 | Leasehold land HK\$'000 | Total HK\$'000 |
|--|---|--|--------------------|---------------------------------|----------------------------------|---------------------------------|-------------------------|-----------------------------------|--------------------|------------------------------|-------------------------|----------------|
| <b>Cost or valuation:</b>                        |   |  |                    |                                 |                                  |                                 |                         |                                   |                    |                              |                         |                |
| At 1 January 2018                                | -   | -  | 108,263            | 217,881                         | 95,075                           | 34,434                          | 5,935                   | 6,804                             | 468,392            | 50,000                       | 631,348                 | 1,149,740      |
| Additions  | -   | -  | -                  | 45,597                          | 21,399                           | 4,531                           | 1,611                   | 22,497                            | 95,635             | -                            | -                       | 95,635         |
| Disposals  | -   | -  | -                  | -                               | (1,823)                          | -                               | (733)                   | (75)                              | (2,631)            | -                            | -                       | (2,631)        |
| Transfers  | -   | -  | -                  | 1,471                           | 1,245                            | 466                             | -                       | (3,182)                           | -                  | -                            | -                       | -              |
| Exchange adjustments                             | -   | -  | (3,373)            | (19,370)                        | (1,289)                          | (517)                           | (189)                   | (3,176)                           | (27,914)           | -                            | (4,193)                 | (32,107)       |
| At 31 December 2018                              | -   | -  | 104,890            | 245,579                         | 114,607                          | 38,914                          | 6,624                   | 22,868                            | 533,482            | 50,000                       | 627,155                 | 1,210,637      |
| <b>Representing:</b>                             |   |  |                    |                                 |                                  |                                 |                         |                                   |                    |                              |                         |                |
| Cost   | -   | -  | 104,890            | 245,579                         | 114,607                          | 38,914                          | 6,624                   | 22,868                            | 533,482            | -                            | 627,155                 | 1,160,637      |
| Valuation 2018                                   | -   | -  | -                  | -                               | -                                | -                               | -                       | -                                 | -                  | 50,000                       | -                       | 50,000         |
|  | -   | -  | 104,890            | 245,579                         | 114,607                          | 38,914                          | 6,624                   | 22,868                            | 533,482            | 50,000                       | 627,155                 | 1,210,637      |
| At 31 December 2018                              | -   | -  | 104,890            | 245,579                         | 114,607                          | 38,914                          | 6,624                   | 22,868                            | 533,482            | 50,000                       | 627,155                 | 1,210,637      |
| Impact on initial application of HKFRS 16 (Note) | 627,155   | 796,611  | -                  | -                               | -                                | -                               | -                       | -                                 | 1,423,766          | -                            | (627,155)               | 796,611        |
| At 1 January 2019                                | 627,155   | 796,611  | 104,890            | 245,579                         | 114,607                          | 38,914                          | 6,624                   | 22,868                            | 1,957,248          | 50,000                       | -                       | 2,007,248      |
| Additions  | -   | 244,933  | -                  | 27,105                          | 11,766                           | 3,737                           | -                       | 15,610                            | 303,151            | -                            | -                       | 303,151        |
| Disposals  | -   | -  | -                  | (15,361)                        | (23,153)                         | (4,155)                         | (2,139)                 | (373)                             | (45,181)           | -                            | -                       | (45,181)       |
| Reclassify                                       | -   | -  | -                  | 17,348                          | 3,610                            | 1,108                           | -                       | (22,066)                          | -                  | -                            | -                       | -              |
| Valuation loss on investment property            | -   | -  | -                  | -                               | -                                | -                               | -                       | -                                 | -                  | (9,000)                      | -                       | (9,000)        |
| Modification of right-of-use assets              | -   | (37,171)   | -                  | -                               | -                                | -                               | -                       | -                                 | (37,171)           | -                            | -                       | (37,171)       |
| Exchange adjustments                             | 4,952   | 3,931  | 1,375              | 2,380                           | 1,726                            | 500                             | (76)                    | 187                               | 14,975             | -                            | -                       | 14,975         |
| At 31 December 2019                              | 632,107   | 1,008,304  | 106,265            | 277,051                         | 108,556                          | 40,104                          | 4,409                   | 16,226                            | 2,193,022          | 41,000                       | -                       | 2,234,022      |
| <b>Representing:</b>                             |   |  |                    |                                 |                                  |                                 |                         |                                   |                    |                              |                         |                |
| Cost   | 632,107   | 1,008,304  | 106,265            | 277,051                         | 108,556                          | 40,104                          | 4,409                   | 16,226                            | 2,193,022          | -                            | -                       | 2,193,022      |
| Valuation 2019                                   | -   | -  | -                  | -                               | -                                | -                               | -                       | -                                 | -                  | 41,000                       | -                       | 41,000         |
|  | 632,107   | 1,008,304  | 106,265            | 277,051                         | 108,556                          | 40,104                          | 4,409                   | 16,226                            | 2,193,022          | 41,000                       | -                       | 2,234,022      |

# NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND (CONTINUED)

### (a) Reconciliation of carrying amount (continued)

|  | Ownership interests in land held for own use carried at cost<br>HK\$'000 | Other properties leased for own use carried at cost<br>HK\$'000 | Buildings<br>HK\$'000 | Leasehold improvements<br>HK\$'000 | Machinery and equipment<br>HK\$'000 | Furniture and fixtures<br>HK\$'000 | Motor vehicles<br>HK\$'000 | Construction in progress<br>HK\$'000 | Sub-total<br>HK\$'000 | Investment property<br>HK\$'000 | Leasehold land<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---|-----------------------|------------------------------------|-------------------------------------|------------------------------------|----------------------------|--------------------------------------|-----------------------|---------------------------------|----------------------------|-------------------|
| <b>Accumulated depreciation, amortisation and impairment losses:</b> |  |   |                       |                                    |                                     |                                    |                            |                                      |                       |                                 |                            |                   |
| At 1 January 2018  | –  | –   | 3,551                 | 61,442                             | 40,533                              | 8,744                              | 2,803                      | –                                    | 117,073               | –                               | 6,445                      | 123,518           |
| Charge for the year  | –  | –   | 6,376                 | 28,823                             | 22,385                              | 8,487                              | 1,060                      | –                                    | 67,131                | –                               | 8,061                      | 75,192            |
| Written back on disposals  | –  | –   | –                     | –                                  | (1,722)                             | –                                  | (564)                      | –                                    | (2,286)               | –                               | –                          | (2,286)           |
| Exchange adjustments   | –  | –   | (1,157)               | (14,765)                           | (417)                               | (126)                              | (90)                       | –                                    | (16,555)              | –                               | (876)                      | (17,431)          |
| At 31 December 2018  | –  | –   | 8,770                 | 75,500                             | 60,779                              | 17,105                             | 3,209                      | –                                    | 165,363               | –                               | 13,630                     | 178,993           |
| At 31 December 2018  | –  | –   | 8,770                 | 75,500                             | 60,779                              | 17,105                             | 3,209                      | –                                    | 165,363               | –                               | 13,630                     | 178,993           |
| Impact on initial application of HKFRS 16 (Note)                     | 13,630   | –   | –                     | –                                  | –                                   | –                                  | –                          | –                                    | 13,630                | –                               | (13,630)                   | –                 |
| At 1 January 2019  | 13,630   | –   | 8,770                 | 75,500                             | 60,779                              | 17,105                             | 3,209                      | –                                    | 178,993               | –                               | –                          | 178,993           |
| At 1 January 2019  | 13,630   | –   | 8,770                 | 75,500                             | 60,779                              | 17,105                             | 3,209                      | –                                    | 178,993               | –                               | –                          | 178,993           |
| Charge for the year  | 7,989  | 136,799   | 7,152                 | 30,823                             | 17,875                              | 6,103                              | 836                        | –                                    | 207,577               | –                               | –                          | 207,577           |
| Written back on disposals  | –  | –   | –                     | (15,361)                           | (22,726)                            | (3,727)                            | (1,455)                    | –                                    | (43,269)              | –                               | –                          | (43,269)          |
| Exchange adjustments   | 418  | 302   | 890                   | 1,506                              | 1,499                               | 342                                | (38)                       | –                                    | 4,919                 | –                               | –                          | 4,919             |
| At 31 December 2019  | 22,037   | 137,101   | 16,812                | 92,468                             | 57,427                              | 19,823                             | 2,552                      | –                                    | 348,220               | –                               | –                          | 348,220           |
| <b>Net book value:</b>   |  |   |                       |                                    |                                     |                                    |                            |                                      |                       |                                 |                            |                   |
| At 31 December 2019  | 610,070  | 871,203   | 89,453                | 184,583                            | 51,129                              | 20,281                             | 1,857                      | 16,226                               | 1,844,802             | 41,000                          | –                          | 1,885,802         |
| At 31 December 2018  | –  | –   | 96,120                | 170,079                            | 53,828                              | 21,809                             | 3,415                      | 22,868                               | 368,119               | 50,000                          | 613,525                    | 1,031,644         |

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. See note 2(c).

# NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTY, 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 | Fair value measurements as at     |          |          |
|--|---------------|-----------------------------------|----------|----------|
|  | 31 December   | 31 December 2019 categorised into |          |          |
|  | 2019          | Level 1                           | Level 2  | Level 3  |
|  | HK\$'000      | HK\$'000                          | HK\$'000 | HK\$'000 |

#### Recurring fair value measurement

Investment property:

- Commercial — Hong Kong
- long lease

41,000

—

41,000

—

|  | Fair value at | Fair value measurements as at     |          |          |
|--|---------------|-----------------------------------|----------|----------|
|  | 31 December   | 31 December 2018 categorised into |          |          |
|  | 2018          | Level 1                           | Level 2  | Level 3  |
|  | HK\$'000      | HK\$'000                          | HK\$'000 | HK\$'000 |

#### Recurring fair value measurement

Investment property:

- Commercial — Hong Kong
- long lease

50,000

—

50,000

—

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2018: 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.

The Group's investment property was revalued as at 31 December 2019. The valuation was carried out by an independent firm of surveyors, Asset 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 the investment property located in Hong Kong is determined using the market comparison approach by reference to recent sales prices of comparable properties on a price per square foot basis using market data which is publicly available.

Fair value adjustment of investment property is included in "valuation loss on investment property" in the consolidated income statement.

# NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND (CONTINUED)

### (c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

|   | Notes | 31 December<br>2019<br>HK\$'000 | 1 January<br>2019<br>(Note)<br>HK\$'000 |
|---|-------|---------------------------------|---|
| Ownership interests in leasehold land held for own use, carried at depreciated cost | (i)   |                                 |   |
| In Hong Kong  |       |                                 |   |
| — long leases   |       | 120,352                         | 121,483                                 |
| Outside Hong Kong   |       |                                 |   |
| — long leases   |       | 489,718                         | 492,042                                 |
|   |       | <b>610,070</b>                  | 613,525                                 |
| Other properties leased for own use, carried at depreciated cost                    | (ii)  | 871,203                         | 796,611                                 |
|   |       | <b>1,481,273</b>                | 1,410,136                               |

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

|  | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|--|------------------|----------------------------|
| Depreciation charge of right-of-use assets by class of underlying asset: |                  |                            |
| Ownership interests in leasehold land held for own use                   | 7,989            | —                          |
| Other properties leased for own use                                      | 136,799          | —                          |
|  | <b>144,788</b>   | —                          |

|   | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|---|------------------|----------------------------|
| Interest on lease liabilities (note 6(a))   | 34,760           | —                          |
| Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 | 3,495            | —                          |
| Total minimum lease payments for leases previously classified as operating leases under HKAS 17                       | —                | 108,770                    |
| Variable lease payments not included in the measurement of lease liabilities  | 11,520           | 15,615                     |

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 2(c).

During the year, additions to right-of-use assets were HK\$244,934,000 which is primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 19(c) and 22, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND LEASEHOLD LAND (CONTINUED)

### (c) Right-of-use assets (continued)

#### (i) Ownership interests in leasehold land held for own use

The Group holds interests in several leasehold land for its business. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

#### (ii) Properties leased for own use

The Group has obtained the right to use properties as its office premises and cinemas through tenancy agreements. The leases typically run for an initial period of 1 to 15 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities. The potential exposure to these future lease payments is summarised below:

|                             | Right-of-use<br>assets<br>HK\$'000 | Lease liabilities<br>recognised<br>(discounted)<br>HK\$'000 | Potential<br>future lease<br>payments<br>under extension<br>options not<br>included in<br>lease liabilities<br>(undiscounted)<br>HK\$'000 |
|-----------------------------|------------------------------------|---|---|
| Offices — Hong Kong         | 6,354                              | 6,971   | —   |
| Cinemas — Hong Kong         | 186,979                            | 201,450   | —   |
| Offices — Japan             | 117                                | 108   | —   |
| Club house — Mainland China | 123,605                            | 131,396   | —   |
| Offices — Mainland China    | 22,209                             | 115   | —   |
| Offices — Singapore         | 9,021                              | 9,534   | —   |
| Cinemas — Singapore         | 522,918                            | 553,149   | —   |
|                             | 871,203                            | 902,723   | —   |

### (d) Investment property

The Group leases out investment property under operating leases. No future minimum lease payments under non-cancellable operating leases are receivable as at 31 December 2019. As at 31 December 2019, the investment property is vacant.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

|               | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---------------|------------------|------------------|
| Within 1 year | —                | 338              |
|               | —                | 338              |



# NOTES TO THE FINANCIAL STATEMENTS

## 12 INTERESTS IN SUBSIDIARIES

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

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

Details of the principal subsidiaries are as follows:

| Name of company  | Place of incorporation/ establishment and operation | Particulars of issued and paid up capital                            | Group's effective interest | Principal activities   |
|--|---|--|----------------------------|--|
| 北京橙天嘉禾影視製作有限公司 <sup>^</sup>  | PRC   | Registered capital RMB3,000,000                                      | 100%                       | Investment, production and distribution of motion pictures and acts as an advertising agent            |
| Gala Film Distribution Limited   | Hong Kong   | 49,990,000 shares and 10,000 non-voting deferred shares <sup>#</sup> | 100%                       | Distribution of motion pictures  |
| Golden Harvest Cinemas Holding Limited                                 | British Virgin Islands                              | 1 share of US\$1   | 100%                       | Investment holding   |
| Golden Harvest Entertainment International Limited                     | British Virgin Islands                              | 1,000 shares of US\$1 each   | 100%                       | Investment holding   |
| Golden Harvest Films Distribution Holding Limited                      | British Virgin Islands                              | 1 share of US\$1   | 100%                       | Investment holding   |
| Golden Harvest (Marks) Limited   | British Virgin Islands                              | 1 share of US\$1   | 100%                       | Holding of trademarks  |
| 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   | 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 |
| Panasia Cinema Advertising Limited                                     | Hong Kong   | 10,000 shares  | 100%                       | Advertising agent  |
| Shanghai Golden Harvest Media Management Company Limited <sup>^^</sup> | PRC   | Registered capital US\$500,000                                       | 100%                       | Distribution of motion pictures  |
| Dartina Development Limited  | Hong Kong   | 31,200,082 shares  | 100%                       | Investment holding   |

# NOTES TO THE FINANCIAL STATEMENTS

## 12 INTERESTS IN SUBSIDIARIES (CONTINUED)

| Name of company                      | Place of incorporation/ establishment and operation | Particulars of issued and paid up capital | Group's effective interest | Principal activities               |
|--------------------------------------|---|---|----------------------------|------------------------------------|
| Golden Village Multiplex Pte Limited | Singapore   | 8,000,000 shares of S\$1 each             | 100%                       | Theatre operation                  |
| Golden Village Pictures Pte Limited  | Singapore   | 8,000,000 shares of S\$1 each             | 100%                       | Distribution of motion pictures    |
| Dartina Development Limited          | Hong Kong   | 31,200,082 shares                         | 100%                       | Investment holding                 |
| 北京橙天嘉禾橙食品有限公司                        | PRC   | Registered capital RMB100,000             | 100%                       | Dining and recreational facilities |
| Golden Properties (Pacific) Limited  | British Virgin Islands                              | 1 share of US\$1                          | 100%                       | Property holding                   |

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

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

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

## 13 INTEREST IN A JOINT VENTURE

|                     | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---------------------|------------------|------------------|
| Share of net assets | 133,243          | 145,933          |

The following list contains the particulars of the Group's joint venture:

| Name of jointly controlled entity | Form of business structure | Place of incorporation and operation | Particulars of issued and paid up capital | Proportion of ownership interest |                     |                      | Principal activity                       |
|-----------------------------------|----------------------------|--------------------------------------|---|----------------------------------|---------------------|----------------------|--|
|                                   |                            |                                      |   | Group's effective interest       | Held by the Company | Held by subsidiaries |  |
| Vie Show Cinemas Co. Ltd.         | Incorporated               | Taiwan                               | 80,000,000 shares of NTD10 each           | 35.71%                           | –                   | 35.71%               | Theatre operation and investment holding |

The joint venture in which the Group participates, which is accounted for using the equity method in the consolidated financial statements, is an unlisted corporate entity whose quoted market price is not available.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 INTEREST IN A JOINT VENTURE (CONTINUED)

Summarised financial information of 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:

|   | <b>Vie Show Cinemas Co. Ltd.#</b> |                    |
|---|-----------------------------------|--------------------|
|   | <b>2019</b>                       | 2018               |
|   | <b>HK\$'000</b>                   | (Note)<br>HK\$'000 |
| <b>Gross amounts of the joint venture:</b>  |                                   |                    |
| Current assets  | <b>269,171</b>                    | 366,371            |
| Non-current assets  | <b>3,555,668</b>                  | 505,027            |
| Current liabilities   | <b>(608,566)</b>                  | (414,837)          |
| Non-current liabilities   | <b>(2,843,148)</b>                | (47,900)           |
| Equity  | <b>373,125</b>                    | 408,661            |
| <b>Included in the above assets and liabilities:</b>                                  |                                   |                    |
| Cash and cash equivalents   | <b>219,129</b>                    | 290,986            |
| Current financial liabilities (excluding trade and other payables and provisions)     | <b>–</b>                          | –                  |
| Non-current financial liabilities (excluding trade and other payables and provisions) | <b>43,565</b>                     | 46,259             |
| Revenue   | <b>1,301,389</b>                  | 1,329,390          |
| Profit from continuing operations   | <b>68,762</b>                     | 100,347            |
| Other comprehensive income  | <b>–</b>                          | –                  |
| Total comprehensive income  | <b>68,762</b>                     | 100,347            |
| Dividends from the joint ventures   | <b>89,511</b>                     | 92,104             |

Note: The joint venture has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise additional right-of-use assets and lease liabilities of HK\$1,530,853,000 relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated.

|   | <b>Vie Show Cinemas Co. Ltd.#</b> |          |
|---|-----------------------------------|----------|
|   | <b>2019</b>                       | 2018     |
|   | <b>HK\$'000</b>                   | HK\$'000 |
| <b>Included in the above profits:</b>                         |                                   |          |
| Depreciation and amortisation                                 | <b>329,996</b>                    | 67,121   |
| Interest income   | <b>276</b>                        | 195      |
| Interest expense  | <b>22,836</b>                     | 112      |
| Income tax expense  | <b>18,194</b>                     | 24,775   |
| <b>Reconciled to the Group's interests in a joint venture</b> |                                   |          |
| Gross amounts of a joint venture's net assets                 | <b>373,126</b>                    | 408,661  |
| Group's effective interest                                    | <b>35.71%</b>                     | 35.71%   |
| Group's share of a joint venture's net assets                 | <b>133,243</b>                    | 145,933  |
| Carrying amount in the consolidated financial statements      | <b>133,243</b>                    | 145,933  |

# The joint venture is not audited by KPMG.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 INTEREST IN A JOINT VENTURE (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.

## 14 INTANGIBLE ASSETS

|                                  | Trademarks<br>HK\$'000 | Customer<br>relationships<br>HK\$'000 | Club<br>memberships<br>HK\$'000 | Total<br>HK\$'000 |
|----------------------------------|------------------------|---------------------------------------|---------------------------------|-------------------|
| <b>Cost:</b>                     |                        |                                       |                                 |                   |
| At 1 January 2019                | 516,004                | 7,407                                 | 1,890                           | 525,301           |
| Exchange adjustments             | 3,800                  | –                                     | –                               | 3,800             |
| At 31 December 2019              | 519,804                | 7,407                                 | 1,890                           | 529,101           |
| <b>Accumulated amortisation:</b> |                        |                                       |                                 |                   |
| At 1 January 2019                | –                      | 2,222                                 | –                               | 2,222             |
| Charge for the year              | –                      | 1,482                                 | –                               | 1,482             |
| At 31 December 2019              | –                      | 3,704                                 | –                               | 3,704             |
| <b>Net book value:</b>           |                        |                                       |                                 |                   |
| At 31 December 2019              | 519,804                | 3,703                                 | 1,890                           | 525,397           |
|                                  | Trademarks<br>HK\$'000 | Customer<br>relationships<br>HK\$'000 | Club<br>memberships<br>HK\$'000 | Total<br>HK\$'000 |
| <b>Cost:</b>                     |                        |                                       |                                 |                   |
| At 1 January 2018                | 517,068                | 7,407                                 | 1,890                           | 526,365           |
| Exchange adjustments             | (1,064)                | –                                     | –                               | (1,064)           |
| At 31 December 2018              | 516,004                | 7,407                                 | 1,890                           | 525,301           |
| <b>Accumulated amortisation:</b> |                        |                                       |                                 |                   |
| At 1 January 2018                | –                      | 740                                   | –                               | 740               |
| Charge for the year              | –                      | 1,482                                 | –                               | 1,482             |
| At 31 December 2018              | –                      | 2,222                                 | –                               | 2,222             |
| <b>Net book value:</b>           |                        |                                       |                                 |                   |
| At 31 December 2018              | 516,004                | 5,185                                 | 1,890                           | 523,079           |

# NOTES TO THE FINANCIAL STATEMENTS

## 14 INTANGIBLE ASSETS (CONTINUED)

Notes:

- (i) Trademarks represent perpetual licenses for the use of the brand names “Golden Harvest” and “The Sky” in Hong Kong, and “Golden Village” in Singapore which take the form of sign, symbol, name, logo, design or any combination thereof.

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

- (a) the trademarks have been in use and will continue to be used for the long term; and
- (b) 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.

At 31 December 2019, the directors carried out an assessment of the recoverable amounts of trademarks with the assistance of independent professional valuers. Based on their review, the recoverable amounts of trademarks exceeded their carrying amounts and therefore no impairment was recognised.

- (ii) Customer relationships represent non-contractual customer relationships owned by Panasia Cinema Advertising Limited (“PCAL”) recognised by the Group upon the acquisition of PCAL on 31 May 2017.

PCAL generated revenue from several customers repeatedly across years. While there is no long term contract between PCAL and those customers, it is customary for those customers to do business with PCAL whenever they require services that PCAL provides and such needs are recurring for those customers and observed from the trading history for the past five years.

## 15 GOODWILL

|                                       | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| <b>Cost:</b>                          |                  |                  |
| At 1 January                          | 707,034          | 708,426          |
| Exchange adjustments                  | 4,973            | (1,392)          |
| At 31 December                        | 712,007          | 707,034          |
| <b>Accumulated impairment losses:</b> |                  |                  |
| At 1 January and 31 December          | 50,425           | 50,425           |
| <b>Carrying amount</b>                |                  |                  |
| At 31 December                        | 661,582          | 656,609          |

### 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:

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| Distribution and production — Mainland China | 23,233           | 23,233           |
| Exhibition and distribution — Singapore      | 574,927          | 569,954          |
| Exhibition — Hong Kong                       | 63,422           | 63,422           |
|  | 661,582          | 656,609          |

# NOTES TO THE FINANCIAL STATEMENTS

## 15 GOODWILL (CONTINUED)

### 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 five years and a pre-tax discount rate of 20% (2018: 20%), which reflects specific risks relating to the Group's Mainland China segment.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

### Exhibition and distribution — Singapore

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years and a pre-tax discount rate of 13% (2018: 13%), which reflects specific risks relating to the Group's Singapore segment.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

### Exhibition — Hong Kong

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years and a pre-tax discount rate of 11% (2018: 11%), which reflects specific risks relating to the Group's Hong Kong segment.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

## 16 INVENTORIES

Inventories are carried at cost of HK\$3,966,000 at 31 December 2019 (2018: HK\$2,592,000) which comprised largely food and beverages for resale.



# NOTES TO THE FINANCIAL STATEMENTS

## 17 FILM RIGHTS

|   | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---|------------------|------------------|
| Film rights — completed                         | 20,346           | 21,459           |
| Film production in progress, at cost            | 18,276           | 13,409           |
|   | <b>38,622</b>    | 34,868           |
| <b>Cost:</b>                                    |                  |                  |
| At 1 January                                    | 410,995          | 413,033          |
| Additions                                       | 10,754           | 12,593           |
| Expiry  | (20,782)         | —                |
| Exchange adjustments                            | (3,316)          | (14,631)         |
| At 31 December                                  | <b>397,651</b>   | 410,995          |
| <b>Accumulated amortisation and impairment:</b> |                  |                  |
| At 1 January                                    | 376,127          | 382,580          |
| Amortisation                                    | 5,886            | 5,813            |
| Impairment                                      | 805              | 2,069            |
| Expiry  | (20,782)         | —                |
| Exchange adjustments                            | (3,007)          | (14,335)         |
| At 31 December                                  | <b>359,029</b>   | 376,127          |
| <b>Net book value:</b>                          |                  |                  |
| At 31 December                                  | <b>38,622</b>    | 34,868           |

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

Film production in progress represents films under production.

In accordance with note 2(k) of the Group's accounting policies, the Group performed impairment tests at 31 December 2019 and 2018 by comparing the attributable carrying amounts of the film rights/self produced programmes with the recoverable amounts.

The directors assessed the recoverable amounts of the film rights based on the present value of estimated discounted future cash flows. Impairment of HK\$805,000 (2018: HK\$2,069,000) for film rights was recognised for the year ended 31 December 2019.

## 18 RECEIVABLES, DEPOSITS AND PREPAYMENTS

### (a) Trade receivables

|                      | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|----------------------|------------------|------------------|
| Trade receivables    | 65,516           | 41,590           |
| Less: Loss allowance | (117)            | (117)            |
|                      | <b>65,399</b>    | 41,473           |

# NOTES TO THE FINANCIAL STATEMENTS

## 18 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

### (a) Trade receivables (continued)

#### (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 loss allowance, is as follows:

|                           | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---------------------------|------------------|------------------|
| Within 1 month            | 41,041           | 25,328           |
| Over 1 month to 2 months  | 11,654           | 10,067           |
| Over 2 months to 3 months | 9,104            | 3,779            |
| Over 3 months             | 3,600            | 2,299            |
|                           | <b>65,399</b>    | 41,473           |

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 25(a) to the financial statements.

- (ii) At 31 December 2019, trade receivables of the Group included amount totalling HK\$30,000 due from a related company (2018: HK\$Nil) and amount totalling HK\$9,738,000 due from a joint venture (2018: HK\$Nil), 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 venture) are expected to be recoverable within one year.

## 19 DEPOSITS AND CASH

### (a) Deposits and cash comprise:

|   | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---|------------------|------------------|
| Deposits at banks   | 726,990          | 594,073          |
| Cash at bank and in hand  | 478,270          | 833,022          |
|   | <b>1,205,260</b> | 1,427,095        |
| Less: Pledged deposits for bank loans                             | (137,000)        | (137,000)        |
| Cash and cash equivalents in consolidated statement of cash flows | <b>1,068,260</b> | 1,290,095        |

As at 31 December 2019, deposits and cash placed with banks in Mainland China amounted to HK\$224,752,000 (2018: HK\$208,204,000). 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 19 DEPOSITS AND CASH (CONTINUED)

### (b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

|  | Bank loans<br>and other<br>borrowings<br>HK\$'000<br>(Note 20) | Lease<br>liabilities<br>HK\$'000<br>(Note 22) | Total<br>HK\$'000 |
|--|--|---|-------------------|
| <b>At 1 January 2019</b>   | <b>1,299,348</b>   | –   | <b>1,299,348</b>  |
| Impact on initial application of HKFRS 16 (Note)                               | –  | <b>816,756</b>                                | <b>816,756</b>    |
| <b>At 1 January 2019</b>   | <b>1,299,348</b>   | <b>816,756</b>                                | <b>2,116,104</b>  |
| <b>Changes from financing cash flows:</b>                                      |  |   |                   |
| Repayment of bank loans  | <b>(251,386)</b>   | –   | <b>(251,386)</b>  |
| Capital element of lease rentals paid  | –  | <b>(93,250)</b>                               | <b>(93,250)</b>   |
| Interest element of lease rentals paid   | –  | <b>(34,760)</b>                               | <b>(34,760)</b>   |
| Total changes from financing cash flows  | <b>1,047,962</b>   | <b>688,746</b>                                | <b>1,736,708</b>  |
| <b>Exchange adjustments</b>  | <b>3,439</b>   | <b>655</b>                                    | <b>4,094</b>      |
| <b>Other changes:</b>  |  |   |                   |
| Increase in lease liabilities from entering into<br>new leases during the year | –  | <b>178,562</b>                                | <b>178,562</b>    |
| Interest expenses (note 6 (a))   | –  | <b>34,760</b>                                 | <b>34,760</b>     |
| Other ancillary borrowing costs  | <b>5,664</b>   | –   | <b>5,664</b>      |
| Total other changes  | <b>5,664</b>   | <b>213,322</b>                                | <b>218,986</b>    |
| <b>At 31 December 2019</b>   | <b>1,057,065</b>   | <b>902,723</b>                                | <b>1,959,788</b>  |

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 2(c).

# NOTES TO THE FINANCIAL STATEMENTS

## 19 DEPOSITS AND CASH (CONTINUED)

### (b) Reconciliation of liabilities arising from financing activities (continued)

|  | Bank loans<br>and other<br>borrowings<br>HK\$'000<br>(Note 20) | Finance<br>leases<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|-------------------------------|-------------------|
| <b>At 1 January 2018</b>                       | 1,234,930  | 269                           | 1,235,199         |
| <b>Changes from financing cash flows:</b>      |  |                               |                   |
| Proceeds from new bank loans                   | 458,400  | –                             | 458,400           |
| Repayment of bank loans                        | (398,617)  | –                             | (398,617)         |
| Capital element of finance lease rentals paid  | –  | (269)                         | (269)             |
| Total changes from financing cash flows        | 59,783   | (269)                         | 59,514            |
| <b>Exchange adjustments</b>                    | (1,000)  | –                             | (1,000)           |
| <b>Other changes:</b>                          |  |                               |                   |
| Interest expenses (note 6(a))                  | –  | 9                             | 9                 |
| Interest element of finance lease rentals paid | –  | (9)                           | (9)               |
| Other ancillary borrowing costs                | 5,635  | –                             | 5,635             |
| Total other changes                            | 5,635  | –                             | 5,635             |
| <b>At 31 December 2018</b>                     | 1,299,348  | –                             | 1,299,348         |

### (c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

|                             | 2019<br>HK\$'000 | 2018<br>(Note)<br>HK\$'000 |
|-----------------------------|------------------|----------------------------|
| Within operating cash flows | 3,495            | 108,770                    |
| Within financing cash flows | 128,010          | –                          |
|                             | <b>131,505</b>   | 108,770                    |

Note: The adoption of HKFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

These amounts relate to the following:

|                    | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--------------------|------------------|------------------|
| Lease rentals paid | 131,505          | 108,770          |

# NOTES TO THE FINANCIAL STATEMENTS

## 20 BANK LOANS

(a) At 31 December 2019, the bank loans were repayable as follows:

|                                  | <b>2019</b>      | 2018      |
|----------------------------------|------------------|-----------|
|                                  | <b>HK\$'000</b>  | HK\$'000  |
| Within 1 year or on demand       | <b>251,158</b>   | 274,850   |
| After 1 year but within 2 years  | <b>757,738</b>   | 770,350   |
| After 2 years but within 5 years | <b>12,845</b>    | 214,542   |
| After 5 years                    | <b>35,324</b>    | 39,606    |
|                                  | <b>805,907</b>   | 1,024,498 |
|                                  | <b>1,057,065</b> | 1,299,348 |
| Bank loans                       |                  |           |
| — Secured                        | <b>1,027,065</b> | 1,269,348 |
| — Unsecured                      | <b>30,000</b>    | 30,000    |
|                                  | <b>1,057,065</b> | 1,299,348 |

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 2019, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong (2018: one);
- (ii) two properties of a subsidiary located in Singapore and existing deed of assignment of insurance over the properties (2018: two);
- (iii) deposits of subsidiaries of HK\$137,000,000 (2018: HK\$137,000,000); and
- (iv) equity interests in its four subsidiaries of the Company (2018: four subsidiaries).

(c) At 31 December 2019, bank loans of HK\$1,057,065,000 (2018: HK\$1,299,348,000) were guaranteed by corporate guarantees from the Company and its subsidiaries.

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

The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 25(b) to the financial statements. As at 31 December 2019, none of the covenants relating to drawn down facilities had been breached.

(e) At 31 December 2019, the Group obtained a commitment letter from its bank to re-finance its repayments within 1 year, accordingly, the repayments have been classified as "after 1 year but within 2 years".

# NOTES TO THE FINANCIAL STATEMENTS

## 21 TRADE AND OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED REVENUE

### (a) Trade payables

The ageing analysis of trade payables, based on the invoice date, as of the end of the reporting period:

|                       | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|-----------------------|------------------|------------------|
| Current to 3 months   | 89,838           | 106,358          |
| Within 4 to 6 months  | 2,565            | 3,424            |
| Within 7 to 12 months | 2,841            | 350              |
| Over 1 year           | 10,876           | 11,681           |
|                       | <b>106,120</b>   | 121,813          |

At 31 December 2019, trade payables of the Group included the amounts totalling HK\$416,000 (2018: HK\$25,000) 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) Deferred revenue represents contract liabilities arising from billings in advance and customers' advances. All of the deferred revenue is expected to be recognised as income within one year.

### Movements in contract liabilities

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| Balance at 1 January   | 56,591           | 71,180           |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period | (39,901)         | (44,184)         |
| Increase in contract liabilities as a result of receiving fee income in advance during as at the year end  | 49,392           | 30,377           |
| Exchange adjustments   | 470              | (782)            |
| Balance at 31 December   | <b>66,552</b>    | 56,591           |



# NOTES TO THE FINANCIAL STATEMENTS

## 22 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

|   | 31 December 2019  |   | 1 January 2019 (Note)   |   | 31 December 2018 (Note)   |   |
|---|---|---|---|---|---|---|
|   | Present<br>value of the<br>minimum<br>lease<br>payments<br>HK\$'000 | Total<br>minimum<br>lease<br>payments<br>HK\$'000 | Present<br>value of the<br>minimum<br>lease<br>payments<br>HK\$'000 | Total<br>minimum<br>lease<br>payments<br>HK\$'000 | Present<br>value of the<br>minimum<br>lease<br>payments<br>HK\$'000 | Total<br>minimum<br>lease<br>payments<br>HK\$'000 |
| Within 1 year                           | 112,226   | 145,581   | 91,739  | 120,816   | –   | –   |
| After 1 year but within 2 years         | 109,176   | 138,595   | 99,929  | 125,628   | –   | –   |
| After 2 years but within 5 years        | 288,778   | 354,835   | 267,348   | 323,691   | –   | –   |
| After 5 years                           | 392,543   | 442,923   | 357,740   | 390,492   | –   | –   |
|   | 790,497   | 936,353   | 725,017   | 839,811   | –   | –   |
|   | 902,723   | 1,081,934   | 816,756   | 960,627   | –   | –   |
| Less: total future<br>interest expenses |   | (179,211)   |   | (143,871)   |   | –   |
| Present value of lease liabilities      |   | 902,723   |   | 816,756   |   | –   |

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 2(c).

## 23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

|  | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--|------------------|------------------|
| Provision for taxation for the year              | 34,460           | 34,548           |
| Tax paid during the year                         | (33,768)         | (38,548)         |
| Balance of tax provision relating to prior years | 30,512           | 34,792           |
|  | 31,204           | 30,792           |

### (b) Deferred tax assets and liabilities recognised:

|   | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---|------------------|------------------|
| Net deferred tax assets recognised in the consolidated statement of financial position      | 4,824            | –                |
| Net deferred tax liabilities recognised in the consolidated statement of financial position | (176,931)        | (173,383)        |
|   | (172,107)        | (173,383)        |

# NOTES TO THE FINANCIAL STATEMENTS

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

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

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

|   | Fair value adjustments arising from business combinations<br>HK\$'000 | Depreciation allowances in excess of related depreciation<br>HK\$'000 | Depreciation charge of right-of-use asset<br>HK\$'000 | Intangible assets acquired in business combinations<br>HK\$'000 | Withholding tax on unremitted earnings<br>HK\$'000 | Total<br>HK\$'000 |
|---|---|---|---|---|--|-------------------|
| <b>Deferred tax arising from:</b>                                     |   |   |   |   |  |                   |
| At 1 January 2019   | 68,840  | 20,930  | –   | 74,032  | 9,581  | 173,383           |
| Exchange adjustments (Credited)/charged to profit or loss (note 7(a)) | 595   | 297   | (10)  | 646   | –  | 1,528             |
|   | (1,180)   | 2,612   | (4,814)   | –   | 578  | (2,804)           |
| At 31 December 2019   | 68,255  | 23,839  | (4,824)   | 74,678  | 10,159   | 172,107           |
| At 1 January 2018   | 70,188  | 21,431  | –   | 74,212  | 8,947  | 174,778           |
| Exchange adjustments (Credited)/charged to profit or loss (note 7(a)) | (155)   | (442)   | –   | (180)   | –  | (777)             |
|   | (1,193)   | (59)  | –   | –   | 634  | (618)             |
| At 31 December 2018   | 68,840  | 20,930  | –   | 74,032  | 9,581  | 173,383           |

### (c) Deferred tax assets not recognised

At 31 December 2019, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$644,968,000 (2018: HK\$661,345,000) 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\$4,274,000 (2018: HK\$13,571,000) which can only be carried forward for five years under the laws of the relevant jurisdiction.

### (d) Deferred tax liabilities not recognised

At 31 December 2019, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$Nil (2018: HK\$1,562,000). Deferred tax liabilities of HK\$Nil (2018: HK\$78,000) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 24 CAPITAL AND RESERVES

### (a) Share capital

|  | 2019          |                    | 2018          |                    |
|--|---------------|--------------------|---------------|--------------------|
|  | No. of shares | Amount<br>HK\$'000 | No. of shares | Amount<br>HK\$'000 |
| <b>Authorised:</b>                             |               |                    |               |                    |
| Ordinary shares of HK\$0.10 each               | 6,000,000,000 | 600,000            | 6,000,000,000 | 600,000            |
| <b>Ordinary shares, issued and fully paid:</b> |               |                    |               |                    |
| At 1 January and 31 December                   | 2,799,669,050 | 279,967            | 2,799,669,050 | 279,967            |

#### (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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 24 CAPITAL AND RESERVES (CONTINUED)

### (a) Share capital (continued)

#### (i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

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

There were no share options issued to the Directors, chief executive and other employees of the Group during the year ended 31 December 2019. 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.

#### (ii) Dividends

The directors do not recommend the payment of final dividend for the year ended 31 December 2019 (2018: Nil).

During the year ended 31 December 2018, a special dividend of HK\$0.253 per ordinary share amounting to a total of HK\$708,316,000 was declared and paid, which was based on 2,799,669,050 ordinary shares in issue on the date of declaration.

### (b) Reserves

#### (i) The Group

Details of the movements in reserves of the Group during the years ended 31 December 2019 and 2018 are set out in the consolidated statement of changes in equity.

#### (ii) The Company

| Note  | Share premium<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |
|---|---------------------------|--|---------------------------------|------------------------------|-------------------|
| At 1 January 2019                             | 771,749                   | 15,886                                 | 271,644                         | 20,589                       | 1,079,868         |
| <b>Changes in reserves for 2019:</b>          |                           |  |                                 |                              |                   |
| Loss for the year                             | -                         | -                                      | -                               | (2,796)                      | (2,796)           |
| At 31 December 2019                           | 771,749                   | 15,886                                 | 271,644                         | 17,793                       | 1,077,072         |
| Note  | Share premium<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |
| At 1 January 2018                             | 771,749                   | 15,886                                 | 271,644                         | 731,707                      | 1,790,986         |
| <b>Changes in reserves for 2018:</b>          |                           |  |                                 |                              |                   |
| Loss for the year                             | -                         | -                                      | -                               | (2,802)                      | (2,802)           |
| Dividends declared in respect of current year | 24(a)(ii)                 | -                                      | -                               | (708,316)                    | (708,316)         |
| At 31 December 2018                           | 771,749                   | 15,886                                 | 271,644                         | 20,589                       | 1,079,868         |

# NOTES TO THE FINANCIAL STATEMENTS

## 24 CAPITAL AND RESERVES (CONTINUED)

### (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(r)(ii).

#### (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.

#### (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% of 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 and joint ventures. The reserve is dealt with in accordance with the accounting policy set out in note 2(v).

### (d) Distributability of reserves

At 31 December 2019, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$17,793,000 (2018: HK\$20,589,000). In addition, the Company's share premium account, contributed surplus, and capital redemption reserve in an aggregate amount of HK\$1,059,279,000 (2018: HK\$1,059,279,000), as at 31 December 2019 may be distributed to shareholders in certain circumstance as prescribed by Section 54 of the Companies Act 1981 of Bermuda.

# NOTES TO THE FINANCIAL STATEMENTS

## 24 CAPITAL AND RESERVES (CONTINUED)

### (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 lease liabilities.

The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group recognises right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a significant increase in the group's total debt and hence the group's adjusted net debt-to-capital ratio rose from 0.4% to 38% on 1 January 2019 when compared to its position as at 31 December 2018.

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to HKFRS 16 was as follows:

|   | Note | 31 December<br>2019<br>\$'000 | 1 January<br>2019<br>(Note)<br>\$'000 | 31 December<br>2018<br>(Note)<br>\$'000 |
|---|------|-------------------------------|---------------------------------------|---|
| Current liabilities:                      |      |                               |                                       |   |
| Bank loans                                |      | 251,158                       | 274,850                               | 274,850                                 |
| Lease liabilities                         |      | 112,226                       | 91,739                                | –                                       |
|   |      | <b>363,384</b>                | 366,589                               | 274,850                                 |
| Non-current liabilities:                  |      |                               |                                       |   |
| Bank loans                                |      | 805,907                       | 1,024,498                             | 1,024,498                               |
| Lease liabilities                         |      | 790,497                       | 725,017                               | –                                       |
| Total debt                                |      | <b>1,959,788</b>              | 2,116,104                             | 1,299,348                               |
| Less: Cash and cash equivalents           | 19   | <b>(1,068,260)</b>            | (1,290,095)                           | (1,290,095)                             |
| <b>Adjusted net debt</b>                  |      | <b>891,528</b>                | 826,009                               | 9,253                                   |
| <b>Total equity</b>                       |      | <b>2,155,933</b>              | 2,181,115                             | 2,181,115                               |
| <b>Adjusted net debt-to-capital ratio</b> |      | <b>41%</b>                    | 38%                                   | 0.4%                                    |

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 2(c).



# NOTES TO THE FINANCIAL STATEMENTS

## 25 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, pledged deposits and deposits and cash.

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

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 loss 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 measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The allowance for expected credit losses is insignificant.

### (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, separately, the impact to the timing of the cash outflows if the lender was to invoke its unconditional right to call the loan with immediate effect.

|                                    | As at 31 December 2019      |  |  |  |   |                               |
|------------------------------------|-----------------------------|--|--|--|---|-------------------------------|
|                                    | Carrying amount<br>HK\$'000 | Total contractual undiscounted cash flow<br>HK\$'000 | Within 1 year or on demand<br>HK\$'000 | More than 1 year but less than 2 years<br>HK\$'000 | More than 2 years but less than 5 years<br>HK\$'000 | More than 5 years<br>HK\$'000 |
| Trade payables                     | 106,120                     | 106,120  | 106,120                                | -  | -   | -                             |
| Other payables and accrued charges | 225,627                     | 225,627  | 225,627                                | -  | -   | -                             |
| Lease liabilities (note)           | 902,723                     | 1,081,934  | 145,581                                | 138,595  | 354,835   | 442,923                       |
| Bank loans                         | 1,057,065                   | 1,093,875  | 279,820                                | 759,403  | 15,832  | 38,820                        |
|                                    | <b>2,291,535</b>            | <b>2,507,556</b>                                     | <b>757,148</b>                         | <b>897,998</b>                                     | <b>370,667</b>                                      | <b>481,743</b>                |

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Other lease liabilities include amounts recognised at the date of transition to HKFRS 16 in respect of leases previously classified as operating leases under HKAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated. See note 2(c).

# NOTES TO THE FINANCIAL STATEMENTS

## 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk (continued)

|                                    | As at 31 December 2018      |   |                                 |  |   |           |
|------------------------------------|-----------------------------|---|---------------------------------|--|---|-----------|
|                                    | Carrying amount<br>HK\$'000 | Total contractual undiscouted cash flow<br>HK\$'000 | Within                          | More than                                | More than                                 | More than |
|                                    |                             |   | 1 year or on demand<br>HK\$'000 | 1 year but less than 2 years<br>HK\$'000 | 2 years but less than 5 years<br>HK\$'000 |           |
| Trade payables                     | 121,813                     | 121,813   | 121,813                         | –  | –   | –         |
| Other payables and accrued charges | 163,144                     | 163,144   | 163,144                         | –  | –   | –         |
| Bank loans                         | 1,299,348                   | 1,372,847   | 312,736                         | 797,820                                  | 218,295                                   | 43,996    |
|                                    | 1,584,305                   | 1,657,804   | 597,693                         | 797,820                                  | 218,295                                   | 43,996    |

### (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 |                           |                  |                           |
|---|--------------------------------|---------------------------|------------------|---------------------------|
|   | 2019                           |                           | 2018             |                           |
|   | Renminbi<br>'000               | Singapore dollars<br>'000 | Renminbi<br>'000 | Singapore dollars<br>'000 |
| Other receivables, deposits and prepayments | 40                             | –                         | 46               | –                         |
| Deposits and cash                           | 15,552                         | 3,384                     | 65,341           | 2,941                     |
| Other payables and accrued charges          | (218)                          | –                         | (218)            | (166)                     |
| Deferred revenue                            | (170)                          | –                         | (359)            | –                         |
| Intercompany balance                        | 280,211                        | –                         | 280,211          | –                         |
| Bank loans                                  | –                              | (52,000)                  | –                | (68,800)                  |
| Net exposure to currency risk               | 295,415                        | (48,616)                  | 345,021          | (66,025)                  |

# NOTES TO THE FINANCIAL STATEMENTS

## 25 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:

|                   | 2019   |  | 2018   |  |
|-------------------|--|--|--|--|
|                   | Increase/<br>(decrease)<br>in foreign<br>exchange<br>rates | Decrease/<br>(increase)<br>in loss after<br>taxation and<br>increase/<br>(decrease)<br>in retained<br>earnings<br>HK\$'000 | Increase/<br>(decrease)<br>in foreign<br>exchange<br>rates | Increase/<br>(decrease) in<br>profit after<br>taxation<br>and retained<br>earnings<br>HK\$'000 |
| Renminbi          | 5%<br>(5)%   | 13,814<br>(13,814)   | 5%<br>(5)%   | 16,421<br>(16,421)   |
| Singapore dollars | 5%<br>(5)%   | 11,732<br>(11,732)   | 5%<br>(5)%   | (15,795)<br>15,795   |

Results of the analysis in the above table present an aggregation of the instantaneous effects on each of the Group entities' 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 2018.

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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

## 25 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:

|                                  | 2019                |           | 2018                |           |
|----------------------------------|---------------------|-----------|---------------------|-----------|
|                                  | Effective rate<br>% | HK\$'000  | Effective rate<br>% | HK\$'000  |
| <b>Fixed rate borrowings:</b>    |                     |           |                     |           |
| Lease liabilities <i>(note)</i>  | 2.38%–5.64%         | 902,723   | –                   | –         |
| <b>Variable rate borrowings:</b> |                     |           |                     |           |
| Bank loans <i>(note 20)</i>      | 2.38%–4.52%         | 1,057,065 | 2.38%–4.04%         | 1,299,348 |

*Note:* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 2(c).

#### (ii) Sensitivity analysis

At 31 December 2019, 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\$8,826,000 (2018: HK\$10,850,000).

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 2018.

# NOTES TO THE FINANCIAL STATEMENTS

## 26 COMMITMENTS

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

As at 31 December 2019 and 2018, the Group's share of the joint venture's own capital commitments in respect of the acquisition of property, plant and equipment are as follows:

|                        | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|------------------------|------------------|------------------|
| <b>Contracted for:</b> |                  |                  |
| Taiwan                 | 5,407            | 11,763           |

In addition to the Group's share of the joint venture's 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 2019 and 2018:

|   | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|---|------------------|------------------|
| <b>Contracted for:</b>                    |                  |                  |
| Hong Kong                                 | —                | 230              |
| Singapore                                 | —                | 30,439           |
| Mainland China                            | 32,436           | 580,665          |
|   | 32,436           | 611,334          |
| <b>Authorised but not contracted for:</b> |                  |                  |
| Hong Kong                                 | —                | 19,765           |
|   | —                | 19,765           |
|   | 32,436           | 631,099          |

# NOTES TO THE FINANCIAL STATEMENTS

## 26 COMMITMENTS (CONTINUED)

(b) At 31 December 2018, the Group's total future minimum lease payments under non cancellable operating leases are payable as follows:

|  | 2018<br>HK\$'000 |
|--|------------------|
| Leases on premises expiring            |                  |
| — within one year                      | 127,583          |
| — after one year but within five years | 309,451          |
| — after five years                     | 117,785          |
|  | 554,819          |

The Group is the lessee in respect of a number of office premises and cinemas held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position in accordance with the policies set out in note 2(j), and the details regarding the Group's future lease payments are disclosed in note 22. The leases typically run from one to fifteen years.

Certain non-cancellable operating leases are subject to contingent rent payments, which are charged at 0.25% to 27% (2018: 0.25% to 27%) 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% (2018: 10% — 12%) of the theatre confectionary sales and advertising income is also charged as payments under certain leases.

## 27 CONTINGENT LIABILITIES

At 31 December 2019, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries amounting to HK\$1,071,773,000 (2018: HK\$1,320,239,000). At 31 December 2019, banking facilities of HK\$1,061,773,000 (2018: HK\$1,310,239,000) had been utilised by the subsidiaries.

At 31 December 2019, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 28 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 | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|-----------------------------------|------|------------------|------------------|
| Prepayment of right-of-use assets | (i)  | 22,097           | –                |
| Office rental paid                | (ii) | –                | 2,493            |

Notes:

- (i) This represents the right-of-use assets at the end of the reporting period. The prepayment of HK\$33,992,000 on 29 January 2019 represents a lump sum prepayment of rental fees at the beginning of 2 three-year rental agreements to a related company. The rental payments were charged on normal commercial terms. The related depreciation during the year was HK\$10,218,000. Additionally, the related management fees incurred during the year were HK\$976,000.
- (ii) This represents office rental expenses paid to two related companies. The rental expenses were charged on normal commercial terms.

The transactions shown in notes (i) and (ii) 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.

## 29 DISPOSAL OF SUBSIDIARIES — REMAINING CONSIDERATION AND CONTINGENT LIABILITIES

On 25 January 2017, Giant Harvest Limited (“Giant Harvest”), a then indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with True Vision Limited (“True Vision”), pursuant to which Giant Harvest conditionally agreed to sell and True Vision conditionally agreed to purchase, the entire equity interest of City Entertainment Corporation Limited (“CECL”) at a consideration of RMB3.286 billion (the “Disposal”). Orange Sky Golden Harvest Cinema (China) Company Limited, the entity operating the Group’s film exhibition business in Mainland China, was owned as to 92.59% by CECL and 7.41% by Jiaxing Credit Prosperity Investment Enterprise (Limited Partnership). The Disposal was completed on 28 July 2017.

The initial consideration of RMB3.286 billion was subsequently adjusted to RMB3.290 billion. Pursuant to the Sale and Purchase Agreement, the consideration is subject to further adjustments based on the difference between the net debt value of the disposal group as at 31 December 2016 and that derived from the completion accounts (the “Net Debt Adjustment”). In 2018, the completion accounts were circulated among the Group and Nan Hai Corporation Limited (“Nan Hai”, the holding company and guarantor of True Vision). However, the Net Debt Adjustment is yet to be agreed between the two parties up to the date of approval of these financial statements.

Other than the Net Debt Adjustment, the consideration is subject to a refund of an amount up to RMB380 million to Nan Hai, depending on the results of lease renewal or negotiation of new leases of certain cinema premises as detailed in the Sale and Purchase Agreement. The amount of refund is determined with reference to the terms and outcome of the lease renewal and the economic value of the renewed leases, subject to agreement with Nan Hai. The amount of refund, if any, is yet to be agreed between the two parties up to the date of approval of these financial statements.

In 2017, the Group received an amount of RMB2,990,257,000 (equivalent to HK\$3,455,908,000) in connection with the Disposal. The remaining consideration of RMB300,000,000 is held in escrow and the recoverability of which is dependent on the Net Debt Adjustment and the refund, if any, determined based on the results of lease renewal or negotiation of new leases of certain cinema premises, which are subject to further negotiations and agreement between the Group and Nan Hai. The directors assessed that the fair value of the consideration for the Disposal, based on the then latest available information, to be RMB2.990 billion, being the cash consideration received by the Group, which was used to determine the profit on the Disposal. Any difference between the final consideration received and the fair value of the consideration as assessed by the directors will result in adjustment to the gain on disposal of subsidiaries and will be recognised in profit or loss upon finalisation of the consideration.



# NOTES TO THE FINANCIAL STATEMENTS

## 29 DISPOSAL OF SUBSIDIARIES — REMAINING CONSIDERATION AND CONTINGENT LIABILITIES (CONTINUED)

Pursuant to the completion accounts of the disposal group, Giant Harvest calculated the remaining consideration for the Disposal to be RMB252,207,249 (equivalent to US\$37,383,975). As True Vision did not execute the joint written instructions to the escrow agent for settlement of the remaining consideration to the Group while Nan Hai, the guarantor of True Vision, failed to perform such payment obligation, the Group commenced legal proceedings against True Vision and Nan Hai in September 2018 claiming a sum of US\$37,384,000, being the remaining consideration for the Disposal, and seeking other remedies, including interest and costs.

Subsequently, Nan Hai made various allegations against the Company and Giant Harvest and counter-claimed for the loss arising from the breach of Sale and Purchase Agreement by Giant Harvest. In October and November 2018, Nan Hai issued writs of summons against the Company and Giant Harvest claiming amounts of RMB380,000,000 and RMB82,146,000 respectively and other remedies, including interest and costs (the "Said Claims").

The directors of Company disagree with the Said Claims made by Nan Hai. Further details of the legal proceedings are set out in the Company's announcements dated 4 September 2018, 10 September 2018, 2 November 2018 and 9 November 2018.

Based on the available evidence and the advice received from the Company's legal advisor as at 31 December 2019, the directors of the Company have assessed the likelihood of the Group incurring a liability as a result of the Said Claims as remote. No provision has therefore been made in respect of the Said Claims as at 31 December 2019. In view of the ongoing legal proceedings, the Group has not recognised the remaining consideration claimed against True Vision and Nan Hai of RMB252,207,000 referred to above.

## 30 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 25 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 economic useful lives of property, plant and equipment*

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

## 30 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(k)(ii). 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.

## 31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

|                                | Note      | 2019<br>HK\$'000 | 2018<br>HK\$'000 |
|--------------------------------|-----------|------------------|------------------|
| <b>Non-current assets</b>      |           |                  |                  |
| Interests in subsidiaries      |           | 1,357,535        | 1,360,293        |
| <b>Current assets</b>          |           |                  |                  |
| Prepayments                    |           | 478              | 448              |
| Deposits and cash              |           | 164              | 164              |
|                                |           | 642              | 612              |
| <b>Current liabilities</b>     |           |                  |                  |
| Payables and accrued charges   |           | 1,138            | 1,070            |
|                                |           | 1,138            | 1,070            |
| <b>Net current liabilities</b> |           | <b>(496)</b>     | (458)            |
| <b>NET ASSETS</b>              |           | <b>1,357,039</b> | 1,359,835        |
| <b>CAPITAL AND RESERVES</b>    |           |                  |                  |
|                                | 24(b)(ii) |                  |                  |
| Share capital                  |           | 279,967          | 279,967          |
| Reserves                       |           | 1,077,072        | 1,079,868        |
| <b>TOTAL EQUITY</b>            |           | <b>1,357,039</b> | 1,359,835        |

# NOTES TO THE FINANCIAL STATEMENTS

## 32 COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2(c).

## 33 EVENTS AFTER THE REPORTING PERIOD

The outbreak of the Coronavirus Disease (the "COVID-19 outbreak") in early 2020 has impacted the Group's operations. Local residents have reduced social activities including attending cinema screenings since the start of the COVID-19 outbreak.

On 24 March 2020, Singapore's Ministry of Health announced the implementation of safe distancing measures including the closure of all cinemas from 27 March 2020 until 30 April 2020. On 27 March 2020, Hong Kong government also announced the implementation of social distancing measures including the closure of all cinemas starting from 28 March 2020 at 6 pm for a period of 14 days.

The Group will continue to pay close attention to the development of the COVID-19 outbreak, evaluate and proactively respond to its impact on the Group's financial position and operating results.

## 34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

|  | <b>Effective for<br/>accounting periods<br/>beginning on or after</b> |
|--|---|
| Amendments to HKFRS 3, <i>Definition of a business</i>         | 1 January 2020  |
| Amendments to HKAS 1 and HKAS 8, <i>Definition of material</i> | 1 January 2020  |

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



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)

