

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)



# 2020

Annual Report 年報



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# Corporate Information 公司資料

## EXECUTIVE DIRECTORS

### 執行董事

WU Kebo (Chairman)  
伍克波 (主席)

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

YEUNG Ho Nam  
楊浩嵐

## 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

24/F, Capital Centre  
151 Gloucester Road  
Wan Chai  
Hong Kong  
灣仔  
告士打道一五一號  
資本中心二十四樓

## PRINCIPAL BANKERS

### 主要往來銀行

Standard Chartered Bank (Hong Kong) Limited  
DBS Bank Ltd.  
United Overseas Bank Limited  
Hang Seng Bank Limited  
CTBC Bank Co., Ltd.  
渣打銀行(香港)有限公司  
星展銀行有限公司  
大華銀行有限公司  
恒生銀行有限公司  
中國信託商業銀行股份有限公司

## 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

# Corporate Information 公司資料



## 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

## 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 57

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 73

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*, *Tai ping 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」)

五十七歲

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」)

七十三歲

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 48

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 45

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」)

四十八歲

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」)

四十五歲

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 30

Mr. Peng 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

### Mr. Leung Man Kit (“Mr. Leung”)

Aged 67

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」)

三十歲

彭先生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」)

六十七歲

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 上市公司名稱	Term 任期	Position 職位
NetEase, Inc., a company listed on NASDAQ and the Main Board of the Stock Exchange (NASDAQ: NTES; HKEX: 9999) <sup>#</sup> 網易，於納斯達克及聯交所主板上市之公司（納斯達克：NTES；聯交所：9999） <sup>#</sup>	July 2002 to present 二零零二年七月至今	Independent non-executive director 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) 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 二零零五年十一月至今	Independent non-executive director 獨立非執行董事
Unitas Holdings Limited, a company listed on the GEM of the Stock Exchange (stock code: 8020) 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 二零一一年十月至 二零一八年十一月	Executive director 執行董事
China Huiyuan Juice Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1886) 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 二零一二年六月至 二零一九年一月	Independent non-executive director 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) 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 May 2020 二零一四年三月至 二零二零年五月	Independent non-executive director 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) * 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 二零一四年六月至今	Independent non-executive director 獨立非執行董事

<sup>#</sup> Mr. Leung is the chairperson of the audit committee, compensation committee and nominating committee.

<sup>#</sup> 梁先生為該等公司之審計委員會、薪酬委員會及提名委員會主席。

\* 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 42

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」)

四十二歲

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 上市公司名稱	Term 任期	Position 職位
Rici Healthcare Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1526)* 瑞慈醫療服務控股有限公司，於聯交所主板 上市之公司(股份代號：1526)*	June 2016 to present 二零一六年六月至今	Independent non-executive director 獨立非執行董事
Wangsu Science & Technology Co.,Ltd., a company listed on the ChiNext Board of the Shenzhen Stock Exchange (stock code: 300017)# 網宿科技股份有限公司，於深圳證券交易所創業板 上市之公司(股份代號：300017)#	April 2017 to present 二零一七年四月至今	Independent director 獨立董事
ZHEJIANG DAHUA TECHNOLOGY CO., LTD., a company listed on the SME Board of the Shenzhen Stock Exchange (stock code: 002236) 浙江大華技術股份有限公司，於深圳證券交易所 中小企業板上市之公司(股份代號：002236)	May 2017 to present 二零一七年五月至今	Independent director 獨立董事
GANFENG LITHIUM CO., LTD., a company listed on the Main Board of the Stock Exchange (stock code: 1772), and the SME Board of the Shenzhen Stock Exchange (stock code: 002460) 江西贛鋒鋰業股份有限公司，於聯交所主板 上市之公司(股份代號：1772)， 及於深圳證券交易所中小企業板 上市之公司(股份代號：002460)	July 2018 to present 二零一八年七月至今	Independent non-executive director 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 52

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 (“HFV”) 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. Yeung Ho Nam (“Mr. Yeung”)

Aged 35

Mr. Yeung joined the Group on 1 June 2020 and was appointed as the Chief Executive Officer and co-Chief Financial Officer on the same day. Since 4 August 2020, Mr. Yeung has been re-designated an enlarged role from co-Chief Financial Officer to Chief Financial Officer and continues to be the Chief Executive Officer. He has rich professional experience in Greater China corporate finance focusing on cross-border structured finance, mergers and acquisitions, and corporate treasury advisory. Prior to joining the Company, Mr. Yeung served as an executive director in the Corporate Finance function in Standard Chartered Bank (Hong Kong) Limited from 2014, responsible for leveraged and structured debt origination for Greater China corporates. Mr. Yeung started his career in the Global Banking Department of the Hongkong and Shanghai Banking Corporation, serving in client coverage from 2007 to 2014 focusing on loan structuring, capital market origination, and cash management advisory for Hong Kong and China corporates. Mr. Yeung has long established track record and is well-recognized in the financing and debt advisory aspects for technology, entertainment and media industry in the region involving in multiple transactions. Mr. Yeung holds a Bachelor of Arts with General Honors in Economics from the University of Chicago in Illinois, United States.

## 馮志文先生 (「馮先生」)

五十二歲

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

### 楊浩嵐先生 (「楊先生」)

三十五歲

楊先生二零二零年六月一日加入本集團，並於同日獲委任為首席執行官及聯席首席財務官。於二零二零年八月四日起，楊先生由聯席首席財務官調任為首席財務官，並繼續擔任首席執行官。彼在大中華區企業融資方面擁有豐富的專業經驗，專注於跨境結構性融資、併購及企業財務諮詢。在加入本公司前，楊先生自二零一四年起擔任渣打銀行(香港)有限公司企業融資部執行董事，負責為大中華區企業提供槓桿及結構性貸款。楊先生的職業生涯始於香港上海滙豐銀行環球銀行部，二零零七年至二零一四年期間，楊先生負責為中國及香港企業提供融資、資本市場，及資金管理諮詢等服務。楊先生曾參與多個科技、娛樂和媒體行業的交易，其資歷獲得充份認可。楊先生持有美國伊利諾州芝加哥大學經濟學榮譽文學士學位。

# Chairman's Statement 主席報告書



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 2020.

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」)呈報本集團截至二零二零年十二月三十一日止年度之年報。



## BUSINESS REVIEW

2020 is the most challenging year since the Group's incorporation in 1970. The Group's exhibition business across Hong Kong and Singapore have been put under prolonged trading halt along with the global lockdown measures to cope with the novel COVID-19 outbreak. Our Taiwan exhibition business remained opened during the year but was severely affected by the lack of blockbusters during the year. As a result, the Group recorded total turnover of HK\$322.6 million in 2020, representing 70% year-on-year reduction from 2019.

In view of such daunting environment, the Group's focus in 2020 has shifted to preservation of liquidity and further improvement in cost structures to retain the Group's long-term competitiveness. As a result of our efforts, the Group is proud to be one of the very few large cinema chains that achieved positive EBITDA in our main operating regions across Singapore and Taiwan during 2020. We believe this is indeed a remarkable achievement considering the extremely difficult operating environment with prolonged business disruption during the pandemic.

## 業務回顧

二零二零年可謂本集團自一九七零年創立而來最為艱難的一年。隨著全球各地實行封城措施應對 COVID-19 疫情，本集團於香港及新加坡的影院業務長期停頓。年內，台灣影院業務維持營業，惟受到年內缺乏猛片嚴重影響。因此，本集團於二零二零年錄得總營業額 3.226 億港元，與二零一九年相比按年下跌 70%。

鑒於經營環境嚴峻，本集團於二零二零年將重心轉移至保存流動資金及進一步改善成本結構，維持本集團的長遠競爭力。在我們的努力下，本集團得以成為於二零二零年在新加坡及台灣的主要營運地區錄得正 EBITDA 的極少數大型連鎖影城之一，為此感到自豪。鑒於疫情期間業務長期受阻、經營環境嚴峻，我們相信錄得正 EBITDA 確實令人鼓舞。

# Chairman's Statement

## 主席報告書

For full year 2020, the Group's net loss attributable to shareholders taking into account non-cash impacts from (i) HK\$26.4 million one-off impairment losses on the Group's fixed assets under the Group's exhibition business; (ii) HK\$7.5 million one-off loss arising for the impairment of the discontinued PRC Club House operation; (iii) HK\$33.2 million additional interest expenses on right-of-use-assets for the Group and HK\$19.3 million reduction in share of profit from joint venture along with the application of Hong Kong Financial Reporting Standard 16, Leases ("HKFRS 16") from 1 January 2019 onwards; and (iv) the valuation loss on investment property of HK\$6.5 million.

### PROSPECTS

Even amidst the difficult operating environment in 2020, the Group remained confident in the future of film exhibition and distribution businesses. The Group is delighted to note that gross box offices in regions whereby the pandemic is better controlled have gradually recovered. In particular, the fact that gross box office in Mainland China hit historical record during the 2021 Chinese New Year Golden Week have proven that cinemas and situational entertainment remained essential for the public.

The Group has plans to further expand our cinema network in its key operating geographies, whereby the Group has contracted 6 new cinemas across Hong Kong, Singapore, and Taiwan in the period, which are expected to be opened in the next 2 years. On 9 December 2020, the Group has entered into a Heads of Agreement with mm2 Asia Limited to merge Golden Village with mm2 Asia Limited's subsidiary mmCineplex which operates 8 cinemas in Singapore and 14 cinemas in Malaysia, as well as the two companies' film distribution businesses in the region and mm2 Asia Limited's online streaming business into one larger entity. Should this merger be completed, the Group's market leading position in Singapore will further consolidate and venture into a new operating geography in Malaysia.

The Group has accelerated its pace to penetrate into the fast-growing live entertainment business and the first state-of-the-art 360 theatre is expected to open business in the fourth quarter in 2021, and three more theatres will gradually open in the next 6 months afterwards. The Group's first new concept cinema featuring flexible exhibition halls that can host live concerts and theatres, a foyer area that combines the aesthetics and practical uses of an art gallery, as well as a movie themed Gold Class bar and lounge will open business in the fourth quarter in 2021, and our cinema will gradually be converted into entertainment centers to maximize cross-selling in cinemas.

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 and distribution businesses 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 the 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.

二零二零年全年，本集團的股東應佔虧損淨額經考慮非現金影響：(i) 本集團影院業務項下本集團固定資產錄得一次性減值虧損2,640萬港元；(ii) 已終止經營中國俱樂部業務減值產生一次性虧損750萬港元；(iii) 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3,320萬港元及分佔合營企業溢利減少1,930萬港元；及(iv) 投資物業估值虧損650萬港元。

### 前景

儘管二零二零年經營環境困難，本集團對未來影城及發行業務保持信心。本集團欣然指出，疫情緩和的地區的總票房逐步恢復。特別是，中國內地總票房於二零二一年農曆新年黃金週破紀錄，顯明影院及情境娛樂對公眾而言仍不可或缺。

本集團計劃進一步於主要營運地區擴展影院網絡，本集團期內在香港、新加坡及台灣訂立6份新影院合約，預期於未來2年開業。於二零二零年十二月九日，本集團與mm2 Asia Limited訂立框架協議，將嘉華與mm2 Asia Limited的附屬公司mmCineplex（該公司於新加坡營運8家影城及於馬來西亞營運14家影城）合併，以及將兩家公司在有關地區的電影發行業務及mm2 Asia Limited的線上串流業務併為一家更大的實體。倘完成合併，本集團將進一步鞏固在新加坡的市場領導地位，並涉足馬來西亞新營運地區。

本集團已加快步伐，打入快速增長的現場娛樂業務，首間最先進的360影城預期於二零二一年第四季開業，而另外三間影城將在未來六個月後陸續開業。本集團首家新概念影城將於二零二一年第四季開業，其配備可靈活舉行現場音樂會及劇場的影廳、結合藝廊美學及實際用途的前廳及以電影為主題的Gold Class酒吧及酒廊，而影院將逐步轉型為娛樂中心，使影院交叉銷售最大化。

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原。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，鞏固在傳統影城及發行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區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

## 管理層討論及分析 Discussion & Analysis







# ORANGE SKY GOLDEN HARVEST'S Cinema Portfolio

## 橙天嘉禾影城組合

(as of 31 December 2020 截至二零二零年十二月三十一日)

		Number of cinemas 影城數目	Number of screens 銀幕數目	Admissions (million) 入場觀眾 (百萬人次)	Net average ticket price (HK\$) 平均淨票價 (港元)
Hong Kong	香港	7	24	0.5	72
Singapore	新加坡	13	104	2.6	61
Taiwan	台灣	15	165	7.9	64
Total	總計	35	293	11.0	63

# Management Discussion & Analysis

## 管理層討論及分析

### BUSINESS REVIEW

Founded in 1970, Orange Sky Golden Harvest Group has been a world-class Chinese language film and entertainment company primarily engaged in film exhibition, film and TV programme production, and film distribution businesses.

Since its inception, the Group has produced and financed over 600 movies and is currently the only cinema chain that operates across Hong Kong, Singapore and Taiwan. To date, the Group owns a movie library of over 140 movies. The Group has played a vital role in the development of Chinese language film industry.

During the year, the novel COVID-19 outbreak has posted unprecedented challenges to worldwide economy. The Group's main operating regions Hong Kong, Singapore, and Taiwan have seen their local economies contracted respectively during the year, with retail and entertainment spending affected severely by social distancing measures coupled with austere labor market conditions. In particular, the global lockdown has hit the film and entertainment industry with cinemas in most geographies closed for extensive periods. For those regions whereby cinemas remained open, admissions were also affected by the lack of blockbusters movies in the year.

In view of such daunting economic challenges, the Group's focus during the year has been on further improvement in cost structures to preserve the Group's long-term competitiveness across all regions. As a result of stringent cost cutting measures, the Group is proud to be one of the very few large cinema chains that achieved positive EBITDA in our main operating regions across Singapore and Taiwan during the 2020.

During the year, the Group has placed particular emphasis on reserving liquidity and obtained a HK\$1,548.0 million 3-year committed loan facility at the peak of the pandemic to allow sufficient buffer to weather the difficult times and position for future business developments. Backed by the Group's strong liquidity, the Group has ventured into PRC live entertainment industry to capitalise our branding equity and goodwill in classic Chinese language movies. We firmly believe our market leading position in film exhibitions supported by strong liquidity will position the Group for rapid recovery as COVID-19 alleviates in 2021 onwards.

### 業務回顧

橙天嘉禾集團始創於一九七零年，為一家世界級的華語電影及娛樂公司，主要從事影城、電影及電視節目製作以及電影發行業務。

自成立以來，本集團已製作及投資逾600部電影，目前為唯一一家經營業務遍佈香港、新加坡及台灣的連鎖院線。時至今日，我們電影庫有超過140部電影可供發行。本集團在華語電影行業發展上擔當重要角色。

年內，隨著COVID-19爆發，全球經濟均面臨前所未有的挑戰。本集團的主要業務地區香港、新加坡及台灣於年內的本地經濟均出現萎縮，當中零售及娛樂支出因社交隔離措施及勞動市場惡化而受到嚴重影響。尤其是全球各地的封鎖措施令大多數地區的影院長期停業，打擊電影及娛樂行業。即使部份地區影院依然開放營業，惟年內缺少猛片上映，亦影響入場觀眾人次。

面對如此嚴峻的經濟挑戰，本集團年內聚焦於進一步改善其成本結構，維持本集團在各地的長期競爭力。有賴嚴格的節省成本措施，本集團得以成為於二零二零年在新加坡及台灣的主要營運地區錄得正面EBITDA（除利息、稅項、折舊及攤銷前盈利）的極少數大型連鎖院線之一，為此感到自豪。

本集團於年內尤其重視維持流動資金，並於疫情高峰期之際獲得15.480億港元的3年期承諾貸款，為渡過困難時期提供足夠保障及應對未來的業務發展。在本集團的強大的流動資金支持下，本集團擴展至中國的現場娛樂行業，利用我們經典華語電影的品牌資產及商譽。我們堅信，隨著COVID-19疫情在二零二一年開始放緩，在強大的流動資金支持下，我們在影城經營市場中的領先地位將推動本集團迅速復甦。

# Management Discussion & Analysis

## 管理層討論及分析



### Film Exhibition

As at 31 December 2020, the Group maintained its network of 35 cinemas and 293 screens across Hong Kong, Singapore, and Taiwan. The Group's film exhibition business remained as the undisputed market leader in Singapore and Taiwan with 51% and 40% respective share in local box office during the year.

Despite the Group's continued effort, the Group's operations have been severely affected by lockdown measures implemented by the Hong Kong and Singapore governments, whereby cinemas have been ordered to close for around 17 weeks and around 16 weeks respectively in the two geographies. While the Group's Taiwan exhibition business remained opened during the year, its business results have been affected by the delay in blockbusters movies release and reduced social interactions amidst the worldwide pandemics. As such, our cinemas across Hong Kong, Singapore and Taiwan served approximately 11.0 million guests as compared to 25.5 million guests in last year. Even amidst the difficult operating environment, the Group remained confident in the future of film exhibition and have expanded further our cinema network in its key operating geographies.

### Operating Statistics of the Group's Cinemas

(For the year ended 31 December 2020)

		Hong Kong 香港	Singapore 新加坡	Taiwan 台灣
Number of cinemas*	影城數目*	7	13	15
Number of screens*	銀幕數目*	24	104	165
Admissions (million)	入場觀眾(百萬人次)	0.5	2.6	7.9
Net average ticket price (HK\$)	平均淨票價(港元)	72	61	64

\* at 31 December 2020

### Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong  
(For the year ended 31 December 2020)

		2020 二零二零年	2019 二零一九年
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)	0.5	2.2
Net average ticket price (HK\$)	平均淨票價(港元)	72	81
Box office receipts (HK\$ million)	票房收入(百萬港元)	36	174

\* at 31 December 2020

### 經營影城

於二零二零年十二月三十一日，本集團在香港、新加坡及台灣共經營35家影城合共293塊銀幕。在經營影城業務方面，本集團在新加坡及台灣的市場領導地位仍毋庸置疑，年內分別佔當地票房的51%及40%。

儘管本集團不斷努力，惟本集團業務因香港及新加坡政府實施的封鎖措施而受到嚴重影響，兩地影城分別被下令關閉約17週及16週。縱使本集團於台灣的影城經營業務在年內仍保持運作，惟其經營業績卻受猛片延遲上映及全球疫情下社交互動減少所影響。因此，香港、新加坡及台灣影城為約1,100萬名顧客服務，去年則為2,550萬名顧客服務。儘管經營環境艱難，本集團對影城未來仍然有信心，並已於主要營運地區擴展影院網絡。

### 本集團各地影城之營運數據

(截至二零二零年十二月三十一日止年度)

\* 截至二零二零年十二月三十一日

### 香港

本集團香港影城之營運數據  
(截至二零二零年十二月三十一日止年度)

# Management Discussion & Analysis

## 管理層討論及分析

All Hong Kong cinemas have been put under mandatory closure from 28 March 2020 to 7 May 2020, from 15 July 2020 to 27 August 2020, and from 2 December 2020 to 17 February 2021 for a total of around 17 weeks during 2020. Other social distancing measures such as separation of cinema patrons, restrictions in food and beverages inside the exhibition halls, together with delay in blockbuster movies have together resulted in 79% drop in total Hong Kong box office from HK\$174.0 million in 2019 to HK\$36.3 million in 2020.

The Group's Hong Kong operations branded under Golden Harvest Cinemas continued to operate 7 cinemas and 24 screens in the city during the year. The operation recorded total gross box office receipt of HK\$36.3 million during the year, representing 6% share of the Hong Kong total box office, remained similar to the last year (2019: HK\$174.0 million). Net average ticket price of the Group amounted to HK\$71.9 during the year, compared with HK\$81.0 over the last year. The decrease of 11% given the lower ticket price was to incentivise patrons return to cinema after cinemas re-opening.

The Group's screen advertising business maintained with contracts covering 18 cinemas and 79 screens during the year. However, screen advertising was affected given the sluggish economic condition amidst COVID-19 resulted in vast reduction in advertising budget for corporates.

To mitigate the lack of blockbusters movies, the Group has arranged special screening of classic Hong Kong and western movies such as *Perish In the Name of Love* (帝女花), *2001: A Space Odyssey* (2001 太空漫遊), *Jumanji: The Next Level* (逃出魔幻紀：霸氣升呢) and *The Shawshank Redemption* (月黑高飛) to attract movie fans back to cinemas. These special screenings were deemed as success with the highest fill rate of over 35%.

Hong Kong is the home market for the Group and Hong Kong exhibition business has been the core of home business. Given the high rental environment and social unrest in Hong Kong in recent years, the Group will cautiously maintain our presence in the city while trying to maximise cost efficiency.

在二零二零年，從二零二零年三月二十八日至二零二零年五月七日止、二零二零年七月十五日至二零二零年八月二十七日止及二零二零年十二月二日至二零二一年二月十七日止合共約17週期間，全港影城均被強制停業。其他社交隔離措施，包括分隔影城觀眾、限制院內飲食，以及猛片延遲上映等，導致香港總票房從二零一九年的1.740億港元下降79%至二零二零年的3,630萬港元。

年內，本集團香港嘉禾院線繼續經營7家影城合共24塊銀幕。有關業務於年內錄得總票房收入3,630萬港元，佔香港總票房6%，市場佔比與去年相若（二零一九年：1.740億港元）。本集團年內平均淨票價為71.9港元，而去年則為81.0港元。收取較低票價（下降11%），乃旨在鼓勵觀眾在影城重新開放後重返影城。

年內，本集團銀幕廣告業務共代理涵蓋18家影城及79個銀幕的合約。然而，受COVID-19疫情下經濟不佳導致企業廣告預算大幅減少，銀幕廣告業務相應受到影響。

為減輕缺乏猛片的問題，本集團特別安排放映《帝女花》、《2001 太空漫遊》、《逃出魔幻紀：霸氣升呢》、《月黑高飛》等香港及西方經典電影，以吸引影迷重返影城。本集團認為有關特別放映安排表現理想，最高入座率逾35%。

香港為本集團的家，而香港影城業務一直為其核心業務。鑒於近年香港的高租金環境及社會不穩，本集團將以謹慎態度繼續於香港立足，並嘗試最大化成本效益。

# Management Discussion & Analysis

## 管理層討論及分析



### Singapore

Operating Statistics of the Group's Cinemas in Singapore  
(For the year ended 31 December 2020)

### 新加坡

本集團新加坡影城之營運數據  
(截至二零二零年十二月三十一日止年度)

		2020 二零二零年	2019 二零一九年
Number of cinemas*	影城數目*	13	14
Number of screens*	銀幕數目*	104	112
Admissions (million)	入場觀眾(百萬人次)	2.6	8.3
Net average ticket price (S\$)	平均淨票價(新加坡元)	10.7	10.6
Net box office receipts (S\$ million)	淨票房收入(百萬新加坡元)	27	88

\* at 31 December 2020

\* 截至二零二零年十二月三十一日

Singapore has been the main revenue contributor to the Group, attributing to 47% and 54% of the Group's total revenue across 4 regions in 2019 and 2020 respectively. The Group's Singapore operations under the Golden Village Cinemas ("Golden Village") brand remained as the market leader locally operating a network of 13 cinemas and 104 screens, attributing to 38% of total installed screens in the country. Golden Village maintained as a market leader in Singapore where the market share stood at around 51%.

新加坡是本集團的主要收入來源，在二零一九年及二零二零年分別佔本集團四地總收益的47%及54%。本集團新加坡嘉華院線(「嘉華」)在當地經營13家影城合共104塊銀幕，佔該國已安裝銀幕總數的38%，在當地市場繼續穩居首位。嘉華維持於新加坡的市場領導地位，市場份額約為51%。

During the year, Golden Village reported net box office receipts of S\$27.4 million (2019: S\$87.6 million), representing a decrease in net box office receipts of 69% compared to last year. Such reduction was primarily due to the Singapore Government 'Circuit Breaker' initiative, whereby most Singapore retail businesses including cinemas were shut down. The Singapore cinemas have been temporarily closed from 27 March 2020 to 12 July 2020, which forbid the Group from generating any income.

年內，嘉華錄得淨票房收入2,740萬新加坡元(二零一九年：8,760萬新加坡元)，較去年減少69%，主要因為新加坡政府施行「阻斷」措施，令包括影城在內的大多數新加坡零售企業均須停業。由於新加坡影城於二零二零年三月二十七日至二零二零年七月十二日暫時關閉，本集團在有關期間無法產生任何收入。

To partially mitigate the effect from cinemas closures, Golden Village has strived to open up new initiatives such as special movie screening, sales of movie vouchers, and partnership with landlords, e-commerce websites, to maximise our sales as much as possible. In the meantime, Golden Village continued to source quality independent movies for distributions in Singapore to position the chain for exclusive screenings post cinemas re-opening. As a result, the Group is proud to confirm that Golden Village has recorded EBITDA of S\$0.3 million in 2020.

為緩解影城關閉帶來的影響，嘉華努力展開新舉措，當中包括特別電影放映、銷售電影禮券以及與業主、電子商務網站建立夥伴關係，以盡量提高銷售額。與此同時，嘉華繼續物色優質獨立電影在新加坡發行，令影城重開後獲得獨家優質影片。因此，本集團欣然確認，嘉華於二零二零年錄得EBITDA 30萬新加坡元。

# Management Discussion & Analysis

## 管理層討論及分析

Golden Village has been a household name in Singapore with a considerable larger scale of operations compared with local competitors. Golden Village has signed a lease agreement to open a 8 screens cinema in Katong Mall which expected to be opened in the third quarter of 2021. The Katong Cinema will be the first “new cinema” concept of Golden Village intending to serve as an entertainment center featuring flexible exhibition halls that can host live concerts and theatres, a foyer area that combines the aesthetics and practical uses of an art gallery, as well as a movie themed Gold Class bar and lounge that intends to provide the best immersive dining experience to patrons. Going forward, Golden Village cinemas will gradually be converted into such entertainment centers to adapt to the evolving entertainment needs.

Golden Village's significant cost advantage has attracted competitor to merge their businesses with Golden Village to leverage on cost synergy and economies of scale to stay afloat amidst the challenging environment. On 9 December 2020, the Group has entered into a Heads of Agreement with mm2 Asia Limited to merge Golden Village with mm2 Asia Limited's subsidiary mmCineplex which operates 8 cinemas in Singapore and 14 cinemas in Malaysia, as well as the two companies' film distribution businesses in the region and mm2 Asia Limited's online streaming business into one larger entity. The merger discussion is ongoing and the Group will announce when further material progress is made.

### Taiwan

Operating Statistics of the Group's Cinemas in Taiwan  
(For the year ended 31 December 2020)

嘉華在新加坡為一個家喻戶曉的品牌，其經營規模相較當地競爭對手龐大。嘉華簽訂租賃協議，於Katong Mall (加東購物中心)開設新8銀幕影城，預期於二零二一年第三季度開業。加東影城將為嘉華首個「新影城」概念，擬作為娛樂中心，配備可靈活舉行現場音樂會及劇場的影廳、結合藝廊美學及實際用途的前廳及以電影為主題的Gold Class酒吧及酒廊，為食客提供最佳沉浸式用餐體驗。展望未來，嘉華影城將逐步轉型為娛樂中心，配合不斷轉變的娛樂需要。

嘉華的可觀成本效益吸引競爭者將其業務與嘉華合併，善用成本協同效益及規模經濟在充滿挑戰的環境中維持營運。於二零二零年十二月九日，本集團與mm2 Asia Limited訂立框架協議，將嘉華與mm2 Asia Limited的附屬公司mmCineplex (該公司於新加坡營運8家影城及於馬來西亞營運14家影城)合併，以及將兩家公司在有關地區的电影發行業務及mm2 Asia Limited的線上串流業務併為一家更大的實體。合併磋商尚在進行，本集團將於取得進一步重大進展時作出進一步公告。

### 台灣

本集團台灣影城之營運數據  
(截至二零二零年十二月三十一日止年度)

		2020 二零二零年	2019 二零一九年
Number of cinemas*	影城數目*	15	16
Number of screens*	銀幕數目*	165	164
Admissions (million)	入場觀眾(百萬人次)	7.9	15.1
Net average ticket price (NTD)	平均淨票價(新台幣)	246	240
Net box office receipts (NTD billion)	淨票房收入(十億新台幣)	1.9	3.6

\* at 31 December 2020

\* 截至二零二零年十二月三十一日

# Management Discussion & Analysis

## 管理層討論及分析



During the year, Taiwan's net box office receipts amounted to NTD1.9 billion, registering a decrease of 46% from NTD3.6 billion in the last year. Given Taiwan's effective response to COVID-19, Taiwan has successfully avoided the need for a large scale lockdown similar to most of other geographies, and cinemas in Taiwan have remained open during the year. The reduction in box office is primarily due to the delay in blockbuster movies release which awaits re-opening of cinemas in other geographies, coupled with weak consumer sentiment during chronic health concern amidst global COVID-19 pandemic. Thanks to the positional Vie Show cinema circuit ("Vie Show") as the largest film exhibitor, Vie Show managed to secure 45 exclusive film releases such as *DIGIMON ADVENTURE Last Evolution KIZUNA* (數碼寶貝LAST EVOLUTION絆) and *Fate/stay night [Heaven's Feel] III.spring song (Fate/stay night [Heaven's Feel] III. 春櫻之歌)* during the year. Vie Show's restaurant operations and theme park operations have continued to perform during the year, and together partially mitigated the impact from lack of blockbuster movies. As a result of Vie Show's cost advantage arising from economies of scale and diversified operations, Vie Show has recorded EBITDA of NTD11.0 million during 2020.

The Group's 35.71% owned Vie Show continued to be the largest cinema chain in Taiwan operating a total of 15 cinemas, comprising of 165 screens as of 31 December 2020, with a market share of 40%. Adhering to the Group's comprehensive entertainment hub strategy, Vie Show operated a chain of "UNICORN" brand handmade popcorn stores across all its cinemas locations and a Japanese fried chicken chain "TORIKAI" across 3 locations in Taiwan. Vie Show has also ventured into the family focused artificial snow theme park "SNOWTOWN" in Taichung Mitsui Outlet Park. SNOWTOWN is an indoor theme park that allows visitors to enjoy snow at a "feels like" temperature of 20°C. In addition, Vie Show has operated a mall in Xinyi District where its flagship Xinyi Vie Show cinema is located.

As at the end of the year, Vie Show has contracted 4 new cinemas and a theme park, which will gradually be constructed and enter operations from 2021 onwards, whereby upon completion will further enhance Vie Show market shares and further reduce Vie Show reliance on cinema operations.

Compared with the Group's Hong Kong and Singapore operations which saw mandatory cinemas closures, Vie Show was relatively less affected by COVID-19 during the year with impact primarily arising from the delay of Hollywood blockbusters. To partially mitigate the lack of Hollywood blockbusters and to fully leverage on the market leadership in cinema operations locally, Vie Show has incorporated a new film production and film distribution associate Bole Film CO., Ltd (伯樂影業股份有限公司) with the Taiwan Ministry of Culture and other leading cinema chains in Taiwan.

年內，台灣的淨票房收入為19億新台幣，較去年36億新台幣減少46%。鑑於台灣有效應對COVID-19，台灣成功避免施行與大多數其他地區相若的大規模封鎖措施，故此在年內，台灣影城仍保持開放。但由於猛片因等待其他地區的影院重開而推遲上映，再加上COVID-19肆虐全球引起的持續健康憂慮令消費者意欲疲弱，故當地票房減少。受惠於作為當地最大影城經營商的地位，威秀院線(「威秀」)在年內獲得45家獨家電影發行(例如《數碼寶貝LAST EVOLUTION絆》及《Fate/stay night [Heaven's Feel] III. 春櫻之歌》)。年內，威秀的餐廳業務及主題公園業務一直保持營運，在一定程度上減輕因缺少猛片而造成的影響。由於威秀的規模經濟及多元化營運帶來成本優勢，故威秀已於二零二零年錄得EBITDA 1,100萬新台幣。

截至二零二零年十二月三十一日，本集團擁有35.71%權益的威秀仍是台灣最大的院線，共經營15家影城，合共165塊銀幕，佔市場份額40%。秉承本集團的綜合娛樂一體化策略，威秀在其全線影城經營一系列「UNICORN」品牌的手工爆米花店，並在台灣3個地點經營日本炸雞連鎖店「鳥開」。威秀亦於Mitsui Outlet Park台中港經營以家庭為目標顧客的人造雪主題公園「SNOWTOWN雪樂地」。「SNOWTOWN雪樂地」為一個室內主題公園，遊客可以在攝氏20度的「體感」溫度下享受雪地玩樂。此外，威秀在信義區經營一家購物中心，而其旗下旗艦影城信義威秀影城也座落於此。

年末，威秀已簽約將逐步建設及自二零二一年起投入經營4家新影城及1個主題樂園，據此於完成後將進一步提高威秀的市場份額，並進一步減少威秀對影城業務的依賴。

與本集團在香港及新加坡的影城被強制關閉相比較，在年內，威秀受COVID-19的影響相對較小，而其主要受荷里活猛片延遲上映所影響。為部分減輕缺乏荷里活猛片的問題並充分利用本地影城業務的市場領導地位，威秀已與台灣文化部及台灣其他領先的連鎖影院註冊成立新的電影製作及電影發行聯營公司伯樂影業股份有限公司。

# Management Discussion & Analysis

## 管理層討論及分析

The Group is confident that once blockbuster movies are released and local movie productions pickup, Vie Show's performance will quickly return to normal. The Group remained committed in Vie Show and will continue to develop Vie Show into a leading comprehensive entertainment operator in Taiwan.

### Film & TV Programme Distribution and Production

The Group's film library carried perpetual distribution rights for over 140 self-owned titles, which contributed steady licensing income to the Group. One of the Group's key initiatives is to work with external studios for redevelopment of the Group's existing classical Chinese movies intellectual property into online movies.

Riding on the Group's leading position and long tradition in film distribution and production, the Group is one of the largest independent film distributors in Hong Kong, Singapore, and Taiwan. On an aggregated basis the Group's film distribution and production business recorded revenue of HK\$50.5 million (2019: HK\$69.1 million), representing a decrease of 27% compared to last year which mainly attributable to quarantine measures imposed in multiple areas of operations of the Group which including temporary closure of cinemas to cope with the COVID-19 pandemic during 2020. The distribution revenue was mainly generated by distributing releases such as *A Good Doctor* (醫生速遞) and *The Infernal Walker* (無間行者之生死潛行) in Hong Kong. The famous releases outside Hong Kong were *Little Big Women* (孤味) and *Sumikkogurashi: Good to be in the Corner* (角落小夥伴電影版: 魔法繪本裡的新朋友) in Taiwan and *Train To Busan: Peninsula* (屍殺半島) in Singapore.

For the production sector, the Group continued to remain prudent in investment decisions but remained active in seeking opportunities to work with local and overseas studios to produce movies and TV programmes of high quality.

### FINANCIAL REVIEW

#### Profit and Loss

During the year, the Group's performance was severely affected by cinemas closures and the lack of blockbuster movies amidst global COVID-19 pandemics, resulting in 70% reduction in revenue to HK\$322.6 million (2019: HK\$1,060.8 million). Gross profit for the year amounted to HK\$204.1 million, compared with HK\$668.6 million during last year, representing a drop of 70%. Gross profit margin remained stable at 63% for both 2020 and 2019.

The Group has focused on cost savings during the year to preserve its long-term competitiveness. Via reduction in marketing expenses, utilities expenses, part-time labour costs, and other non-essential services, the Group has managed to reduce its selling and distribution costs and general and administrative expenses by HK\$163.3 million during the year, representing 26% year-on-year reduction from last year.

本集團有信心，一旦推出猛片，且本地電影製作上軌道，威秀的業務表現將迅速回復正常。本集團會繼續致力經營威秀，並將繼續推動威秀發展成為台灣領先的綜合娛樂營運商。

### 電影及電視節目發行及製作

本集團的電影片庫共擁有逾140部自製電影的永久發行權，為本集團帶來穩定版權收入。本集團其中一項重要工作為與外部製片廠合作，將本集團現有的華語經典電影知識產權重新開發為線上電影。

憑藉本集團在電影發行及製作中的領先地位和悠久發展，本集團成為香港、新加坡及台灣其中一個最大獨立電影發行商。本集團的電影發行及製作業務合共錄得收益5,050萬港元(二零一九年：6,910萬港元)，較去年減少27%，主要由於本集團多個營運地區於二零二零年為應對COVID-19疫情而實施檢疫措施(包括臨時關閉戲院)所致。發行收入主要來自在香港發行的電影《醫生速遞》和《無間行者之生死潛行》。在香港以外發行的著名電影有在台灣發行的《孤味》和《角落小夥伴電影版：魔法繪本裡的新朋友》，以及在新加坡發行的《屍殺半島》。

在製作領域，本集團繼續保持審慎的投資決策，但仍積極尋求機會與本地和海外製片廠合作製作高質量電影和電視節目。

### 財務回顧

#### 溢利及虧損

年內，COVID-19肆虐全球下必須關閉影城，加上缺乏猛片上映，嚴重影響本集團的業績，收益減少70%至3.226億港元(二零一九年：10.608億港元)。年內毛利為2.041億港元，較去年的6.686億港元下降70%。毛利率於二零二零年及二零一九年維持穩定於63%。

本集團於年內專注於節省成本，以維持其長期競爭力。透過減少營銷開支、水電費用開支、兼職勞工成本及其他非必要服務，本集團於年內已致力將其銷售及發行費用以及一般及行政費用減少1.633億港元，較去年同比減少26%。



# Management Discussion & Analysis

## 管理層討論及分析



Other revenue and other net income or loss of HK\$156.9 million represents primarily exchange gain, subsidies and rental support from governments and landlords. Interest income during the year reduced to HK\$9.0 million from HK\$22.1 million in the last year in light of the low interest environment amidst quantitative easing measures imposed by various governments.

The Group's finance costs consisted mainly of interest expense on bank loans and interest on lease liabilities. Interest expense on bank loans amounted to HK\$30.5 million, compared with HK\$42.7 million in last year, the reduction is primarily due to low interest environment during the year.

The Group's joint venture in Taiwan recorded a net loss during the year, in which the Group's share of loss of the joint venture amounted to HK\$38.9 million (2019: share of profit of HK\$24.6 million).

Depreciation expense for the year amounted to HK\$195.9 million (2019: HK\$207.6 million). Loss attributable to equity holders was HK\$288.2 million, compared with a loss of HK\$35.1 million in the last year.

### FINANCIAL RESOURCES AND LIQUIDITY

Despite the serious economic challenges, the Group's financial position remained healthy with net assets of HK\$1,882.7 million as of 31 December 2020.

As of 31 December 2020, the Group has total cash and cash equivalents amounting HK\$985.5 million (31 December 2019: HK\$1,068.3 million). Pledged bank balances were reduced to HK\$67.9 million, compared with HK\$137.0 million as of 31 December 2019.

The Group's total outstanding bank borrowings amounted to HK\$1,206.1 million (31 December 2019: HK\$1,057.1 million), translating into a modest net borrowings (defined as total outstanding bank borrowings less cash and bank balances) of HK\$152.7 million. The Group's bank borrowings comprised primarily of a 3-year committed loan facility secured by pledged cash, corporate guarantees, equity shares and properties.

其他收益及其他收益或虧損淨額1.569億港元主要來自匯兌收益、政府及業主的補貼及租金支持。鑑於各國政府實行量化寬鬆措施，低息環境導致年內利息收入由去年的2,210萬港元減少至900萬港元。

本集團的財務費用主要包括銀行貸款利息支出和租賃負債利息。銀行貸款利息開支為3,050萬港元，而去年則為4,270萬港元，該下降主要由於年內低息環境所致。

本集團於台灣的合營企業於年內錄得淨虧損，本集團應佔合營企業虧損為3,890萬港元(二零一九年：應佔溢利2,460萬港元)。

年內折舊開支為1.959億港元(二零一九年：2.076億港元)。股權持有人應佔虧損為2.882億港元，而去年則為虧損3,510萬港元。

### 財務資源及流動資金

儘管經濟環境嚴峻，本集團的財務狀況仍然穩健，淨資產於二零二零年十二月三十一日達到18.827億港元。

於二零二零年十二月三十一日，本集團的現金及現金等值項目總額為9.855億港元(二零一九年十二月三十一日：10.683億港元)。已抵押銀行結餘減少至6,790萬港元，而於二零一九年十二月三十一日則錄得1.370億港元。

本集團的未償還銀行借貸總額為12.061億港元(二零一九年十二月三十一日：10.571億港元)，轉撥為適度淨借貸(定義為未償還銀行借貸總額減去現金及銀行結餘)為1.527億港元。本集團的銀行借貸主要為一筆為期3年的承諾貸款，其以已抵押現金、公司擔保、權益股份及物業作抵押。

# Management Discussion & Analysis

## 管理層討論及分析

The Group's net gearing ratio, calculated on the basis of net borrowings over total assets stood at a healthy level of 29% (31 December 2019: 22.4%) and our cash to bank borrowings ratio at 87.3% (31 December 2019: 114.0%). The Group at this moment has reasonable financial leverage. Management viewed the Group's financial position to be in a healthy position providing sufficient liquidity to withstand any challenge posted by COVID-19, while also able to support ongoing cinema projects, as well as potential merger and acquisitions of other regional entertainment companies. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital requirements.

During the year, the Group's joint venture Vie Show has obtained a NTD500 million 5 years loan supported by guarantee from a fund and the chairman of Vie Show, which further enhanced Vie Show's capital structure. As of 31 December 2020, Vie Show is in a net cash position with total loan amounting of NTD1,618.4 million and total cash on hand of NTD2,001.9 million, representing a strong liquidity and prudent financial management.

The Group's assets and liabilities are principally denominated in United States dollars, Hong Kong dollars, Renminbi and Singapore dollars, except for certain assets and liabilities associated with the investments in Taiwan. The Group's foreign exchange gain during the year amounting HK\$45.7 million represents primarily gain from Renminbi and Singapore dollars appreciation against Hong Kong dollars. The Group's bank borrowings are denominated in Hong Kong dollars and Singapore dollars in line with the Group's main operating currencies. Each of the Group's overseas operations were operating in their local currencies and are subject to minimal exchange risk. The Group 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 2020 (31 December 2019: Nil).

### OUTLOOK

COVID-19 has posted unprecedented challenges to worldwide economy, and the film and cinema industry has become one of the worst hit segments. Nevertheless, the Group will continue to improve its cost structures so as to strengthen our core competency in each of the operations.

In the PRC, the Group has signed cooperation agreements with local PRC governments in Suzhou and Xian to operate 4 stages and bring in unique live performances that marries advanced stage technology from Europe, local Chinese stories, created by renowned talents from all over the world, dedicated to providing a stunning theatrical experience to local audience. The Group will be responsible for the content creation and operation of the theatres and not be responsible for the capital expenditures in relation to the building of the theatre infrastructure. The unique business model allows the Group to venture into the traditionally asset heavy theatre operations with relatively modest investment. The first theatre is expected to enter operations in the fourth quarter of 2021.

以淨借貸對資產總值的比率計算，本集團的淨資產負債比率維持在29%的健康水平(二零一九年十二月三十一日：22.4%)，而現金對銀行借貸比率則為87.3%(二零一九年十二月三十一日：114.0%)。目前，本集團維持合理財務槓桿水平。管理層認為本集團的財務狀況健康，可提供足夠的流動資金來應對COVID-19的挑戰，同時亦能支持正在進行的影城項目以及對其他地區娛樂公司進行的潛在併購項目。本集團相信，其目前持有的現金及可用的財務融資將提供足夠資源滿足其營運資金需求。

年內，受基金及威秀主席擔保所支持，本集團合營企業威秀已獲得5億新台幣的5年期貸款，進一步增強威秀的資本架構。截至二零二零年十二月三十一日，威秀處於淨現金狀況，貸款總額為16.184億新台幣，而手頭現金總額則為20.019億新台幣，擁有強勁的流動性及審慎的財務管理。

本集團的資產與負債主要以美元、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。本集團的外匯收益4,570萬港元主要指人民幣及新加坡元兌港元升值的收益。本集團的銀行借貸與本集團的主要經營貨幣一致，以港元和新加坡元計值。本集團各海外業務均以當地貨幣經營，所承受的外匯風險較低。本集團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。於二零二零年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務(二零一九年十二月三十一日：無)。

### 前景

COVID-19對全球經濟產生前所未有的挑戰，電影及影院業則成為最受衝擊的行業之一。儘管如此，本集團將繼續改善其成本結構，以增強我們在各業務中的核心能力。

在中國方面，本集團已就在蘇州和西安經營4個舞台與兩地政府簽署合作協議，舞台將演出獨特現場表演，當中結合歐洲先進舞台技術，以中國本地故事為題，並由世界各地的著名藝人出演，致力為當地觀眾提供精彩的戲劇體驗。本集團將負責創作戲劇內容及劇院的營運，而不負責與劇院基礎設施建設相關的資本開支。獨特的業務模式使本集團能夠以相對小額的投資涉足傳統重資產劇院運營業務。首間劇院預期於二零二一年第四季開始營運。

# Management Discussion & Analysis

## 管理層討論及分析



In Hong Kong, the Group continues to explore opportunities to further expand our cinema network. Riding on the success of alternative contents in previous years, particularly live broadcasting of Japanese and Korean mini-concerts, the Group is exploring possibility to expand into live entertainment businesses locally. 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. Currently, Katong site is under re-development and will bring in the best cinematic experience to patrons upon reopening on third quarter of 2021. 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. Should the merger with mm2 Asia Limited's cinema operations successfully completed, the Group's Singapore operations will materially solidify its market leadership position and obtain further synergy from the leading market shares.

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, supplemented by further diversification into mall management, theme park operations, film productions and distributions, as well as food and beverage businesses.

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 Group's strong liquidity on hand also allowed us to explore opportunistic acquisitions of fellow regional players, and development of new business in entertainment, technology and lifestyle industries that would create synergies to the Group and add values to the Shareholders.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 318 (2019: 484) 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 2020, 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 2020 (31 December 2019: Nil).

在香港方面，本集團將繼續探索機會，進一步擴大我們的影院網絡。憑藉過去幾年籌辦特備節目(尤其是日韓小型演唱會的現場直播)的佳績，本集團正探索在當地擴展現場娛樂業務的可能性。與此同時，本集團致力於在香港尋找優質電影及／或發行項目的投資機遇。

在新加坡方面，本集團將積極尋找合適的影城選址繼續擴張。目前，加東影城正處於重建過程中，並於二零二一年第三季重開，屆時將為觀眾提供最佳的影城體驗。本集團致力維持普通及gold class影廳的優質服務，並向顧客推介玩具商品等創意產品。倘成功完成與mm2 Asia Limited影城業務的合併，本集團的新加坡業務將在很大程度上鞏固其市場領導地位，並自領先的市場份額中獲得進一步協同效應。

在台灣方面，威秀將繼續擴大旗下影城網絡，預期將於未來數年穩步開設更多影城，配以進一步擴展至商場管理、主題公園、電影製作及發行以及餐飲業務。

展望未來，本集團將繼續在各地尋找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的投資機會。本集團持有的強大手頭流動資金亦使其能夠尋求機會收購其他區域內對手及發展娛樂、科技和時尚生活行業的新業務，此舉將為本集團創造協同效應並為股東增值。

### 僱員及薪酬政策

於二零二零年十二月三十一日，本集團聘用318名(二零一九年：484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定額供款退休福利計劃，而於二零二零年十二月三十一日，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二零二零年十二月三十一日止年度之任何末期股息(二零一九年十二月三十一日：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 2020, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1, A.6.7 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.

The code provision A.6.7 of the Corporate Governance Code stipulates that independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. Wong Sze Wing, independent non-executive Director, was unable to attend the annual general meeting of the Company held on 19 June 2020 (the "AGM") due to the implementation of the travel restriction and quarantine requirements among overseas and Hong Kong resulted from the outbreak of COVID-19.

Code provision E.1.2 requires the chairman of the Board to attend the AGM. Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. Ms. Chow Sau Fong, Fiona, who took the chair of the AGM, together with other members of the Board who attended the AGM were of sufficient calibre and knowledge for answering questions at the AGM.

### 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 2020.

### 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。

截至二零二零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、A.6.7及E.1.2條守則條文除外。

根據企業管治守則守則條文第A.4.1條，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。

按照企業管治守則條文A.6.7條規定，獨立非執行董事及非執行董事應出席股東大會，以對股東的意見有全面、公正的了解。受COVID-19疫情爆發影響，海外及香港均實施旅行限制及隔離措施，因此獨立非執行董事黃斯穎女士無法出席本公司於二零二零年六月十九日舉行之股東週年大會（「股東週年大會」）。

根據守則條文第E.1.2條，董事會主席須出席股東週年大會。董事會主席伍克波先生因其他公務而未能出席股東週年大會。擔任股東週年大會主席之鄒秀芳女士以及出席股東週年大會之其他董事會成員均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，於截至二零二零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.

During the year ended 31 December 2020, full board meetings and general meetings of the Company were held and the individual attendance of the Directors at these meetings are as follows:

### 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。

截至二零二零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 成員		Board Meetings Attended/Eligible to Attend	General Meetings Attended/Eligible to Attend
		曾出席／合資格 出席董事會會議	曾出席／合資格 出席股東大會
<i>Executive Directors</i>			
Wu Kebo (Chairman)	伍克波 (主席)	4/4	0/1
Li Pei Sen	李培森	4/4	0/1
Chow Sau Fong, Fiona	鄒秀芳	4/4	1/1
Go Misaki	Go Misaki	4/4	0/1
Peng Bolun	彭博倫	4/4	0/1
<i>Independent Non-executive Directors</i>			
Leung Man Kit	梁民傑	4/4	1/1
Wong Sze Wing	黃斯穎	4/4	0/1
Fung Chi Man, Henry	馮志文	4/4	1/1

# Corporate Governance Report

## 企業管治報告

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

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

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

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 ("HFV"), 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;

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。

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；

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- (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
- (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.
- (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
- (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。

To the best knowledge of the Company, except for (i) Ms. Go who is the cousin 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); 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.

Pursuant to code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. Each newly appointed Director would receive an induction package covering the statutory and regulatory obligations of a director of a listed company. The Company also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Company continuously updates Directors on the latest developments regarding the Main Board Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. During the year, all Directors had complied with the requirements set out in the code provision A.6.5 of the CG Code.

據本公司所深知，除(i)Go女士為伍先生之堂妹；(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；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」各段所列表載權益外，董事會成員間並無任何其他財務、業務、家族或其他重大／關連關係。

根據企業管治守則之守則條文第A.6.5條，全體董事須參與持續專業發展，以發展及更新彼等的知識及技能。每名新委任的董事皆獲得整套包括上市公司董事的法定及監管責任的資料。本公司亦提供簡報及其他培訓以增進及更新董事的知識和技能。本公司亦持續提供有關主板上市規則及其他適用監管規定之最新訊息予董事，確保董事遵守及提升對良好企業管治常規之警覺性。全體董事於本年度內已遵守企業管治守則的守則條文第A.6.5條所載之規定。

# 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. Yeung, 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。

首席執行官楊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 2020, the Company Secretary confirmed that she had taken no less than 15 hours of relevant professional training.

### 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。截至二零二零年十二月三十一日止年度，公司秘書確認彼已接受不少於15小時之相關專業培訓。

### AUDIT COMMITTEE

The Board established an audit committee of the Company (the "Audit Committee") on 9 October 1998 and formulated its written terms of reference in accordance with the requirements of the Listing Rules, which have been uploaded on the websites of the Stock Exchange and the Company. As at 31 December 2020, 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.

### 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。於二零二零年十二月三十一日，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。

During the year ended 31 December 2020, two Audit Committee meetings were held and the individual attendance of the members of the Audit Committee is set out as follows:

截至二零二零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：

Members 成員	Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議
Leung Man Kit (Chairman)	梁民傑(主席) 2/2
Wong Sze Wing	黃斯穎 2/2
Fung Chi Man, Henry	馮志文 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.

審核委員會之主要職務包括監督本公司財務報表是否完整全面、按董事會授權檢討本公司之財務監控、風險管理及內部監控制度(包括資源充足性、本公司會計及財務申報職能員工之資歷及經驗以及其培訓計劃及預算)及風險管理成效，並就委任及委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。審核委員會獲提供充足資源以履行其職務。

During the year ended 31 December 2020, the Audit Committee reviewed the accounting principles and policies adopted by the Group and discussed and reviewed financial reporting matters including the interim and audited financial statements. In addition, the Audit Committee also reviewed the engagement of the external auditors and the adequacy and effectiveness of the Company's internal control and risk management systems and made recommendations to the Board. There was no disagreement between the Board and the Audit Committee on the selection, appointment or resignation of the external auditors.

截至二零二零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 2020.

### REMUNERATION COMMITTEE

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

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

The Remuneration Committee held one meeting during the year ended 31 December 2020 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 2020 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，本公司已於截至二零二零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。

薪酬委員會於截至二零二零年十二月三十一日止年度曾舉行一次會議，以檢討個別執行董事之薪酬待遇，並就此向董事會作出推薦意見。薪酬委員會亦已檢討及批准執行董事之服務合約條款。截至二零二零年十二月三十一日止年度薪酬委員會之組成及薪酬委員會成員出席薪酬委員會會議之情況如下：

#### Members 成員

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

黃斯穎(主席)  
伍克波  
梁民傑

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

1/1  
1/1  
1/1

# Corporate Governance Report

## 企業管治報告



Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management of the Group (which include the executive Directors and chief executive officers only) by band for the year ended 31 December 2020 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）截至二零二零年十二月三十一日止年度之薪酬範圍載列如下：

Remuneration bands (HK\$) 薪酬範圍 (港元)	Number of Individuals 人數
< 1,000,000	4
1,000,001–5,000,000	2
5,000,001–10,000,000	1

Details of emoluments of each Director and chief executive officer are set out in note 8 to the financial statements on page 123 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186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.

### 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。

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

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。

### 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.

### 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 30 and 73. 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30至73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 one meeting during the year ended 31 December 2020 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。

提名委員會於截至二零二零年十二月三十一日止年度曾舉行一次會議，以檢討董事會之架構、規模及組成；考慮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 成員	Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議
Wu Kebo (Chairman)	1/1
Leung Man Kit	1/1
Wong Sze Wing	1/1

### AUDITORS' REMUNERATION

For the year ended 31 December 2020, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

### 核數師酬金

截至二零二零年十二月三十一日止年度，已付／應付本集團核數師畢馬威會計師事務所之費用載列如下：

Services Rendered 所提供服務	Fee Paid/Payable 已付／應付費用 HK\$'000 千港元
Audit and audit-related services	2,413
Non-audit services	698

### 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 88 to 94 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88至94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 2020, 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。

董事會於截至二零二零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 24/F, Capital Centre, 151 Gloucester 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告士打道151號資本中心二十四樓)，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 2020, 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

截至二零二零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

### I ABOUT THIS REPORT

Orange Sky Golden Harvest Entertainment (Holdings) Limited (hereinafter referred to as the "Group", "Orange Sky", "we" or "our") principally engages in film production, financing, distribution and theatrical exhibition for over 40 years. Being a world's premier Chinese language film entertainment company, the Group operates 35 multiplexes with collectively 293 screens across Hong Kong, Taiwan and Singapore. As a leading film entertainment company in Asia, we see our influence and responsibility in limiting the Group's environmental and social impacts and thus deem facilitating a sustainable development of the movie industry as our mission. We are committed to integrating sustainability principles and social concerns into our strategic planning and daily operation through transparent measures, in view of delivering enduring value to our major stakeholders.

Having a deep ambition to construct long-term trusted ties with our stakeholders in the community, the Group is pleased to publish our ninth environmental, social and governance ("ESG") report (the "Report") summarising our ESG performance and initiatives.

#### I.1 Scope of the Report

The Report presents the Group's ESG management approach, environmental and social performance and material topics within our operational boundaries during the period from 1 January 2020 to 31 December 2020 (the "Reporting Period" or "FY2020"). Similar to FY2019's report, the Report covers operations in Hong Kong and Singapore of both theatrical exhibition and film distribution and production sectors. Operations in Taiwan and Japan are excluded from the reporting scope since it is owned through joint ventures and the business activities are not material respectively. Besides, operations in Mainland China are not covered either since the businesses are still under preparation. We aim to report our Mainland China businesses once they become fully operational.

Unless otherwise specified, the environmental data disclosed for operations in Hong Kong covers 7 multiplex cinemas, two corporate offices as we have moved office during the Reporting Period, a warehouse and a café, while data for operations in Singapore covers 14 multiplex cinemas and a corporate office. One less multiplex cinema in Hong Kong is covered in FY2020 due to the closure of GH Citywalk in FY2019.

### I 關於本報告

橙天嘉禾娛樂(集團)有限公司(下稱「本集團」、「橙天」或「我們」)主要從事電影製作、融資、發行及影院業務逾40年。作為世界領先的華語電影娛樂公司，本集團於香港、台灣及新加坡營運多達35家多廳影城，合共擁有293個銀幕。作為亞洲領先的電影娛樂公司，我們理解減低本集團環境及社會影響的影響力及責任，因而視促進電影業可持續發展為我們的使命。我們致力以透明的舉措將可持續發展原則及社會關注議題融入策略規劃及日常營運中，從而為主要持份者帶來持久價值。

本集團以與社區持份者建立長久信任關係為深遠願景，欣然刊發第九份環境、社會及管治報告，概述環境、社會及管治表現及措施。

#### I.1 報告範圍

本報告呈列本集團自二零二零年一月一日起至二零二零年十二月三十一日止期間(「報告期間」或「二零二零財政年度」)營運範圍內的環境、社會及管治方針、環境及社會表現及重要議題。與二零一九財政年度報告相近，本報告涵蓋香港及新加坡影院級電影發行及製作分部業務。而台灣的業務屬合資經營和日本業務活動並不重大，故兩地業務並不包含在報告範圍內。此外，由於中國內地業務仍在籌備中，故此亦無涵蓋其中。我們的目標為於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，所披露香港業務環境數據涵蓋7家多廳影城、兩所公司辦公室(由於我們於報告期間搬遷了辦公室)、一個倉庫及一間咖啡室，新加坡數據則涵蓋14家多廳影城及一所公司辦公室。二零二零財政年度涵蓋的香港多廳影城數目減少一間，此乃由於嘉禾荃新天地於二零一九財政年度結業。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### Multiplex cinemas in Hong Kong

位於香港的多廳影城

Grand Ocean 海運戲院 (超巨幕)

GH Whampoa 嘉禾黃埔

The sky

GH Fanling 嘉禾粉嶺

StagE

GH Kai Tak 嘉禾啟德

GH V Walk 嘉禾V Walk

### Multiplex cinemas in Singapore

位於新加坡的多廳影城

GV Bishan

GV City Square

GV Jurong Point

GV Grand

GV Vivocity

GV Katong<sup>1</sup>

GV Plaza Singapura

GV Suntec

GV Tampines

GV Tiong Bahru

GV Yishan

GV Paya Lebar

GV Bedok

GV Funan

## 1.2 Reporting Principles

The preparation of this report follows the materiality, quantitative, balance and consistency reporting principles.

### I. Materiality

The disclosed information in the Report was carefully gathered, evaluated and presented based on its materiality to the Group's business and its stakeholders. The reporting scope is defined based on the significance of operations.

### II. Quantitative

All the disclosed information, statistics of environmental key performance indicators ("KPIs") in particular, were organised and calculated according to a series of standardised methodologies which are illustrated in the relevant sessions.

### III. Balance

A picture of the data comparison over years has been given for readers who can see both the achievements and rooms for improvement in terms of ESG management in the Group.

### IV. Consistency

The Report has been prepared in the same way in terms of methodology when compared to those in previous years. The business sectors and the operating regions are consistent with the reporting scope last year while the actual reporting sites are subject to business operation, including business expansion and closure of sites.

## 1.2 匯報原則

本報告遵照重要性、量化、平衡及一致性匯報原則。

### I. 重要性

本報告所披露的資料基於對本集團業務及其持份者的重要性而仔細收集、評估及呈報。報告範圍基於對業務的重要性界定。

### II. 量化

所披露的全部資料，特別是環境績效指標數據，乃根據一系列標準化方法組織及計算，有關方法於相關部分描述。

### III. 平衡

歷年數據比較概要讓讀者明瞭本集團環境、社會及管治管理的成就及不足。

### IV. 一致性

本報告編製方法與過往年度相同。業務分部及營運地區與去年報告範圍一致，而實際報告場所視乎業務營運而定，包括業務擴展及關閉場所。

<sup>1</sup> GV Katong in 112 Katong is closed at the end of February 2020 due to the temporary closure of 112 Katong.

<sup>1</sup> 位於112 Katong的GV Katong於二零二零年二月下旬關閉，此乃由於112 Katong暫時關閉。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 1.3 Reporting Standard

The Report has been prepared in accordance with the "Comply or Explain" provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("HKEx ESG Reporting Guide"). Should there be any discrepancies between the English and Chinese versions, the English version shall prevail.

### 1.4 Contact and Feedback

The Group believes a strong trusted relationship with our community is critical for our business sustainability. We strive to manage the Group for the best interests of our stakeholders; therefore, we treasure your feedback on this ESG report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via email: [esg@goldenharvest.com](mailto:esg@goldenharvest.com).

### 1.3 報告標準

本報告乃根據香港聯合交易所有限公司證券上市規則附錄27《環境、社會及管治報告指引》的「不遵守就解釋」條文編製。倘中英文本存在任何歧義，概以英文本為準。

### 1.4 聯絡及反饋

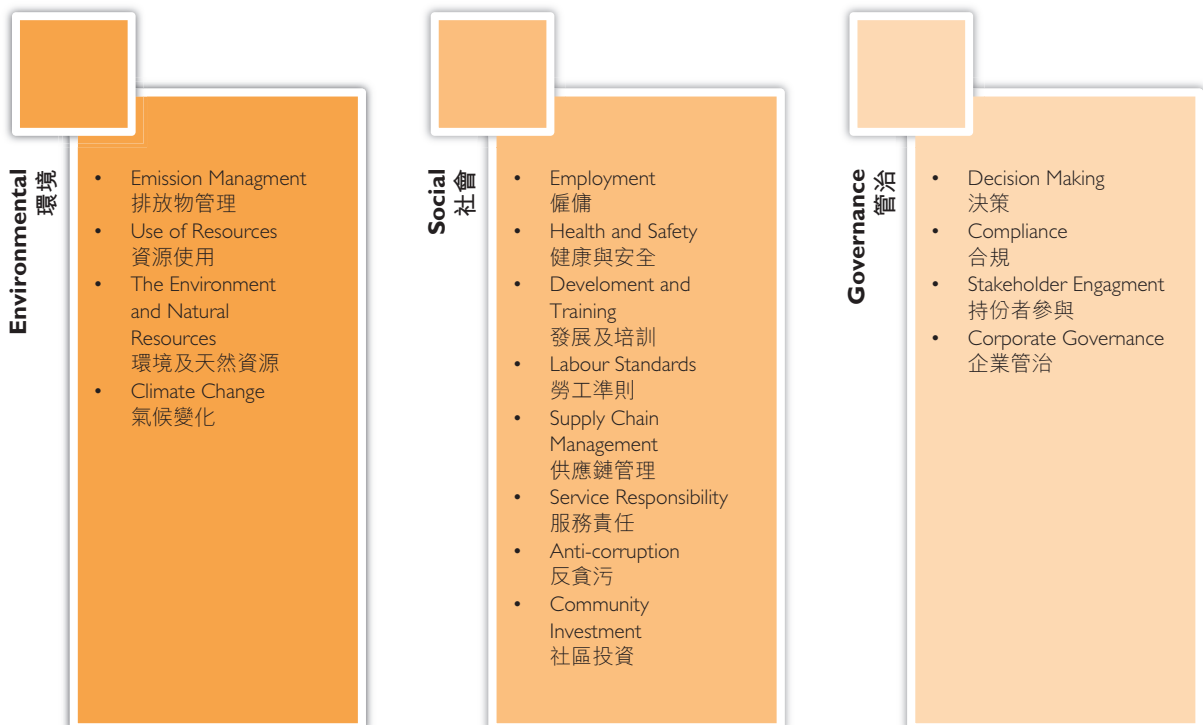
本集團相信與社區建立穩固的信任關係對業務可持續發展舉足輕重。我們致力管理本集團，以符合持份者的最佳利益；因此，我們重視閣下對本環境、社會及管治報告及可持續發展表現的反饋。倘閣下有任何意見或建議，請電郵到[esg@goldenharvest.com](mailto:esg@goldenharvest.com)與我們聯絡。

## 2 SUSTAINABILITY GOVERNANCE

Sustainability has been incorporated into our vision and corporate governance structures and we are dedicated to fulfilling our corporate social responsibility in business operation. The Group considers ESG issues in our business development in order to minimise impacts brought to the environment and the society, and more importantly, eliminate risks that may bring to the business operation, as well as explore opportunities in the ever-changing market.

## 2 可持續管治

可持續發展已融入我們的願景及企業管治架構中，我們致力在業務營運過程中履行企業社會責任。本集團考慮業務發展中的環境、社會及管治議題，以盡量減低對環境及社會造成的影響，而更重要的是，消除可能為業務營運帶來的風險，以及於不斷變化的市場探索機遇。



# Environmental, Social and Governance Report

## 環境、社會及管治報告

The Board of Directors is the highest decision-making and management authority of the Company and is ultimately accountable for sustainability matters. Not only does the Board uphold the overall responsibility in identifying and managing the risks and externalities (including those related to ESG), but it is also committed to oversee the ESG development. In addition, the Senior Management is authorised to drive practical implementation and monitoring of ESG and sustainability initiatives, and formulate strategies, plans and practices with the support from various operational departments. Information on sustainability risks and performance is reported to the Board annually to evaluate the effectiveness of our risk management and internal control system. ESG policies and practices are also reviewed by the Board regularly to enhance our ESG governance structures and standards. The Report has been reviewed and approved by the Board of the Group.

### 3 STAKEHOLDER ENGAGEMENT

Building open relationships and responding to our stakeholders is the cornerstone of our overall ESG management approach. We regularly engage a broad set of key stakeholders to gauge how we can appropriately respond to their needs and insights in a timely manner. It is vital for us to capture and understand how their views change and ultimately how we can respond and implement improvement (as appropriate) to our business strategies today and in future.

To identify stakeholders' insights and concerns in relevance to business operation, the Group not only has identified key stakeholder groups who have concern about issues that may have a significant impact on our business or those who could be significantly affected by our operation, but also has been maintaining regular communication with them through various channels, which are illustrated in the table below:

董事會為本公司最高決策及管理機關，對可持續發展事宜負責。董事會不僅肩負識別及管理風險及外部因素(包括與環境、社會及管治相關)的整體責任，亦致力監管環境、社會及管治發展。此外，高級管理層獲授權推動實際行動及監管環境、社會及管治及可持續發展措施，並在不同營運部門支援下制訂策略、計劃及措施。每年向董事會報告可持續發展風險及表現相關資料，評估風險管理及內部控制系統的有效性。環境、社會及管治政策及措施亦由董事會定期審閱，以優化環境、社會及管治管治架構及準則。本報告經本集團董事會審閱及批准。

### 3 持份者參與

與持份者建立開放關係及回應持份者為環境、社會及管治整體方針奠定基石。我們定期與廣泛關鍵持份者溝通，衡量如何及時回應彼等的需要及意見。重要的是，我們掌握及了解持份者的意見變化並做出回應及優化現時及未來的營運策略。

為識別持份者對業務營運的意見及關注，本集團不僅識別可能對業務造成重大影響的關鍵持份者組別或可能受我們的業務重大影響的持份者組別，亦透過不同渠道與彼等維持定期溝通，並於下表載述：

# Environmental, Social and Governance Report

## 環境、社會及管治報告

Stakeholder groups 持份者組別	Communication channels 溝通渠道
Investors and shareholders 投資者及股東	<ul style="list-style-type: none"> <li>• Company website</li> <li>• 公司網站</li> <li>• Company announcements</li> <li>• 公司公告</li> <li>• Annual general meeting</li> <li>• 股東週年大會</li> <li>• Annual and interim reports</li> <li>• 年報及中期報告</li> </ul>
Customers 客戶	<ul style="list-style-type: none"> <li>• Company website</li> <li>• 公司網站</li> <li>• Customer direct communication</li> <li>• 客戶直接溝通</li> <li>• Customer feedback and complaints</li> <li>• 客戶反饋及投訴</li> </ul>
Employees 僱員	<ul style="list-style-type: none"> <li>• Training and orientation</li> <li>• 培訓及迎新</li> <li>• Emails and opinion box</li> <li>• 電郵及意見箱</li> <li>• Regular meetings</li> <li>• 定期會議</li> <li>• Employee performance evaluation</li> <li>• 僱員表現評估</li> <li>• Employee activities</li> <li>• 員工活動</li> </ul>
Suppliers and business partners 供應商及業務夥伴	<ul style="list-style-type: none"> <li>• Selection assessment</li> <li>• 篩選評估</li> <li>• Procurement process</li> <li>• 採購過程</li> <li>• Performance assessment</li> <li>• 表現評估</li> <li>• Regular communication with business partners (e.g. emails, meetings, on-site visits etc.)</li> <li>• 與業務夥伴定期溝通（例如電郵、會議、實地考察等）</li> </ul>
Government authorities and regulators 政府部門及監管機構	<ul style="list-style-type: none"> <li>• Documented information submission</li> <li>• 遞交文件資料</li> <li>• Compliance inspections and checks</li> <li>• 合規核查及檢查</li> <li>• Forums, conferences and workshops</li> <li>• 論壇、會議及工作坊</li> </ul>
Non-governmental organisations 非政府組織	<ul style="list-style-type: none"> <li>• Emails</li> <li>• 電郵</li> <li>• Phones</li> <li>• 電話</li> <li>• Charity donations</li> <li>• 慈善捐獻</li> </ul>
Communities 社區	<ul style="list-style-type: none"> <li>• Company website</li> <li>• 公司網站</li> <li>• Community activities</li> <li>• 社區活動</li> </ul>
Media 媒體	<ul style="list-style-type: none"> <li>• Company website</li> <li>• 公司網站</li> <li>• Company announcements</li> <li>• 公司公告</li> </ul>

# Environmental, Social and Governance Report

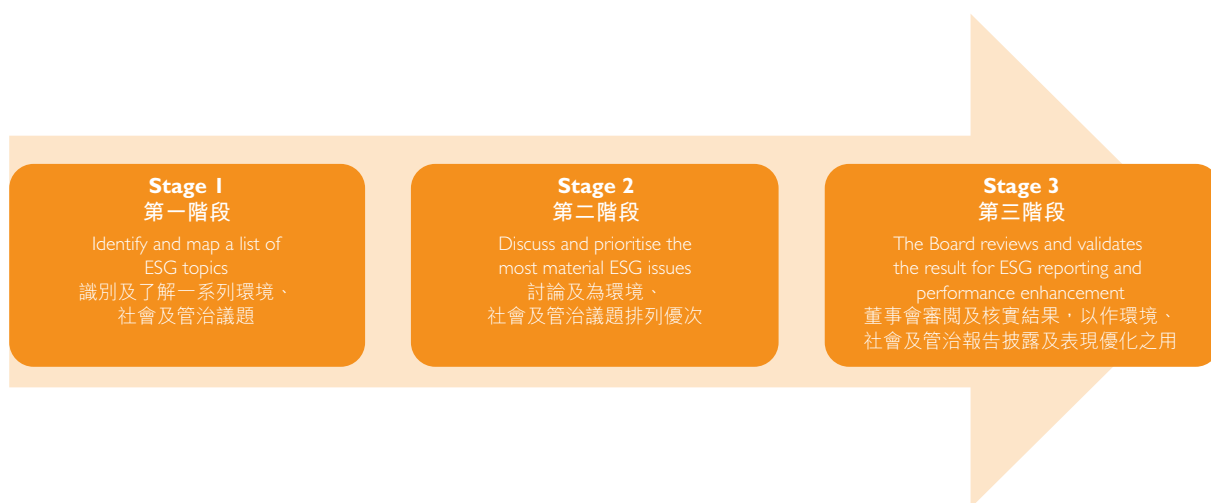
## 環境、社會及管治報告

### 4 MATERIALITY ASSESSMENT

With an aim to identify material ESG issues in formulating appropriate ESG strategies on ESG management and determining the direction of the Report, we review stakeholder feedback regularly to understand the materiality of issues to the Group's business operation and the stakeholders themselves. Benchmarking exercise is also conducted regularly to analyse the material topics of the entertainment industry. ESG issues are prioritised in accordance with the relevance and importance to the Group and stakeholders; such result has been validated by the Board.

### 4 重要性評估

我們定期審閱持份者反饋，以瞭解議題對本集團業務營運及持份者自身的重要性，旨在識別重大環境、社會及管治議題，制訂合適的環境、社會及管治策略及釐定本報告的方向。我們亦定期進行基準測試，以分析娛樂行業的重大議題。我們按照對本集團及持份者的相關性及重要性，為環境、社會及管治議題排列優次；有關結果經董事會核實。





# Environmental, Social and Governance Report

## 環境、社會及管治報告

With the aforesaid assessment process, four key ESG topics are considered as material, including energy efficiency, use of resources, service quality and customer satisfaction and customer health and safety. Our responses to these key concerns raised by our stakeholders are summarised in the following table.

通過上述評估過程，四個關鍵環境、社會及管治議題被認為屬重大，包括能源效益、資源使用、服務質量及客戶滿意度以及客戶健康與安全。我們對持份者提出的主要關注事項的回應概述於下表。

Key concerns 主要關注事項	Our responses 我們的回應	Sections 分節
<b>Environmental 環境</b>		
Energy efficiency 能源效益	Energy is our major source of greenhouse gas ("GHG") emission and resource consumption. We strive to reduce our energy consumption through various electricity saving measures. 能源是溫室氣體排放及資源消耗的主要來源。我們致力透過各種節能措施減少能源消耗。	Environmental Footprint — Resource Management 環境足跡 — 資源管理
Use of resources 資源使用	Be a good steward of natural resources helps us thrive. We are committed to use alternative materials and techniques with a view to reducing our reliance on primary natural resources. 有效管理天然資源有助我們蓬勃發展。我們致力於使用替代材料及技術，以減少對主要天然資源的依賴。	Environmental Footprint — Resource Management 環境足跡 — 資源管理
<b>Social 社會</b>		
Service quality and customer satisfaction 服務質量及客戶滿意度	Service quality and customer satisfaction pave the way of our business development. We always uphold the highest standard of service quality to meet the dynamic needs of our customers. 服務質量及客戶滿意度對業務發展尤其重要。我們始終堅持最高的服務質量標準，以滿足客戶不停轉變的需求。	Operational Excellence — Quality Service 卓越營運 — 優質服務
Customer health and safety 客戶健康與安全	Customer health and safety is growing in prominence under the pandemic. We strictly adhere to the regional governments' anti-epidemic regulations and measures. 在疫情下，客戶健康與安全日益重要。我們嚴格遵守當地政府的防疫法規及措施。	Operational Excellence — Response to the Pandemic 卓越營運 — 應對疫情

Looking forward, the Group will continue to review and develop corresponding ESG policies, strategies and targets, formulate appropriate response measures and control processes, as well as optimise the ESG reporting disclosure in order to pursue continuous improvement in our ESG performance in future.

展望未來，本集團將繼續檢討及制定相應的環境、社會及管治政策、策略及目標，制訂適當的應對措施及控制流程，並優化環境、社會及管治報告披露，以於未來持續改善環境、社會及管治表現。

# Environmental, Social and Governance Report

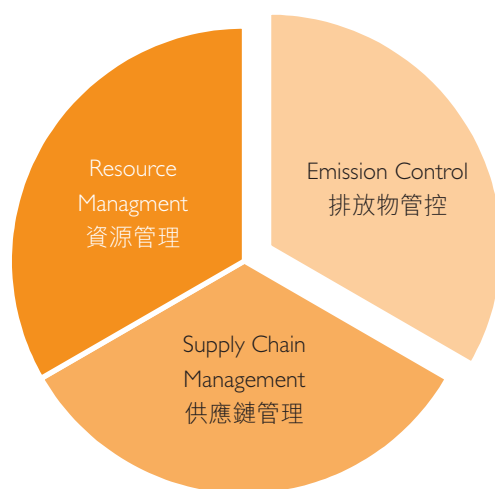
## 環境、社會及管治報告

### 5 ENVIRONMENTAL FOOTPRINT

The Group generates limited carbon footprint due to our business nature. However, we still see the importance of environmental stewardship; thus, unswervingly pursue breakthroughs in setting ourselves on a green path to integrate environmental principles into our daily operation. Besides, we are not aware of any environmental laws and regulations that may pose a significant impact on the Group's operations and there is no issue in sourcing water in the Group's operations during the Reporting Period.

### 5 環境足跡

基於業務性質使然，本集團產生的碳足跡有限。然而，我們仍了解環境管理的重要性；因此，我們堅定不移地尋求突破，將環境原則融入日常營運。此外，於報告期間，我們並不知悉任何可能對本集團營運造成重大影響的環境法律及法規，且本集團的營運在求取水源方面並無任何問題。



The Group is aspired to go beyond our service value through collaborating with our staff and customers to promote sustainable entertainment. Apart from imprinting environmental awareness into our stakeholders' mind, we have adopted various sustainable initiatives to facilitate energy efficiency, waste reduction and process efficiency. In pursuance of environmental performance optimisation, we endeavour to track our environmental performance and ensure strict compliance with all applicable environmental laws and regulations.

本集團致力透過與員工及客戶合作推廣可持續娛樂，以超越我們的服務價值。除了將環保意識刻進持份者的腦海之外，我們已採取各種可持續發展措施，以促進能源效益、減少廢物及提高流程效率。我們努力追蹤環境績效以將其優化，並確保嚴格遵守所有適用環境法律及法規。

The environmental performance covers the operations in Hong Kong and Singapore. However, the coverage may vary since we operate in leased premises with the supply and discharge of water, air-conditioning and waste collection controlled by building management and no sub-metering or record for individual occupants. The Group is attempting to improve its data collection methodology in the future.

環境績效涵蓋香港及新加坡的營運。然而，由於我們在租賃物業經營業務，供水及排水、空調及廢物收集由物業管理人員控制，且並無對個別租戶進行分計量或記錄，故各環境績效覆蓋範圍可能有所不同。本集團正嘗試於未來改善其數據收集方法。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

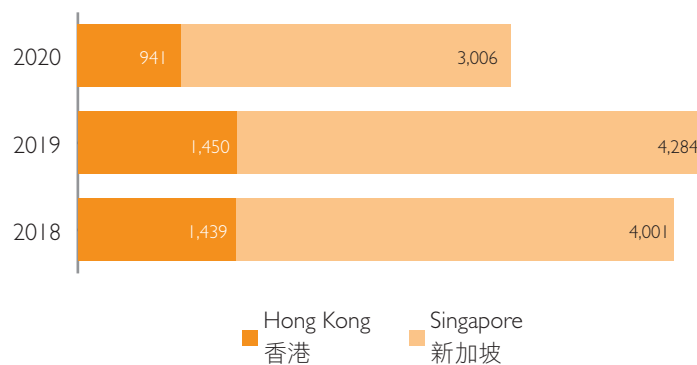
### 5.1 Emission Control

Global warming is one of the most challenging obstacles in the planet nowadays and every government and corporate organisation have the responsibility to put efforts in combating the issue. During the Reporting Period, the direct GHG emission (Scope 1) is mainly generated from the combustion of fossil fuel in mobile sources while the energy indirect GHG emission (Scope 2) which accounts for 99% of the Group's total GHG emission mainly comes from the consumption of purchased electricity for daily operation. The Group has put in place emission reduction measures specific to the identified sources and are further elaborated in the later section headed "Resource Management" of this ESG Report.

### 5.1 排放物管控

全球暖化是當今全球最具挑戰性的障礙之一，而每個政府和企業組織都有責任努力應對該問題。於報告期間，直接溫室氣體排放(範圍1)主要來自移動源化石燃料的燃燒，而能源間接溫室氣體排放(範圍2)佔本集團溫室氣體排放總量的99%，主要來自日常營運中購買的電力消耗。本集團已針對已識別來源制定減排措施，並於本環境、社會及管治報告下文「資源管理」一節進一步闡述。

**GHG Emission (tCO<sub>2</sub>e)**  
溫室氣體排放(噸二氧化碳當量)



The Group is aware that climate change and air pollution are critical environmental issues not only in a local, but a global scale. In general, the key air pollutants generated which are mainly attributed to the consumption of diesel and unleaded petrol from mobile combustion in Hong Kong include nitrogen oxides ("NO<sub>x</sub>"), sulphur oxides ("SO<sub>x</sub>") and particulate matter ("PM"). In view of minimising air pollutants stemmed from transportation, inspection and maintenance are conducted regularly for our energy efficient vehicles. Our employees are encouraged to use public transport or company vehicles for group travel and choose their routes carefully to reduce unnecessary trips. In addition, we are proactively introducing the technology of electronic delivery of movies to curtail carbon emission the electricity consumption associated with delivery and storage. In FY2020, we have achieved 27% reduction in SO<sub>x</sub> emission with the implemented measures.

本集團意識到氣候變化及空氣污染不僅是本地，亦是全球的關鍵環境問題。一般而言，所產生的主要空氣污染物主要歸因於香港流動燃燒所消耗的柴油及無鉛汽油，包括氮氧化物、硫氧化物及顆粒物。為盡量減少運輸產生的空氣污染物，我們定期對節能車輛進行檢查及維護。我們鼓勵僱員使用公共交通工具或公司車輛進行集體旅行，並審慎選擇其路線以減少不必要的差旅。此外，我們正積極引入電子電影傳送技術，以減少與傳送及儲存相關的碳排放。於二零二零財政年度，我們通過實施措施減少27%硫氧化物排放。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

With the increasing burden of landfills and the proposed municipal solid waste charging scheme which may lead to unforeseen cost to the business, it is critical to improve our waste management approach. We are proactively exploring ways to enhance the recycling rate of disposables. However, it is difficult to track our performance as waste collection and disposal are arranged by property management without separate record. Another challenge we faced is that the waste generated from cinema operation is beyond our control with food packaging materials brought in by our customers being the dominant waste. Regular communication with waste contractors is conducted to identify ways to handle general waste. For our beverage business in Hong Kong, a qualified waste collector is engaged to collect and recycle used cooking oil which produces biodiesel and biofuels after treatment. In FY2020, the recycling amount has dropped due to the suspension of business under COVID-19.

### 5.2 Resource Management

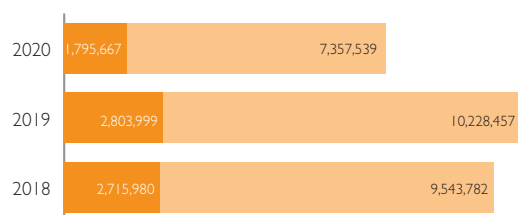
The Group believes behaviour change and consistent actions over time can minimise our corporate environmental footprint and promote responsible consumption. Therefore, we encourage our employees and customers to adopt a sustainable lifestyle by introducing green policies in our operations for saving energy and resources and recycling waste. We advocate 3Rs — Reduce, Reuse and Recycle throughout our operation to boost resource efficiency and reduce carbon emission. Operational guidelines are established to raise our employees' environmental awareness and competence on environmental protection. Moreover, energy and water consumption of the Group are regularly measured and recorded to identify methods for improving our operational efficiency.

隨著堆填區的負擔增加及建議的都市固體廢物收費計劃可能導致業務產生不可預見的成本，改善我們的廢物管理方法至關重要。我們正積極探索提高即棄品回收率的方法。然而，由於廢物收集及處置乃由物業管理人員安排，並無獨立記錄，故難以追蹤我們的表現。我們面臨的另一挑戰是影院營運所產生的廢棄物超出我們的控制範圍，因客戶帶來的食品包裝材料為我們的主要廢棄物。我們定期與廢物承包商溝通，以識別處理一般廢物的方法。就我們於香港的飲品業務而言，我們委聘合資格廢物收集商收集及回收使用後的食用油，以經處理製成生物柴油及生物燃料。由於COVID-19疫情引致的經營停頓，二零二零財政年度的回收率下降。

### 5.2 資源管理

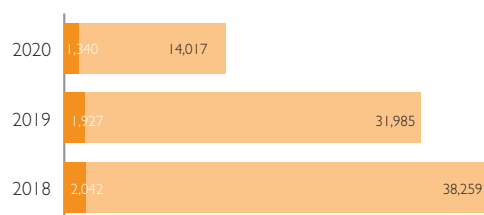
本集團相信行為改變及持續行動可減少企業環境足跡及促進負責任消費。因此，我們鼓勵僱員及客戶採用可持續的生活方式，在我們的營運中引入環保政策，以節約能源及資源以及回收廢物。我們在整個營運過程中提倡3R — 減少使用、物盡其用及循環再用，以提高資源效益及減少碳排放。我們已制定營運指引，以提升僱員的環保意識及能力。此外，本集團定期量度及記錄能源及水的消耗，以識別改善營運效率的方法。

**Electricity Consumption (kWh)**  
耗電量(千瓦時)



■ Hong Kong 香港 ■ Singapore 新加坡

**Water Consumption (m<sup>3</sup>)**  
耗水量(立方米)



■ Hong Kong 香港 ■ Singapore 新加坡

# Environmental, Social and Governance Report

## 環境、社會及管治報告

The Group is vigilant to conserve energy, water and resources as to relieve global concern of resource depletion. Hence, we have initiated the following measures to promote responsible use of resources:

本集團在節約能源、用水及資源方面保持警惕，以緩解全球對資源消耗的擔憂。因此，我們已採取以下措施促進負責任使用資源：

### Electricity

#### 電力

- Maintain an optimal temperature, humidity and air quality of the air-conditioning system  
空調系統維持合適氣溫、濕度及空氣質素
- Replace lightings with LED lights  
以LED燈照明
- Procure energy efficient equipment, including laser projectors  
購買具備能源效益的設備，包括激光投影機
- Switch off lighting and electrical office equipment when they are not in use  
無需使用照明及辦公室電子設備時關掉有關設備
- Organise training on saving energy regularly  
定期舉辦節能培訓

### Water

#### 用水

- Repair timely when there is dripping, spraying and leaky faucets  
水龍頭滴水、噴水或滲水時及時維修
- Conduct regular inspection of faucets  
定期檢查水龍頭
- Post reminders in toilets and office pantries to encourage our employees and patrons to use less water  
於洗手間及辦公室茶水間張貼告示，鼓勵員工及訪客節約用水

### Paper

#### 紙張

- Promote e-platform for internal information circulation  
鼓勵使用電子平台傳閱內部資料
- Encourage the use of recycled paper and double-sided printing  
鼓勵使用再生紙及雙面影印
- Utilise online advertising platform instead of poster paper  
善用網上廣告平台，而非使用海報紙張
- Develop mobile application to encourage e-payment and mobile ticketing  
開發流動應用程式，鼓勵電子支付及手機售票

# Environmental, Social and Governance Report

## 環境、社會及管治報告

A significant reduction in resource consumption and GHG emission is recorded during the Reporting Period and is mainly attributed to the business suspension under the pandemic. The environmental footprint is expected to get increased for the coming Reporting Period due to the progressive resumption of business. However, we are dedicated to integrating the above measures into our daily operation to minimise our operational impacts.

### 5.3 Natural Resources and Supply Chain Management

With sustainable entertainment being our operational principle, supply chain management is where we start our journey towards responsible use of natural resources. The Group recognises the devastating impacts of overconsumption of plastic; thus, biodegradable materials are procured to replace plastic during our operation. For instance, paper straws are only provided upon request and wooden cutlery is offered instead of the disposable one. Besides, we encourage customers to bring their own pair of 3D glasses or reuse it.

### 5.4 Key Performance Metrics

During the Reporting Period, the Group's environmental performance in relation to its operations is shown in the following table:

於報告期間，本集團錄得資源消耗及溫室氣體排放大幅減少，主要由於疫情下業務暫停。由於逐步恢復業務，預期下一個報告期間的環境足跡將有所增加。然而，我們致力於將上述措施融入日常營運，以盡量減低營運影響。

### 5.3 天然資源及供應鏈管理

我們以可持續娛樂為營運原則，而負責任使用天然資源的進程始於供應鏈管理。本集團意識到過度消耗塑料的影響；因此，我們於營運過程中採購可生物降解材料以取代塑膠。例如，我們只會按要求提供紙飲管，並提供木製餐具而非即棄餐具。此外，我們鼓勵客戶自備3D眼鏡或重用3D眼鏡。

### 5.4 關鍵績效指標

於報告期間，有關本集團營運的環境表現載於下表：

# Environmental, Social and Governance Report

## 環境、社會及管治報告

Environmental Aspects 環境層面	Unit 單位	Hong Kong 香港			Singapore 新加坡			Total 總計
		FY2020 二零二零 財政年度	FY2019 二零一九 財政年度	FY2018 二零一八 財政年度	FY2020 二零二零 財政年度	FY2019 二零一九 財政年度	FY2018 二零一八 財政年度	
<b>Use of Resources</b>								
<b>資源使用</b>								
<i>Direct energy</i>								
<i>直接能源</i>								
— Unleaded petrol	Litre ("L")	2,249	—	—	—	—	—	<b>2,249</b>
— 無鉛汽油	公升							
— Diesel	L	1,785	—	—	—	—	—	<b>1,785</b>
— 柴油	公升							
<i>Indirect energy</i>								
<i>間接能源</i>								
— Electricity	Kilowatt-hour ("kWh")	1,795,667	2,803,999	2,715,980	7,357,539	10,228,457	9,543,782	<b>9,153,206</b>
— 電力	千瓦時							
— Electricity intensity <sup>2</sup>	kWh/GFA in square metre ("m <sup>2</sup> ")	108	140	152	140	194	188	<b>132</b>
— 電力密度 <sup>2</sup>	千瓦時/平方米總樓面面積							
Total energy consumption <sup>3</sup>	Gigajoules ("GJ")	6,464	—	—	26,487	—	—	<b>32,951</b>
能源消耗總量 <sup>3</sup>	千兆焦耳							
Water consumption <sup>4</sup>	Cubic metre ("m <sup>3</sup> ")	1,340	1,927	2,042	14,017	31,985	38,259	<b>15,357</b>
用水 <sup>4</sup>	立方米							
Water intensity <sup>2</sup>	m <sup>3</sup> /m <sup>2</sup>	0.11	0.10	0.11	0.27	0.61	0.75	<b>0.24</b>
水密度 <sup>2</sup>	立方米/平方米							

<sup>2</sup> Intensity values are calculated by dividing the absolute energy/GHG/water consumption by the gross floor area ("GFA") in square metres of premises in Hong Kong and Singapore. In FY2020, the total GFA in Hong Kong is 16,568 m<sup>2</sup> and 52,579 m<sup>2</sup> in Singapore.

<sup>3</sup> The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh in 2019.

<sup>4</sup> Water consumption data of Hong Kong covers 5 cinemas (GH Fanling, StagE, GH V Walk, GH Whampoa and the sky) and that of Singapore covers all the operation sites. The offices and the other cinemas in Hong Kong are operated in leased premises with the supply and discharge of water controlled by building management and no sub-metering or record for individual occupants.

<sup>2</sup> 密度的計算方法是將香港和新加坡的能源/溫室氣體/水消耗量除以按平方米計算的總樓面面積。在二零二零財政年度，香港的總樓面面積為16,568平方米，新加坡的總樓面面積則為52,579平方米。

<sup>3</sup> 無鉛汽油和柴油消耗量的體積單位換算成能源單位的係數是參考CDP技術附註：二零一九年燃料數據換算成兆瓦時。

<sup>4</sup> 香港的用水量數據涵蓋5家影院(嘉禾粉嶺、StagE、嘉禾V Walk、嘉禾黃埔及the sky)，而新加坡的數據則涵蓋所有營運地點。由於香港的辦公室及其他影院的供水及排水由物業管理人員控制，故並無對個別租戶進行分計量或記錄。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

Environmental Aspects 環境層面	Unit 單位	Hong Kong 香港			Singapore 新加坡			Total 總計
		FY2020 二零二零 財政年度	FY2019 二零一九 財政年度	FY2018 二零一八 財政年度	FY2020 二零二零 財政年度	FY2019 二零一九 財政年度	FY2018 二零一八 財政年度	
<b>GHG emission</b>								
<b>溫室氣體排放</b>								
Direct emission (Scope 1) <sup>5</sup>	Tonne carbon dioxide equivalent ("tCO <sub>2</sub> e")	11	14	22	NA不適用	-	-	11
直接排放(範圍1) <sup>5</sup>	噸二氧化碳當量							
Indirect emission (Scope 2) <sup>6</sup>	tCO <sub>2</sub> e	930	1,436	1,417	3,006	4,284	4,001	3,936
間接排放(範圍2) <sup>6</sup>	噸二氧化碳當量							
Carbon emission intensity (Scope 1 & 2) <sup>2</sup>	tCO <sub>2</sub> e/m <sup>2</sup>	0.06	0.07	0.08	0.06	0.08	0.08	0.06
碳排放密度(範圍1及2) <sup>2</sup>	噸二氧化碳當量/平方米							
<b>Air emission<sup>7</sup></b>								
<b>空氣排放物<sup>7</sup></b>								
NO <sub>x</sub>	Gram ("g")	20,116	20,261	19,651	-	-	-	20,116
氮氧化物	克							
SO <sub>x</sub>	g	62	82	126	-	-	-	62
硫氧化物	克							
PM	g	1,854	1,904	1,772	-	-	-	1,854
顆粒物	克							
<b>Waste</b>								
<b>廢棄物</b>								
Used cooking oil recycled <sup>8</sup>	L	560	1,160	936	-	-	-	560
回收使用後的食用油 <sup>8</sup>	公升							

<sup>5</sup> Scope 1: Direct GHG emission covers only the emission from mobile combustion of our fleet which consists of two vehicles in Hong Kong. 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. The calculation is made reference to the published emission factors from Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by EPD and Electrical and Mechanical Services Department.

<sup>6</sup> Scope 2: Energy indirect GHG emissions are caused by the use of purchased electricity. The calculation is based on the published emission factors of sustainability reports of our utility providers — CLP (2019) and Hong Kong Electric (2019) in Hong Kong and the electricity grid emission factors of Energy Market Authority in Singapore.

<sup>7</sup> The air emission is calculated based on the "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

<sup>8</sup> The used cooking oil is generated by the sky cinema and Joō de Rolls Café. No other operations generate used cooking oil.

<sup>5</sup> 範圍1：直接溫室氣體排放僅包括我們的車隊(包括香港的兩輛車)的流動燃燒排放。本集團並無有關空調製冷劑的消耗及選擇的數據，亦無操作控制，因此不包括製冷劑的排放。計算方法是參考環保署及機電工程署出版的《香港建築物(商業、住宅或公共用途)的溫室氣體排放及減除的核算和報告指引》中的排放係數。

<sup>6</sup> 範圍2：能源間接溫室氣體排放是由使用購買的電力所引致。根據本地公用事業供應商——中電(二零一九年)及港燈(二零一九年)公佈的可持續發展報告的排放係數和新加坡能源市場管理局的電網排放係數計算。

<sup>7</sup> 空氣排放是根據聯交所發佈的如何編備ESG報告？附錄二：環境關鍵績效指標匯報指引作計算。

<sup>8</sup> 使用後的食用油由的 sky cinema及Joō de Rolls Café產生。其他業務沒有產生使用後的食用油。



# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 6 RESPONSIBLE EMPLOYMENT

The Group believes attracting and retaining talents is the key to our business sustainable development; thus, employee development, employment conditions and workplace standards have always been our prime concerns and there is no better way than maintaining a quality workplace that values ethics, diversity, safety and learning.

### 6 負責任僱傭

本集團相信吸引及挽留人才是業務可持續發展的關鍵；因此，僱員發展、僱傭條件及工作場所標準一直是我們的首要關注，且維持重視道德、多元化、安全及學習的優質工作場所是不二之選。



#### 6.1 Employment Practices

Our dedicated team is our most valuable asset; thus, the Group attaches great attention on constructing a stable, motivated and supportive workforce underpins the diversity, fair and respectful corporate culture. Equitable and market-competitive remuneration packages and fringe benefits, including medical insurance and contributions to retirement scheme are provided to attract and retain our passionate talents, while individual's performance is evaluated regularly for offering discretionary bonus.

A diversified and inclusive team facilitates our understanding of our customers' needs and we seek to conduct our recruitment in a fair and transparent manner that candidates are solely hired based on their education qualifications, abilities, attitude, knowledge, experience and performance. The Group prohibits any forms of discrimination or harassment against sex, sexual orientation, age, colour, nationality, disability, religion, pregnancy, political inclination, union membership or socioeconomic status. Meanwhile, every employee is provided with an equal opportunity in recruitment, transfer, promotion, performance appraisal, training, benefits as well as compensation.

#### 6.1 僱傭慣例

我們敬業的團隊是我們最寶貴的資產；因此，本集團非常重視建立穩定、積極及支持性的員工隊伍，以支持多元化、公平及尊重的企業文化。我們提供公平及具市場競爭力的薪酬待遇及附帶福利，包括醫療保險及退休計劃供款，以吸引及挽留充滿熱誠的人才，並定期評估個人表現以提供酌情花紅。

多元化及共融的團隊有助我們了解客戶的需要，而我們尋求以公平及透明的方式進行招聘，僅根據候選人的學歷、能力、態度、知識、經驗及表現進行招聘。本集團禁止針對性別、性取向、年齡、膚色、國籍、殘疾、宗教、懷孕、政治傾向、工會會員資格或社會經濟地位的任何形式歧視或騷擾。同時，每名僱員在招聘、調職、晉升、績效考核、培訓、福利及薪酬方面均享有平等機會。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

The Group enforces a zero-tolerance policy on the child and any forms of forced labour, including slavery, debt-induced labour and coercion in the workplace. All candidates qualified for employment must have reached the statutory required age and have been in possession of valid identification documents which are examined by the Human Resources Department during recruitment and upon employment. In addition, all employees are required to enter into labour contracts on a voluntary and fair basis and are free to leave their position with proper notifications. Human resources policies are stipulated in the Employee Handbook and are integrated into the induction training.

During the Reporting Period, we are not aware of any breach of relevant laws and regulations in Hong Kong and Singapore relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, other benefits and welfare, and preventing child and forced labor, including Employment Ordinance (Cap. 57) in Hong Kong and the Employment Act in Singapore. The compliance demonstrates our respect to labour rights so as to strengthen trust, loyalty and motivation of our employees.

### 6.2 Health and Safety

Health, safety and wellness of our people always come first during our operation. In response to the identified safety risk in cinema operation — fire, we maintain the highest standard on safety management and conduct regular inspection on the firefighting equipment. Emergency preparedness plan, including reporting channels and evacuation routes has also been established and well communicated with our frontline staff by conducted regular training. In addition, occupational health and safety is reinforced through operational guidelines that raise awareness of potential hazards in the workplace and minimise these risks for our office staff. Wellbeing and happiness of our employees are the pre-requisite of quality and enjoyable services. We do not only promote work-life balance, but also build a cohesive and harmonious labour and management relationship to cultivate employees' sense of belonging to the Group.

During the Reporting Period, we strictly comply with relevant laws and regulations in Hong Kong and Singapore relating to providing a safe working environment and protecting employees from occupational hazards, including Places of Public Entertainment Regulations (Cap. 172) in Hong Kong and this demonstrates our commitment of workplace safety by elimination of safety risks.

本集團對童工及任何形式的強制勞工採取零容忍政策，包括在工作場所進行奴役、債務誘導的勞工及脅迫。所有符合僱傭資格的應徵者必須達到法定要求的年齡，並持有有效的身份證明文件，由人力資源部於招聘及僱傭期間檢查。此外，所有僱員均須按自願及公平基準訂立勞動合同，並可在適當通知下自由離職。人力資源政策於僱員手冊中訂明，並納入入職培訓。

於報告期間，我們並不知悉任何違反香港及新加坡有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視、其他待遇及福利以及防止童工及強制勞工的相關法律及法規，包括香港法例第57章僱傭條例及新加坡僱傭法。合規證明我們對勞工權利的尊重，以加強僱員的信任、忠誠度及積極性。

### 6.2 健康與安全

員工的健康及安全一直是我們營運的首要考慮。針對影院營運中已識別的安全風險 — 火災，我們維持最高的安全管理標準，並定期進行消防設備檢查。我們亦已制定應急準備計劃，包括報告渠道及疏散路線，並透過定期培訓與前線員工充分溝通。此外，我們透過營運指引加強職業健康與安全，提高員工對工作場所潛在危害的意識，並將該等風險降至最低。我們的僱員的福祉及快樂是提供優質及愉快服務的先決條件。我們不僅促進工作與生活的平衡，亦建立具凝聚力及和諧的勞動及管理關係，以培養僱員對本集團的歸屬感。

於報告期間，我們嚴格遵守香港及新加坡有關提供安全工作環境及保障僱員避免職業性危害的相關法律及法規，包括香港法例第172章公眾娛樂場所規例。這證明我們透過消除安全風險對工作場所安全的承諾。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

In light of the recent outbreak of COVID-19, we pay cautious measures to counter the spread of disease and better protect our staff, customers and the local community. The Group has followed the measures and directives issued by the government authorities in the regions with operation and adopted appropriate preventive measures to protect the employees and provide them with healthy and hygienic working environment within the offices and cinemas as listed below.

- Admission check — Measure body temperature before entering the workplace
- Disinfection of workplace regularly and put up hand sanitisers around workplace
- Pandemic prevention propaganda — Post the prevention and control measures in the workplace to alert employees of diseases and prevention awareness
- Respond to call — Carry out prevention and treatment of pandemic according to the regulations of the government
- Distribution of supplies — Assist staff to order epidemic prevention supplies, such as sanitisers and masks

### 6.3 Development and Training

The Group firmly believes that professional competency and development of its employees serve pivotal roles in its business thrives, and it is vital to cultivate a continuous development culture and unleash its workers' potentials. A wide variety of training programmes by our in-house and external training providers, covering topics on job specific skills and knowledge, industry-wide practices and regulations, occupational health and safety, management skills, as well as customer services skills are offered based on our employees' needs and the latest market trend. Education subsidies and examination leaves are also available to encourage continuous learning.

Education and training opportunities which are essential for continued professional development are offered. Induction training of operational procedures and customer service skills is provided for all frontline staff. Besides, with an aim to ensure food safety and maintain consistent standard, our staff working in food and beverages business are required to attend our mandatory food handling and food hygiene management courses organised by Integrated Vocational Education Centre in Hong Kong and National Environment Agency in Singapore prior to on-boarding. Being certified for food hygiene management, employees are better aware of the relevant risks and ways of mitigation.

鑑於近期COVID-19的爆發，我們採取審慎措施以應對疾病的傳播並更好地保護我們的員工、客戶及當地社區。本集團已遵守營運所在地區的政府機關所頒佈的措施及指令，並採取適當的預防措施以保護僱員，並在辦公室及戲院內為彼等提供健康及衛生的工作環境，詳情載列如下。

- 入場檢查 — 進入工作場所前量度體溫
- 定期消毒工作場所及在工作場所周圍放置消毒搓手液
- 防疫宣傳 — 在工作場所公佈防控措施，以提醒員工疾病及預防意識
- 響應號召 — 按照政府規定開展疫情防控工作
- 用品分銷 — 協助員工訂購防疫用品，如消毒劑及口罩

### 6.3 發展及培訓

本集團堅信，僱員的專業能力及發展對其業務發展至關重要，且培養持續發展文化及釋放其員工潛力至關重要。我們根據僱員需求及最新市場趨勢提供內部及外部培訓供應商提供的廣泛培訓計劃，涵蓋工作特定技能及知識、行業慣例及法規、職業健康與安全、管理技能以及客戶服務技能等主題。我們亦提供教育補貼及考試假，以鼓勵持續學習。

我們提供對持續專業發展至關重要的教育及培訓機會。所有前線員工均獲提供有關營運程序及客戶服務技巧的入職培訓。此外，為確保食品安全及維持一貫標準，我們從事餐飲業務的員工須於入職前參加由香港綜合職業訓練中心及新加坡國家環境局舉辦的強制性食品處理及食品衛生管理課程。獲得食品衛生管理認證後，僱員更了解相關風險及緩解方法。

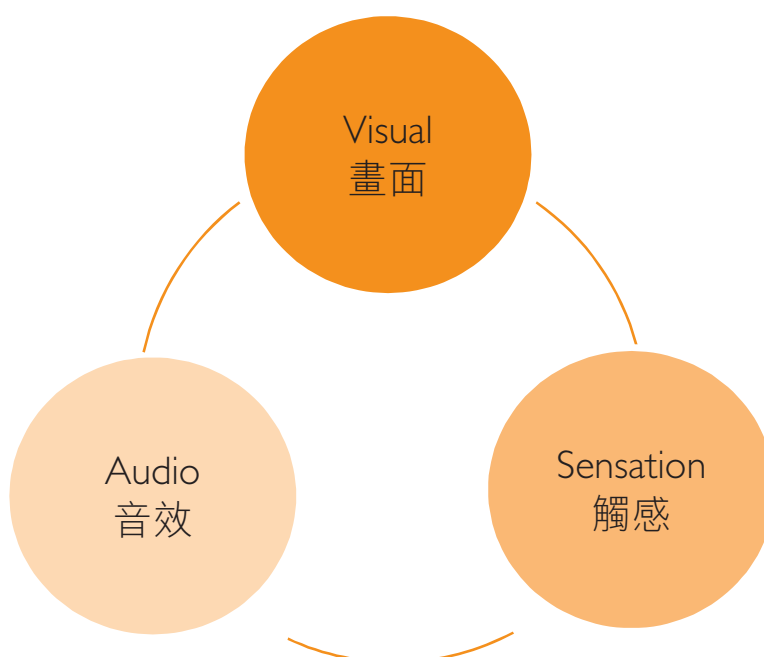
# Environmental, Social and Governance Report 環境、社會及管治報告

## 7 OPERATIONAL EXCELLENCE

We have been shouldering our commitment to delight our customers with world-class viewing experience and diverse movie options. We are dedicated to exciting our customers' sight, hearing and sensation with our movies and even taste with our food and beverages. In addition, every customer entering our cinemas is greeted by our heartwarming and well-trained frontline staff. We have been upgrading our facilities and design to improve the accessibility for the disabled and elderly, with user-friendly and barrier-free facilities.

## 7 營運績效

我們一直致力為客戶帶來世界級的觀賞體驗及多元化的電影選擇。我們致力為客戶提供視覺、聽覺及觸覺的影視享受，甚至是味覺享受。此外，每位進入我們影院的客戶均受到暖心及訓練有素的前線員工的歡迎。我們一直在提升我們的設施及設計，採用無障礙設施，以方便殘疾人士及長者。



During the Reporting Period, we are not aware of any material breach of laws and regulations relating to advertising and labelling when providing products and services in Hong Kong and Singapore.

於報告期間，我們並不知悉於香港及新加坡提供產品及服務時嚴重違反有關廣告及標籤的法律及法規。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 7.1 Quality Service

Under our customer-centric approach, we always gauge customer satisfaction and preferences for continuous improvement. In a bid to offer diversified movies choices to cater to various tastes, our professional sourcing team actively seeks different genres, from blockbusters to cultural programmes, musicals and sporting events. Besides, we understand our customers' expectations on movie quality. Therefore, 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 an immersive viewing experience.

#### **TechnoMotion Chairs and D-Box**

D-Box Motion Code™ utilizes motion effects which are specifically programmed for individual film and integrated with the seats through a motion generating system. Each seat is equipped with an individual control panel for motion level adjustment based on personal preferences. The resulting motion is synchronised with onscreen action, creating a realistic immersive movie experience.

#### **Dolby**

Dolby Atmos employs overhead and surround sound speakers to deliver realistic sound effects. It allows sounds to move around the theatre to create dynamic effects and generates a natural and lifelike audio experience that matches the film.

#### **AURO**

AURO approaches multi-dimensional audio through a layer format. Their format uses two layers of additional sound with one above the traditional front and rear speakers and the another one on the ceiling.

#### **BARCO Laser Projectors**

BARCO Flagship Laser applies 6P RGB laser technology which elevates the brightness, contrast and color performance of a movie. It also uplifts the 3D effects and provide ultimate visual enjoyment.

#### **IMAX® Screens**

IMAX® Screens are equipped for awe-inspiring images, heart-pounding audio and immersive theatre experiences. Dual projection provides heightened realistic images with a balance of warmth and sharpness. The soundtrack is perfectly tuned with pin-point accuracy. With remote monitoring, it maintains the quality and consistency of the movie experience. It also provides higher quality of 3D effects and resolution and capture more images.

### 7.1 優質服務

以客戶為中心的方針下，我們一直評估客戶滿意度及喜好，以持續改善。為提供多元化電影選擇以迎合不同口味，我們的專業採購團隊積極尋求不同類型的電影，包括猛片、文化節目、音樂劇及體育賽事。此外，我們了解客戶對電影質素的期望。因此，本集團繼續投資新技術，如TechnoMotion座椅、D-Box、杜比及AURO音響系統、BARCO激光投影機及IMAX®銀幕，為觀眾提供沉浸式觀賞體驗。

#### **TechnoMotion 座椅及 D-Box**

D-Box獨立搖動編碼™採用針對單個影片的特定程式並通過動作生成系統與座椅結合的動作效果。每個座位均配備獨立控制面板，可根據個人喜好進行活動水平調整。所產生的動作與網絡動作同步，創造實際沉浸式電影體驗。

#### **杜比**

杜比全景聲採用高架及環繞式音響器，以產生實際的聲音效果。聲音在影院周圍移動以產生動態效果，並產生與電影相匹配的自然及生命的音頻體驗。

#### **AURO**

AURO透過層狀形式使用多維音頻。其格式使用兩層額外聲音，其中一層在傳統前後揚聲器之上，另一層於天花板。

#### **BARCO 激光投影機**

BARCO旗艦激光採用6P RGB激光技術，提升電影的亮度、對比度及色彩表現。其亦幫助3D效果及提供極致視覺享受。

#### **IMAX® 銀幕**

IMAX®銀幕配備令人讚嘆的影像、震撼人心的音效及沉浸式影院體驗。雙重投影提供更高的真實圖像，並平衡飽和度及銳度。聲道調音完美精確。透過遠程監控，保持電影體驗的質量及一致性。其亦提供更優質的3D效果及解像度，並捕捉更多影像。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 7.2 Response to the Pandemic

There is a growing concern on the health and well-being of customers in entertainment industry under COVID-19. In response to the pandemic outbreak, we do not only strictly adhere to the social distancing guidelines and rules of the government in the operating regions, but also establish guidelines and measures for frontline staff to keep cinema clean and safe.

- Adjust the number of tickets to be sold and seats to be occupied of each house for film, screening in accordance with social distancing regulations of the government
- Seating is arranged in a way that no more than four consecutive seats in the same row is occupied
- Prohibit eating and drinking inside a house
- Temporary closure of cinemas
- Provide hand sanitiser in all cinemas
- Measure customers' body temperature prior to admission
- Disinfect the counter desk frequently

During the Reporting Period, we attain a full compliance with Prevention and Control of Disease (Requirements and Directions) (Business and Premises) Regulation (Cap.599F) in Hong Kong.

### 7.3 Protection of Data Privacy

Understanding how indispensable privacy means to our clients, we implement stringent data protection mechanisms to ensure the security of our customers' and members' personal information. Clear guidelines have been established for our staff to follow in handling personal data, especially for processing online payment and our online membership system. Regular workshops on data handling are delivered regularly to remind our staff the importance of data privacy protection.

During the Reporting Period, we are not aware of any material non-compliance with laws and regulations relating to privacy matters, including the Personal Data (Privacy) Ordinance (Cap. 486), when providing products and services in Hong Kong and Singapore.

### 7.2 應對疫情

在COVID-19下，娛樂行業客戶的健康及福祉日益受到關注。為應對疫情爆發，我們不僅嚴格遵守營運地區政府的社交距離指引及規則，亦為前線員工制定指引及措施，以保持影院清潔及安全。

- 按照政府防疫政策規定調整每間影院的出售門票及佔用座位數量
- 座位安排方式為同一排不超過四個連續座位
- 禁止院內飲食
- 臨時關閉影院
- 於所有戲院提供消毒搓手液
- 於入場前量度客戶體溫
- 頻繁消毒櫃檯

於報告期間，我們全面遵守香港法例第599F章《預防及控制疾病(規定及指示)(業務及處所)規例》。

### 7.3 保障私隱

我們明白私隱對客戶不可或缺，因此實施嚴格資料保障機制，以確保客戶及會員個人資料的安全。我們已制定清晰指引，以供員工在處理個人資料時遵守，尤其是處理網上付款及網上會員系統。我們定期舉行資料處理工作坊，提醒員工保障私隱的重要性。

於報告期間，我們並不知悉於香港及新加坡提供產品及服務時有任何嚴重違反有關私隱事宜的法律及法規的情況，包括香港法例第486章個人資料(私隱)條例。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 7.4 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.

During the Reporting Period, we are not aware of any material breach of relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong, nor any legal cases regarding corruption practices against the Group or our employees in both Hong Kong and Singapore.

## 8 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. To further promote social inclusion and address the evolving needs in the society, we will continue to support and partner with different charities to organise movie screening, fundraising screening activities and charity sales for underprivileged children, low income families, the elderly and film schools.

### 7.4 反貪污

誠信及問責是業務的基石。我們透過實施強大的內部控制框架及政策，關注並持續監控我們經營環境中的商業道德風險。我們的審核委員會及高級管理層亦堅持對貪污及欺詐零容忍的原則。彼等的承諾反映於我們對目標的政策以及營運程序中。

於報告期間，我們並不知悉任何嚴重違反相關法律及法規(包括但不限於香港法例第201章防止賄賂條例)的情況，亦不知悉任何針對本集團或我們於香港及新加坡的僱員有關貪污行為的法律案件。

## 8 社區投資

我們利用我們的能力及資源為社區推行投資計劃，以傳播電影樂趣及幫助弱勢社群。為進一步促進社會共融及滿足社會不斷變化的需求，我們將繼續支持及與不同慈善機構合作，為貧困兒童、低收入家庭、長者及電影學校舉辦電影放映會、籌款活動及慈善義賣。

# Environmental, Social and Governance Report

## 環境、社會及管治報告

### 9 HKEX ESG REPORTING GUIDE INDEX

### 9 聯交所環境、社會及管治報告 指引索引

#### General Disclosures & KPIs 一般披露事項及關鍵績效指標

#### Reference Section/Explanation 參考章節/說明

#### Aspect A Environmental 層面A環境

<b>AI Emission</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.	Environmental Footprint — Emission Control
<b>AI 排放物</b>	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的 — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	環境足跡 — 排放管控
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Environmental Footprint — Key Performance Metrics
<b>關鍵績效指標A1.1</b>	排放物種類及相關排放數據。	環境足跡 — 關鍵績效指標
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Footprint — Key Performance Metrics
<b>關鍵績效指標A1.2</b>	溫室氣體總排放量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	環境足跡 — 關鍵績效指標
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	It is not a material issue to the Group as we produce limited hazardous waste in our entertainment business.
<b>關鍵績效指標A1.3</b>	所產生有害廢棄物總量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	由於娛樂業務產生的有害廢棄物有限，因此對本集團而言並非重大議題。
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Data is currently unavailable due to the arrangement of property management except the waste cooking oil illustrated in Key Performance Metrics
<b>關鍵績效指標A1.4</b>	所產生無害廢棄物總量（以噸計算）及（如適用）密度（如以每產量單位、每項設施計算）。	除關鍵績效指標所示的廢棄食用油外，由於物業管理安排，目前無法獲得數據。
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	Environmental Footprint — Emission Control
<b>關鍵績效指標A1.5</b>	描述減低排放量的措施及所得成果。	環境足跡 — 排放管控



# Environmental, Social and Governance Report

## 環境、社會及管治報告

General Disclosures & KPIs 一般披露事項及關鍵績效指標	Reference Section/Explanation 參考章節/說明	
<b>KPI A1.6</b> <b>關鍵績效指標A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. 描述處理有害及無害廢棄物的方式、減低產生量的措施及所得成果。	Environmental Footprint — Emission Control 環境足跡 — 排放管控
<b>A2 Use of Resource</b> <b>A2資源使用</b>	Policies on efficient use of resources including energy, water and other raw materials. 有效使用資源（包括能源、水及其他原材料）的政策。	Environmental Footprint — Resource Management 環境足跡 — 排放管控
<b>KPI A2.1</b> <b>關鍵績效指標A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). 按類型劃分的直接及/或間接能源（如電、氣或油）總耗量（以千個千瓦時計算）及密度（如以每產量單位、每項設施計算）。	Environmental Footprint — Key Performance Metrics 環境足跡 — 關鍵績效指標
<b>KPI A2.2</b> <b>關鍵績效指標A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility). 總耗水量及密度（如以每產量單位、每項設施計算）。	Environmental Footprint — Key Performance Metrics 環境足跡 — 關鍵績效指標
<b>KPI A2.3</b> <b>關鍵績效指標A2.3</b>	Description of energy use efficiency initiatives and results achieved. 描述能源使用效益計劃及所得成果。	Environmental Footprint — Resource Management 環境足跡 — 資源管理
<b>KPI A2.4</b> <b>關鍵績效指標A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. 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。	Environmental Footprint — Resource Management 環境足跡 — 資源管理
<b>KPI A2.5</b> <b>關鍵績效指標A2.5</b>	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced. 製成品所用包裝材料的總量（以噸計算）及（如適用）每生產單位佔量。	It is not a material issue to the Group, as we do not manufacture or produce packaging materials. 由於我們並無製造或生產包裝材料，因此對本集團而言並非重大議題。
<b>A3 The Environment and Natural Resources</b> <b>A3環境及天然資源</b>	Policies on minimising the issuer's significant impact on the environment and natural resources. 減低發行人對環境及天然資源造成重大影響的政策。	Environmental Footprint — Natural Resources and Supply Chain Management 環境足跡 — 天然資源及供應鏈管理
<b>KPI A3.1</b> <b>關鍵績效指標A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. 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。	Environmental Footprint — Natural Resources and Supply Chain Management 環境足跡 — 天然資源及供應鏈管理
<b>Aspect B Social</b> <b>層面B社會</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Responsible Employment — Employment Practices

# Environmental, Social and Governance Report

## 環境、社會及管治報告

General Disclosures & KPIs 一般披露事項及關鍵績效指標		Reference Section/Explanation 參考章節/說明
<b>B1 僱傭</b>	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的： — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	負責任僱傭 — 僱傭慣例
<b>B2 Health and Safety</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Responsible Employment — Health and Safety
<b>B2 健康與安全</b>	有關提供安全工作環境及保障僱員避免職業性危害： — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	負責任僱傭 — 健康與安全
<b>B3 Development and Training</b> <b>B3 發展及培訓</b>	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. 有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動。	Responsible Employment — Development and Training 負責任僱傭 — 發展及培訓
<b>B4 Labour Standards</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Responsible Employment — Employment Practices
<b>B4 勞工準則</b>	有關防止童工及強制勞工的： — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	負責任僱傭 — 僱傭慣例
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of supply chain.	Environmental Footprint — Natural Resources and Supply Chain Management, Operational Excellence — Quality Service
<b>B5 供應鏈管理</b>	管理供應鏈的環境及社會風險政策。	環境足跡 — 天然資源及供應鏈管理、卓越營運 — 優質服務
<b>B6 Product Responsibility</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operational Excellence — Quality Service, Response to the Pandemic, Protection of Data Privacy

# Environmental, Social and Governance Report

## 環境、社會及管治報告

General Disclosures & KPIs 一般披露事項及關鍵績效指標		Reference Section/Explanation 參考章節/說明
<b>B6 產品責任</b>	有關所提供產品及服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的： — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	卓越營運 — 優質服務、應對疫情、保障資料私隱
<b>B7 Anti-corruption</b>	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer	Operational Excellence — Anti-corruption
<b>B7 反貪污</b>	有關賄賂、勒索、欺詐及洗黑錢的： — 政策；及 — 遵守對發行人有重大影響的相關法律及規例的資料。	卓越營運 — 反貪污
<b>B8 Community Investment</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
<b>B8 社區投資</b>	有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策。	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 2020.

### 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 25 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 2020 and the state of affairs of the Company and the Group as at 31 December 2020 are set out in the financial statements on pages 95 to 157.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2020.

### PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2020 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 125 to 130 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」)截至二零二零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25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

本集團截至二零二零年十二月三十一日止年度之業績，以及本公司與本集團於二零二零年十二月三十一日之事務狀況載於第158至220頁之財務報表。

董事並不建議派付截至二零二零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、廠房及設備於截至二零二零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188至193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 2020 are set out in note 20 to the financial statements.

### 銀行貸款

本集團於二零二零年十二月三十一日之銀行貸款詳情載於財務報表附註20。

### SHARE CAPITAL

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

### 股本

本公司股本詳情載於財務報表附註24。

### 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.

### 優先購買權

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

### FIVE-YEAR SUMMARY FINANCIAL INFORMATION

### 五年財務資料摘要

Year ended 31 December 截至 十二月 三十一日 止年度 2020 二零二零年 HK\$'000 千港元 (Audited) (經審核)	Year ended 31 December 截至 十二月 三十一日 止年度 2019 二零一九年 HK\$'000 千港元 (Audited) (經審核)	Year ended 31 December 截至 十二月 三十一日 止年度 2018 二零一八年 HK\$'000 千港元 (Audited) (經審核)	Year ended 31 December 截至 十二月 三十一日 止年度 2017 二零一七年 HK\$'000 千港元 (Audited) (經審核)	Year ended 31 December 截至 十二月 三十一日 止年度 2016 二零一六年 HK\$'000 千港元 (Audited) (經審核)
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#### Consolidated income statement 綜合收益表

Revenue	收益	322,646	1,060,842	1,050,972	1,006,599	1,291,819
Profit/(loss) before taxation	除稅前溢利/(虧損)	(298,441)	(4,062)	83,661	2,548,144	(68,153)
Income tax (expenses)/credit	所得稅(開支)/抵免	10,267	(31,054)	(31,371)	(309,831)	2,916
Profit/(loss) for the year	本年度溢利/(虧損)	(288,174)	(35,116)	52,290	2,238,313	(65,237)
Attributable to:	以下人士應佔：					
— Equity holders of the Company	— 本公司股權持有人	(288,171)	(35,092)	52,529	2,242,136	(59,078)
— Non-controlling interests	— 非控股權益	(3)	(24)	(239)	(3,823)	(6,159)
		(288,174)	(35,116)	52,290	2,238,313	(65,237)

# Report of the Directors

## 董事會報告書

### FIVE-YEAR SUMMARY FINANCIAL INFORMATION

### 五年財務資料摘要

		As at 31 December 於十二月三十一日				
		2020	2019	2018	2017	2016
		二零二零年	二零一九年	二零一八年	二零一七年	二零一六年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
		(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
		(經審核)	(經審核)	(經審核)	(經審核)	(經審核)
<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	1,244,322	1,481,273	–	–	–
Property, plant and equipment and investment property	物業、廠房及設備和投資物業	341,797	404,529	1,031,644	1,026,222	245,789
Interests in joint ventures	於合營企業之權益	103,540	133,243	145,933	142,937	201,122
Available-for-sale investment	可供出售投資	–	–	–	–	6,048
Other receivables, deposits and prepayments	其他應收款項、按金及預付款項	37,363	46,704	40,058	40,509	18,821
Intangible assets	無形資產	530,756	525,397	523,079	525,625	82,414
Goodwill	商譽	633,118	661,582	656,609	658,001	57,233
Deferred tax assets	遞延稅項資產	–	4,824	–	–	6,160
Non-current portion of pledged bank deposits	已抵押銀行存款之非即期部分	50,000	137,000	137,000	137,000	20,000
Current assets	流動資產	1,213,376	1,327,603	1,491,863	2,146,475	2,518,278
<b>Total assets</b>	<b>資產總值</b>	<b>4,154,272</b>	<b>4,722,155</b>	<b>4,026,186</b>	<b>4,676,769</b>	<b>3,155,865</b>
Current liabilities	流動負債	482,172	792,887	647,190	784,169	974,334
Non-current portion of bank loans	銀行貸款之非即期部分	1,057,943	805,907	1,024,498	875,140	188,300
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
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	568,563	790,497	–	–	–
Deferred tax liabilities	遞延稅項負債	162,859	176,931	173,383	174,778	9,471
<b>Total liabilities</b>	<b>負債總額</b>	<b>2,271,537</b>	<b>2,566,222</b>	<b>1,845,071</b>	<b>1,834,087</b>	<b>1,565,830</b>
Net assets	資產淨值	1,882,735	2,155,933	2,181,115	2,842,682	1,590,035
Non-controlling interests	非控股權益	(597)	(559)	(545)	(331)	58,433

# 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 2020 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 2020, the Company's reserves available for cash distribution and/or distribution in specie, representing retained profits, amounted to HK\$15,418,000 (2019: HK\$17,793,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve in an aggregate amount of HK\$1,059,279,000 (2019: HK\$1,059,279,000), as at 31 December 2020, 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 2020 and up to the date of this report were:

#### Chairman & Executive Director

Wu Kebo

#### Executive Directors

Li Pei Sen  
Chow Sau Fong, Fiona  
Go Misaki  
Peng Bolun

#### Independent Non-executive Directors

Leung Man Kit  
Wong Sze Wing  
Fung Chi Man, Henry

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

In accordance with clauses 87(1) and (2) of the Company's Bye-Laws, Mr. Li Pei Sen, Ms. Chow Sau Fong, Fiona and Mr. Fung Chi Man, Henry 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二零二零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

本公司於二零二零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15,418,000港元(二零一九年: 17,793,000港元)。此外,本公司於二零二零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(二零一九年: 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

截至二零二零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  
鄒秀芳  
Go Misaki  
彭博倫

#### 獨立非執行董事

梁民傑  
黃斯穎  
馮志文

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

根據本公司的公司細則第87(1)及(2)條,李培森先生,鄒秀芳女士及馮志文先生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 2020. 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 32 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

截至二零二零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32。



# 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 2020, 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

於二零二零年十二月三十一日，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/ Chief Executive 董事/最高行政人員 姓名	Capacity 身分	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及 相關股份總數	* Approximate percentage of Shares and underlying Shares in the issued share capital of the Company *股份及相關 股份於本公司 已發行股本中 所佔概約百分比
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	/	1,723,894,068 (L)	-	1,723,894,068 (L)	61.57%
	Beneficial owner 實益擁有人	/	271,824,429 (L)	-	271,824,429 (L)	9.71%
Li Pei Sen 李培森	Beneficial owner 實益擁有人		200,000 (L)	-	200,000 (L)	0.01%
Leung Man Kit 梁民傑	Beneficial owner 實益擁有人		370,000 (L)	-	370,000 (L)	0.01%
Wong Sze Wing 黃斯穎	Beneficial owner 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 2020.

\* 該等百分比乃根據於二零二零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 2020 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 145 to 148 of this annual report, as at 31 December 2020, 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 2020 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二零二零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 208 至 211 頁財務報表附註 24 有關「購股權計劃」之披露事項外，於二零二零年十二月三十一日，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二零二零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



### 2020 SHARE OPTION SCHEME

The Company has adopted the 2020 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 2020 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 2020 Share Option Scheme became effective on 19 June 2020 and, unless otherwise cancelled or amended, will remain in force for a period of 10 years from that date.

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

The offer in relation to a grant of share options under the 2020 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.

### 二零二零年購股權計劃

本公司採納二零二零年購股權計劃，旨在使本公司可向合資格參與者授予購股權，作為彼等對本集團發展作出貢獻之激勵或獎賞，並讓本集團更具彈性地向合資格參與者提供獎賞、報酬、補償及／或提供福利。二零二零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。二零二零年購股權計劃自二零二零年六月十九日起生效，計劃如非被取消或更改，將於該日期起計十年內具有十足效力。

每次向本公司關連人士或任何彼等之聯繫人授出購股權，須先獲全體獨立非執行董事（身為購股權承授人之獨立非執行董事除外）之批准。此外，於截至授出購股權當日止任何12個月期間（包括該日）向本公司主要股東或獨立非執行董事、或任何彼等各自之聯繫人授出之任何購股權，如將導致已授出或將授出予該等人士之所有購股權（包括已行使、註銷及未行使之購股權）行使後已發行或將發行之股份，多於授出購股權日期已發行股份0.1%或總值（根據授出當日本公司股份之收市價計算）多於5,000,000港元，須先獲本公司股東於股東大會上按投票表決方式批准。

按二零二零年購股權計劃授出購股權之建議必須於董事會釐訂之期間供合資格參與者接納。有關期間不得超過建議日期起計30日，而承授人並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟該行使期之結束日不得超過由授出購股權當日起計十年。除董事另行決定及授出有關購股權之建議另有規定外，並無一般規定限制購股權必須於持有若干最短期限後方可行使。

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

# Report of the Directors

## 董事會報告書

The maximum number of Shares, a total of 279,966,905 Shares, will be issuable upon exercise of all share options that may be granted under the 2020 Share Option Scheme, representing 10% of the issued share capital of the Company as at 19 June 2020, being the date of adoption of the 2020 Share Option Scheme. 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 2020 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 2020.

Share options granted or to be granted under the 2020 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 153 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 2020.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2020, 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 2020 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 2020.

因行使根據二零二零年購股權計劃將授出之所有購股權而可予發行之最高股數合共為於二零二零年六月十九日(即採納二零二零年購股權計劃日期)之本公司已發行股本10%，即279,966,905股股份。此外，於任何12個月期間內向個別合資格參與者授出之購股權(包括二零二零年購股權計劃項下已行使及未行使購股權)而已發行及將予發行之最高股數，不得超過已發行股份1%。倘於截至該等購股權授出日止任何12個月期間(包括該日)內額外授出超逾該上限之購股權(包括已行使、註銷及未行使之購股權)，則須個別在股東大會上獲得本公司股東批准，而該等參與者及其聯繫人須放棄投票。

於報告期末，本公司在該計劃下並無尚未行使的購股權。截至二零二零年十二月三十一日止年度，概無購股權向本公司任何董事或最高行政人員或本集團僱員或其他參與者授出或獲行使，亦無購股權註銷或失效。

根據二零二零年購股權計劃授出或將授出之購股權並無賦予持有人獲派股息或在股東大會上投票之權利。

### 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216頁之財務報表附註28所詳述者外，各董事概無在截至二零二零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

截至二零二零年十二月三十一日，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二零二零年購股權計劃外，本公司於本年度並無訂立且於截至二零二零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 2020, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 9.16% and 18.75%, respectively, of the Group's total purchases.

The Group's sales to its largest customer and its five largest customers accounted for approximately 1.40% and 4.51%, 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 2020, 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

截至二零二零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9.16%及18.75%。

同期，本集團向其最大客戶及五大客戶售出之銷售額則分別佔本集團總銷售額約1.40%及4.51%。

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，於二零二零年十二月三十一日，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 股東姓名／名稱	Capacity 身分	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及相關 股份總數	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company *股份及相關股份 於本公司已發行 股本中所佔 概約百分比
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	–	1,723,894,068 (L)	61.57%
	Beneficial owner 實益擁有人	1	271,824,429 (L)	–	271,824,429 (L)	9.71%
Skyera International Limited ("Skyera")	Beneficial owner 實益擁有人	2	439,791,463 (L)	–	439,791,463 (L)	15.71%
Mainway Enterprises Limited ("Mainway")	Beneficial owner 實益擁有人	3	408,715,990 (L)	–	408,715,990 (L)	14.60%
Noble Biz International Limited ("Noble Biz")	Beneficial owner 實益擁有人	4	129,666,667 (L)	–	129,666,667 (L)	4.63%
Cyber International Limited ("Cyber")	Beneficial owner 實益擁有人	5	180,000,000 (L)	–	180,000,000 (L)	6.43%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG") 橙天娛樂集團(國際)控股 有限公司(「橙天」)	Beneficial owner 實益擁有人	6	565,719,948 (L)	–	565,719,948 (L)	20.21%

# 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 2020.

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 2020 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 2020, 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二零二零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，於二零二零年十二月三十一日，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，於二零二零年十二月三十一日，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) 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, Xiagang 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 影院租賃協議	Hotel Lease Agreement 酒店租賃協議
Lease Term 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"). 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」）。	

## 關連交易

### (a) 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 影院租賃協議

### Hotel Lease Agreement 酒店租賃協議

Rent  
租金

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").

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」)。

Hotel Rent (the "Hotel Rent")

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").

酒店租金(「酒店租金」)

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」)。



# 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). Mr. Wu Kebo was the Director and controlling shareholder of the Company. 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 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.

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

On 29 January 2019, Lessor and Shanghai Orange Sky Jiayin Shiye 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。北京橙天則由曾慶新(根據伍克波先生之指示持有北京橙天之股權)持有99%股權。伍克波先生為本公司董事兼控股股東。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。

### (b) 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) held 99% of the equity interest in the Lessor. Mr. Wu Kebo, the chairman, a Director and the controlling shareholder of the Company. 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 2020, 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)持有出租人99%股權。伍克波先生為本公司主席、董事兼控股股東。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，於截至二零二零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 2020, 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 — (a) 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). Mr. Wu Kebo was the Director and controlling shareholder of the Company. 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 2020 amounted to HK\$nil, which was within the annual cap of RMB5,756,797.50 (equivalent to HK\$6,447,613.20).

### 持續關連交易

截至二零二零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—(a) 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。北京橙天則由曾慶新(根據伍克波先生之指示持有北京橙天之股權)持有99%股權。伍克波先生為本公司董事兼控股股東。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。

截至二零二零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6,447,613.20港元)的範圍內。

# Report of the Directors

## 董事會報告書



### 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 2020.

### 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二零二零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 2020 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 2020, the Corporate Governance Report is set out on pages 26 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 2020 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 145 to 148 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，於截至二零二零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

截至二零二零年十二月三十一日止年度，企業管治報告載於本年報第26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。本集團已設立二零二零年購股權計劃作為長期獎勵計劃，詳情載於本年報第208至211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 2020, the Group has made charitable and other donations in Hong Kong totalling HK\$nil.

### AUDITORS

The financial statements for the year ended 31 December 2020 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  
26 March 2021

### 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

截至二零二零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

截至二零二零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  
二零二一年三月二十六日

# 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 95 to 157, which comprise the consolidated statement of financial position as at 31 December 2020, 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 2020 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158至220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二零二零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 貴集團於二零二零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\$633,118,000 as at 31 December 2020 was allocated to the Group's exhibition business and distribution and production business.

貴集團於二零二零年十二月三十一日賬面值為633,118,000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 other property, plant and equipment and right-of-use assets relating to film exhibition operations**

對有關影城業務營運的其他物業、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 2020, the Group held other 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\$241,459,000 and HK\$1,118,652,000 respectively.

於二零二零年十二月三十一日，貴集團持有有關影城業務營運的其他物業、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241,459,000港元及1,118,652,000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 other property, plant and equipment and right-of-use assets 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其他物業、廠房及設備和使用權資產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 2020;  
評估管理層對確認於二零二零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 other property, plant and equipment and right-of-use assets relating to film exhibition operations**

對有關影城業務營運的其他物業、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

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

我們的審計如下處理該事項

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。

- 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 HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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.

### **KPMG**

*Certified Public Accountants*

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

26 March 2021

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，為消除威脅而採取的行動及相關的防範措施。

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。

### **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

二零二一年三月二十六日



# Consolidated Income Statement



for the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	3 & 4	<b>322,646</b>	1,060,842
Cost of sales		<b>(118,554)</b>	(392,216)
<b>Gross profit</b>		<b>204,092</b>	668,626
Other revenue	5(a)	<b>112,013</b>	36,112
Other net income/(loss)	5(b)	<b>44,855</b>	(15,227)
Selling and distribution costs		<b>(378,384)</b>	(495,907)
General and administrative expenses		<b>(85,607)</b>	(131,430)
Other operating (expenses)/income		<b>(77,094)</b>	1,357
Valuation loss on investment property	11	<b>(6,500)</b>	(9,000)
<b>(Loss)/profit from operations</b>		<b>(186,625)</b>	54,531
Finance costs	6(a)	<b>(72,948)</b>	(83,150)
Share of (loss)/profit of a joint venture		<b>(38,868)</b>	24,557
<b>Loss before taxation</b>	6	<b>(298,441)</b>	(4,062)
Income tax credit/(expenses)	7(a)	<b>10,267</b>	(31,054)
<b>Loss for the year</b>		<b>(288,174)</b>	(35,116)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(288,171)</b>	(35,092)
Non-controlling interests		<b>(3)</b>	(24)
<b>Loss for the year</b>		<b>(288,174)</b>	(35,116)
<b>Loss per share (HK cent)</b>	10		
Basic and diluted		<b>(10.29)</b>	(1.25)

The notes on pages 102 to 157 form part of these financial statements.

# Consolidated Statement of Comprehensive Income

for the year ended 31 December 2020

	2020 HK\$'000	2019 HK\$'000
<b>Loss for the year</b>	<b>(288,174)</b>	(35,116)
<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	5,811	15,216
— a joint venture outside Hong Kong	9,165	(5,282)
	<b>14,976</b>	9,934
<b>Total comprehensive income for the year</b>	<b>(273,198)</b>	(25,182)
<b>Total comprehensive income attributable to:</b>		
Equity holders of the Company	(273,160)	(25,168)
Non-controlling interests	(38)	(14)
<b>Total comprehensive income for the year</b>	<b>(273,198)</b>	(25,182)

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

The notes on pages 102 to 157 form part of these financial statements.

# Consolidated Statement of Financial Position



at 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Investment property	11	14,000	41,000
Other property, plant and equipment	11	327,797	363,529
Right-of-use assets	11	1,244,322	1,481,273
		<b>1,586,119</b>	1,885,802
Interest in a joint venture	13	103,540	133,243
Other receivables, deposits and prepayments		37,363	46,704
Intangible assets	14	530,756	525,397
Goodwill	15	633,118	661,582
Pledged bank deposits	19	50,000	137,000
Deferred tax assets	23(b)	–	4,824
		<b>2,940,896</b>	3,394,552
<b>Current assets</b>			
Inventories	16	3,513	3,966
Film rights	17	46,717	38,622
Trade receivables	18(a)	13,358	65,399
Other receivables, deposits and prepayments	18(b)	146,392	151,356
Pledged bank deposits	19	17,850	–
Deposits and cash	19	985,546	1,068,260
		<b>1,213,376</b>	1,327,603
<b>Current liabilities</b>			
Bank loans	20	148,176	251,158
Trade payables	21(a)	53,693	106,120
Other payables and accrued charges	21(b)	122,238	225,627
Deferred revenue	21(c)	48,416	66,552
Lease liabilities	22	100,328	112,226
Taxation payable	23(a)	9,321	31,204
		<b>482,172</b>	792,887
<b>Net current assets</b>		<b>731,204</b>	534,716
<b>Total assets less current liabilities</b>		<b>3,672,100</b>	3,929,268

# Consolidated Statement of Financial Position

at 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current liabilities</b>			
Bank loans	20	1,057,943	805,907
Lease liabilities	22	568,563	790,497
Deferred tax liabilities	23(b)	162,859	176,931
		<b>1,789,365</b>	1,773,335
<b>NET ASSETS</b>			
		<b>1,882,735</b>	2,155,933
<b>CAPITAL AND RESERVES</b>			
	24		
Share capital		279,967	279,967
Reserves		1,603,365	1,876,525
<b>Total equity attributable to equity holders of the Company</b>			
		<b>1,883,332</b>	2,156,492
<b>Non-controlling interests</b>			
		<b>(597)</b>	(559)
<b>TOTAL EQUITY</b>			
		<b>1,882,735</b>	2,155,933

Approved and authorised for issue by the Board of Directors on 26 March 2021.

**Wu Kebo**  
Director

**Chow Sau Fong, Fiona**  
Director

The notes on pages 102 to 157 form part of these financial statements.

# Consolidated Statement of Changes in Equity



for the year ended 31 December 2020

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Reserve funds HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<b>Balance at 1 January 2020</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>
<b>Changes in equity for 2020:</b>										
Loss for the year	-	-	-	-	-	-	(288,171)	(288,171)	(3)	(288,174)
Other comprehensive income	-	-	-	-	-	15,011	-	15,011	(35)	14,976
Total comprehensive income	-	-	-	-	-	15,011	(288,171)	(273,160)	(38)	(273,198)
<b>Balance at 31 December 2020</b>	<b>279,967</b>	<b>771,749</b>	<b>15,886</b>	<b>80,000</b>	<b>3,134</b>	<b>20,109</b>	<b>712,487</b>	<b>1,883,332</b>	<b>(597)</b>	<b>1,882,735</b>

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Reserve funds HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
<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>

The notes on pages 102 to 157 form part of these financial statements.

# Consolidated Statement of Cash Flows

for the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Operating activities</b>			
Loss before taxation		(298,441)	(4,062)
Adjustments for:			
Interest income	5(a)	(9,030)	(22,054)
Finance costs	6(a)	72,948	83,150
Depreciation of owned property, plant and equipment	6(c)	59,468	62,789
Depreciation of right-of-use assets	6(c)	136,384	144,788
Amortisation of intangible assets	6(c)	1,481	1,482
Loss on disposal of property, plant and equipment	5(b)	831	1,023
Impairment losses on non-financial assets:			
— cinema related assets	6(c)	26,394	—
— club house assets	6(c)	7,493	—
— goodwill	6(c)	37,416	—
— film rights	6(c)	593	805
Gain on lease modification	5(a)	(11,232)	—
COVID-19-related rent concessions received	19(b)	(49,849)	—
Valuation loss on investment property	11	6,500	9,000
Share of loss/(profit) of a joint venture		38,868	(24,557)
Exchange gain, net		(21,438)	(6,845)
<b>Operating (loss)/profit before changes in working capital</b>		<b>(1,614)</b>	<b>245,519</b>
Decrease/(increase) in inventories		527	(1,361)
Increase in film rights		(7,054)	(4,833)
Decrease/(increase) in trade receivables		42,005	(13,928)
Decrease/(increase) in other receivables, deposits and prepayments		18,329	(14,753)
Decrease in trade payables		(52,650)	(16,208)
(Decrease)/increase in other payables and accrued charges		(104,546)	48,946
(Decrease)/increase in deferred revenue		(18,581)	9,500
<b>Cash (used in)/generated from operations</b>		<b>(123,584)</b>	<b>252,882</b>
Interest received		12,683	18,446
Finance costs paid		(58,771)	(44,382)
Tax paid	23(a)	(23,542)	(33,768)
<b>Net cash (used in)/generated from operating activities</b>		<b>(193,214)</b>	<b>193,178</b>

# Consolidated Statement of Cash Flows



for the year ended 31 December 2020

	Note	2020 HK\$'000	2019 HK\$'000
<b>Investing activities</b>			
Payment for the purchase of property, plant and equipment		(35,738)	(56,611)
Proceeds from disposal of property, plant and Equipment		148	889
Receipt from pledged deposits		69,150	–
Advance to/(repayment from) a joint venture		9,305	(9,582)
Dividends received		–	31,964
<b>Net cash generated from/(used in) investing activities</b>		<b>42,865</b>	<b>(33,340)</b>
<b>Financing activities</b>			
Proceeds from new bank loans	19(b)	1,246,000	–
Repayment of bank loans	19(b)	(1,087,935)	(251,386)
Capital element of lease rentals paid	19(b)	(70,673)	(93,250)
Interest element of lease rentals paid	19(b)	(33,173)	(34,760)
<b>Net cash generated from/(used in) financing activities</b>		<b>54,219</b>	<b>(379,396)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(96,130)</b>	<b>(219,558)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>1,068,260</b>	<b>1,290,095</b>
<b>Effect of foreign exchange rate changes</b>		<b>13,416</b>	<b>(2,277)</b>
<b>Cash and cash equivalents at 31 December</b>	19(a)	<b>985,546</b>	<b>1,068,260</b>

The notes on pages 102 to 157 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, and 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 a 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 amendments to 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 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 2020 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 the following amendments to HKFRSs that are first effective for the current account year of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting year. Impacts of the adoption of the amended HKFRS is discussed below:

#### **Amendment to HKFRS 16, Covid-19-Related Rent Concessions**

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the year in which the event or condition that triggers those payments occurred (see note 11(c)). There is no impact on the opening balance of equity at 1 January 2020.

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

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

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

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

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

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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.

# Notes to the Financial Statements



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Goodwill

Goodwill represents the excess of

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

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

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

### (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.

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 are 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 realisable, 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.

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

— Leasehold land	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.

#### (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 reviewed annually.

# Notes to the Financial Statements



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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

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).

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.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

The only exceptions are any rent concessions which arose as a direct consequence of COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 *Leases*. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it was not a lease modification.

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

# 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.



## 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.

# 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)*

*Basis of calculation of interest income (continued)*

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.

*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 a joint venture 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).



# 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 *(continued)*

##### — Recognition of impairment losses

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

##### — Reversals of impairment losses

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

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

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

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

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

#### (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.

# Notes to the Financial Statements



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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

#### (iii) Retirement benefit schemes

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

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

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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.

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.

# Notes to the Financial Statements



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Income tax *(continued)*

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

### (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.

### (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.

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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;
- (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.

# Notes to the Financial Statements



## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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 measured.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

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

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

# Notes to the Financial Statements

## 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (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, which are from contracts with customers within the scope of HKFRS 15, represents income from the sale of film, video and television rights, film and TV drama distribution, theatre operations, promotion and advertising services, agency and consultancy services, film royalty, the sale of audio visual products, membership fees and food and beverage sales.

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.

## 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.

The reportable segments of Taiwan, represent the Group's share of results of the joint venture operating in Taiwan.

### Segment revenue and results

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:

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 or loss is adjusted operating profit or loss 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 or loss after taxation, the Group's profit or loss is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and head office or corporate administration costs.



# Notes to the Financial Statements



## 4 SEGMENT REPORTING (CONTINUED)

### Segment revenue and results (continued)

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

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

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

	Hong Kong		Mainland China		Singapore		Taiwan		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	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	64,915	230,926	—	—	309,359	810,263	279,285	456,451	653,559	1,497,640
— Distribution and production	9,827	13,961	201	—	32,751	44,489	7,713	10,602	50,492	69,052
— Club house	—	—	12,907	4,045	—	—	—	—	12,907	4,045
— Corporate	2,437	1,024	—	—	—	—	—	—	2,437	1,024
<b>Reportable segment revenue</b>	<b>77,179</b>	<b>245,911</b>	<b>13,108</b>	<b>4,045</b>	<b>342,110</b>	<b>854,752</b>	<b>286,998</b>	<b>467,053</b>	<b>719,395</b>	<b>1,571,761</b>
<b>Reportable segment (loss)/profit</b>	<b>(68,331)</b>	<b>1,686</b>	<b>(38,937)</b>	<b>(62,726)</b>	<b>(26,220)</b>	<b>139,748</b>	<b>(18,605)</b>	<b>35,743</b>	<b>(152,093)</b>	<b>114,451</b>
<b>Reconciliation — Revenue</b>										
Reportable segment revenue									719,395	1,571,761
Share of revenue from a joint venture in Taiwan									(286,998)	(467,053)
Elimination of intra-segmental revenue									(18,005)	(28,320)
Others									(91,746)	(15,546)
Consolidated revenue									322,646	1,060,842
<b>Reconciliation — Loss before taxation</b>										
Reportable (loss)/profit									(152,093)	114,451
Unallocated operating expenses, net									(136,078)	(149,543)
Non-controlling interests									(3)	(24)
Income tax (credit)/expense									(10,267)	31,054
Consolidated loss before taxation									(298,441)	(4,062)

# Notes to the Financial Statements

## 5 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

### (a) Other revenue

	2020 HK\$'000	2019 HK\$'000
Interest income from bank deposits	9,030	22,054
Co-promotion income	6,309	6,298
COVID-19-related rent concessions	49,849	–
Gain on lease modification	11,232	–
Government subsidies (note (i))	27,856	946
Miscellaneous income	7,737	6,814
	<b>112,013</b>	36,112

Note:

- (i) In 2020, the Group received funding support in Hong Kong and Singapore from the respective local governments, which intended to provide financial support to protect its local business and people from disruptions caused by the Coronavirus Disease ("COVID-19").

### (b) Other net income/(loss)

	2020 HK\$'000	2019 HK\$'000
Loss on disposal of property, plant and equipment	(831)	(1,023)
Exchange gain/(loss), net	45,686	(14,204)
	<b>44,855</b>	(15,227)

## 6 LOSS BEFORE TAXATION

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

### (a) Finance costs

	2020 HK\$'000	2019 HK\$'000
Interest on bank loans	30,547	42,726
Interest on lease liabilities (note 22)	33,173	34,760
Other ancillary borrowing costs	9,193	5,664
Other interest expense	493	–
Total finance costs on financial liabilities not at fair value through profit or loss	<b>73,406</b>	83,150
Less: finance costs capitalised into construction in progress (note (j))	<b>(458)</b>	–
	<b>72,948</b>	83,150

# Notes to the Financial Statements



## 6 LOSS BEFORE TAXATION (CONTINUED)

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

	2020 HK\$'000	2019 HK\$'000
Salaries, wages and other benefits (note (ii))	95,633	137,961
Contributions to defined contribution retirement plans	7,727	12,007
	<b>103,360</b>	149,968

### (c) Other items

	2020 HK\$'000	2019 HK\$'000
Cost of inventories	16,185	44,989
Cost of services provided	100,558	341,341
Depreciation charge (note 11)		
— owned property, plant and equipment	59,468	62,789
— right-of-use-assets	136,384	144,788
Impairment losses on non-financial assets		
— cinema-related assets (note 11)	26,394	—
— club house assets (note 11)	7,493	—
— goodwill (note 15)	37,416	—
— film rights (note 17)	593	805
Variable lease payments not included in the measurement of lease liabilities	859	11,520
Amortisation of intangible assets (note 14)	1,481	1,482
Amortisation of film rights (note (iii)) (note 17)	1,811	5,886
Auditors' remuneration	2,978	3,163

Notes:

- (i) The finance costs have been capitalised at rates ranging from 1.76% to 4.69% per annum for the year ended 31 December 2020. No finance costs have been capitalised for the year ended 31 December 2019.
- (ii) The amount includes provision for long service payments.
- (iii) The amortisation of film rights for the year is included in "Cost of sales" in the consolidated income statement.

# Notes to the Financial Statements

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

	2020 HK\$'000	2019 HK\$'000
<i>Current income tax</i>		
Provision for Hong Kong tax	–	720
Provision for overseas tax	1,322	33,740
Over-provision in respect of prior years	(185)	(602)
	<b>1,137</b>	33,858
<i>Deferred tax (note 23(b))</i>		
Reversal of temporary differences	(11,404)	(2,804)
	<b>(10,267)</b>	31,054

Notes:

- (i) The provision for Hong Kong Profits Tax for 2020 is calculated at 16.5% (2019: 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% (2019: 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% (2019: 17%) of the estimated taxable profits for the year.
- (iv) During the year ended 31 December 2020, the Group paid HK\$Nil (2019: HK\$3,424,000) for income taxes on distributed earnings from its joint venture in Taiwan.

During the year ended 31 December 2020, the Group reversed HK\$2,447,000 (2019: provided HK\$4,002,000) 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 (credit)/expense and loss before taxation at applicable tax rates:

	2020 HK\$'000	2019 HK\$'000
Loss before taxation	(298,441)	(4,062)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the jurisdictions concerned	(57,307)	(4,226)
Tax effect of non-deductible expenses	34,394	29,814
Tax effect of non-taxable income	(12,525)	(3,197)
Tax effect of unused tax losses not recognised	20,213	9,228
Tax effect of tax losses utilised	–	(18)
Tax effect of loss/(profits) attributable to a joint venture	7,774	(4,911)
Tax effect of temporary differences unrecognised, net (Reversal of)/provision for Taiwan withholding tax for the year	(184)	4,388
Over-provision in prior years	(185)	(602)
Actual tax (credit)/expense	<b>(10,267)</b>	31,054

# 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 HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Double paid and discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	2020 Total HK\$'000
<b>Executive directors and chief executive officers</b>					
WU, Kebo	7,441	614	-	18	8,073
LI, Pei Sen	361	-	-	-	361
CHOW, Sau Fong Fiona	1,235	807	172	18	2,232
GO, Misaki	288	162	-	-	450
PENG, Bolun	255	258	-	78	591
XU, Hua (resigned on 1 June 2020)	-	850	116	7	973
YEUNG, Ho Nam (appointed on 1 June 2020)	-	1,346	108	10	1,464
<b>Independent non-executive directors</b>					
LEUNG, Man Kit	340	-	-	-	340
WONG, Sze Wing	240	-	-	-	240
FUNG, Chi Man Henry	240	-	-	-	240
	<b>10,400</b>	<b>4,037</b>	<b>396</b>	<b>131</b>	<b>14,964</b>

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Double paid and discretionary bonus HK\$'000	Retirement scheme contributions HK\$'000	2019 Total 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	266	239	37	13	555
MAO, Yimin	1,029	1,126	193	15	2,363
CHOW, Sau Fong Fiona	1,181	859	172	18	2,230
GO, Misaki	90	74	-	-	164
PENG, Bolun	85	97	-	28	210
XU, Hua	-	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>

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).

# Notes to the Financial Statements

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, three (2019: three) are directors and chief executive officer whose emoluments are disclosed in note 8 to the financial statements. The aggregate of the emoluments in respect of the other two (2019: two) are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other emoluments	3,310	2,886
Discretionary bonuses	–	–
Retirement scheme contributions	164	36
	<b>3,474</b>	2,922

The emoluments of the two (2019: two) individuals with the highest emoluments are within the following bands:

	2020 Number of individuals	2019 Number of individuals
HK\$1,000,001–HK\$1,500,000	1	1
HK\$1,500,001–HK\$2,000,000	0	1
HK\$2,000,001–HK\$2,500,000	1	0

## 10 LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK\$288,171,000 (2019: HK\$35,092,000) and the weighted average number of ordinary shares of 2,799,669,050 (2019: 2,799,669,050), in issue during the year, calculated as follows:

	2020 Number of shares	2019 Number 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 per share

The Company does not have any dilutive potential ordinary shares as at 31 December 2019 and 2020. Diluted loss per share for the year ended 31 December 2019 and 2020 is the same as the basic loss per share.

# Notes to the Financial Statements



## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

### (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	Total HK\$'000
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

	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	Total HK\$'000
At 1 January 2020	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
Additions	-	3,395	-	973	2,919	229	462	31,154	39,132	-	39,132
Disposals	-	-	-	(3,813)	(1,543)	(880)	(446)	-	(6,682)	-	(6,682)
Reclassify	-	-	-	-	1,297	-	-	(1,297)	-	-	-
Transfer	19,353	-	1,147	-	-	-	-	-	20,500	(20,500)	-
Valuation loss on investment property	-	-	-	-	-	-	-	-	-	(6,500)	(6,500)
Modification of right-of-use assets	-	(128,493)	-	-	-	-	-	-	(128,493)	-	(128,493)
Exchange adjustments	8,914	11,615	2,475	4,767	3,427	1,002	252	943	33,395	-	33,395
At 31 December 2020	660,374	894,821	109,887	278,978	114,656	40,455	4,677	47,026	2,150,874	14,000	2,164,874
<b>Representing:</b>											
Cost	660,374	894,821	109,887	278,978	114,656	40,455	4,677	47,026	2,150,874	-	2,150,874
Valuation 2020	-	-	-	-	-	-	-	-	-	14,000	14,000
	660,374	894,821	109,887	278,978	114,656	40,455	4,677	47,026	2,150,874	14,000	2,164,874

# Notes to the Financial Statements

## 11 INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

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

	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	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Sub-total	Investment property	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Accumulated depreciation, amortisation and impairment losses:</b>											
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
At 1 January 2020	22,037	137,101	16,812	92,468	57,427	19,823	2,552	–	348,220	–	348,220
Charge for the year	7,870	128,514	7,031	30,992	15,056	5,690	699	–	195,852	–	195,852
Impairment	–	18,869	–	10,864	2,443	1,711	–	–	33,887	–	33,887
Modification of right-of-use assets	–	(16,472)	–	–	–	–	–	–	(16,472)	–	(16,472)
Written back on disposals	–	–	–	(2,878)	(1,499)	(880)	(446)	–	(5,703)	–	(5,703)
Exchange adjustments	1,074	11,880	1,918	3,731	3,363	885	120	–	22,971	–	22,971
At 31 December 2020	30,981	279,892	25,761	135,177	76,790	27,229	2,925	–	578,755	–	578,755
<b>Net book value:</b>											
At 31 December 2020	629,393	614,929	84,126	143,801	37,866	13,226	1,752	47,026	1,572,119	14,000	1,586,119
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

### Impairment loss

#### Exhibition — Hong Kong

Due to exceptional disruptions to the Group's film exhibition operations as a result of COVID-19, management conducted an impairment review on the recoverable amount of the property, plant and equipment and right-of-use assets relating to film exhibition operations based on value-in-use calculations of the film exhibition segment in Hong Kong. The calculation uses cash flow projections of the cinema related assets covering the remaining lease terms with a pre-tax discount rate of 14%. Impairment losses of HK\$26,394,000 was recognised in "Other operating expenses" as the recoverable amounts of the cinema related assets are lower than the fair value less costs of disposal and value-in-use.

#### Club house — Mainland China

Due to exceptional disruptions to the Group's club house operations as a result of COVID-19, management conducted an impairment review on the recoverable amount of the property, plant and equipment relating to club house operations based on value-in-use calculations of the club house segment in Mainland China. The calculation uses cash flow projections of the club house assets covering the remaining lease terms with a pre-tax discount rate of 20%. Impairment losses of HK\$7,493,000 was recognised in "Other operating expenses" as the recoverable amounts of the club house assets are lower than the fair value less costs of disposal and value-in-use.



# Notes to the Financial Statements



## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

### (b) Fair value measurement of properties

#### (i) Fair value hierarchy

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

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

	Fair value at 31 December 2020 HK\$'000	Fair value measurements as at 31 December 2020 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurement</b>				
Investment property:				
— Commercial — Hong Kong				
— long lease	14,000	–	14,000	–

	Fair value at 31 December 2019 HK\$'000	Fair value measurements as at 31 December 2019 categorised into		
		Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>Recurring fair value measurement</b>				
Investment property:				
— Commercial — Hong Kong				
— long lease	41,000	–	41,000	–

During the year ended 31 December 2020, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2019: 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 2020. 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.

# Notes to the Financial Statements

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

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

#### (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.

### (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:

	Note	2020 HK\$'000	2019 HK\$'000
Ownership interests in leasehold land held for own use, carried at depreciated cost	(i)		
In Hong Kong			
— long leases		138,572	120,352
Outside Hong Kong			
— long leases		490,821	489,718
		629,393	610,070
Other properties leased for own use, carried at depreciated cost	(ii)	614,929	871,203
		1,244,322	1,481,273

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

	2020 HK\$'000	2019 HK\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Ownership interests in leasehold land held for own use	7,870	7,989
Other properties leased for own use	128,514	136,799
	136,384	144,788

	2020 HK\$'000	2019 HK\$'000
Interest on lease liabilities <i>(note 6(a))</i>	33,173	34,760
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December	743	3,495
Variable lease payments not included in the measurement of lease liabilities <i>(note 6(c))</i>	859	11,520
COVID-19-related rent concessions received <i>(note 5(a))</i>	49,849	—

# Notes to the Financial Statements



## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

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

During the year ended 31 December 2020, additions to right-of-use assets were HK\$3,395,000 (2019: HK\$244,933,000) 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.

As disclosed in note 2(c), the Group has early adopted the Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, and applies the practical expedient introduced by the amendment to all eligible rent concessions received by the Group during the year. Further details are disclosed in (ii) below.

#### (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 11 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:

	2020		Potential future lease payments under extension options not included in lease liabilities (undiscounted)
	Right-of-use assets HK\$'000	Lease liabilities recognised (discounted) HK\$'000	(undiscounted) HK\$'000
Offices — Hong Kong	3,659	4,076	—
Cinemas — Hong Kong	128,582	156,162	—
Club house — Mainland China	2,304	—	—
Offices — Mainland China	11,756	18	—
Offices — Singapore	7,203	7,801	—
Cinemas — Singapore	461,425	500,834	—
	<b>614,929</b>	<b>668,891</b>	<b>—</b>

# Notes to the Financial Statements

## II INVESTMENT PROPERTY, OTHER PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

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

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

	2019		
	Right-of-use assets HK\$'000	Lease liabilities recognised (discounted) HK\$'000	Potential future lease payments under extension options not included in lease liabilities (undiscounted) 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	—

The Group leased a number of cinemas which contain variable lease payment terms that are based on sales generated from the cinemas and minimum annual lease payment terms that are fixed. These payment terms are common in cinemas in countries where the Group operates. During the year ended 31 December 2020, the Group received rent concessions in the form of a discount on fixed payments during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19. The amount of fixed and variable lease payments for the year is summarised below:

	2020			
	Fixed payments HK\$'000	Variable payments HK\$'000	COVID-19 rent concessions HK\$'000	Total payments HK\$'000
Cinemas — Hong Kong	50,080	22	(11,728)	38,374
Club House — Mainland China	12,585	—	(5,440)	7,145
Cinemas — Singapore	82,299	837	(32,682)	50,454

	2019		
	Fixed payments HK\$'000	Variable payments HK\$'000	Total payments HK\$'000
Cinemas — Hong Kong	41,215	4,700	45,915
Club House — Mainland China	4,428	—	4,428
Cinemas — Singapore	83,249	6,820	90,069

### (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 2020.

# Notes to the Financial Statements



## 12 INTERESTS IN SUBSIDIARIES

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

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

Details of the principal subsidiaries are as follows:

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

# 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
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
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
橙天思創(北京)文化有限公司	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.

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

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

## 13 INTEREST IN A JOINT VENTURE

	2020 HK\$'000	2019 HK\$'000
Share of net assets	103,540	133,243

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. <sup>#</sup>	Incorporated	Taiwan	80,000,000 shares of NTD10 each	35.71%	–	35.71%	Theatre operation and investment holding

<sup>#</sup> 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>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
<b>Gross amounts of the joint venture:</b>		
Current assets	<b>661,131</b>	269,171
Non-current assets	<b>3,478,942</b>	3,555,668
Current liabilities	<b>(970,398)</b>	(608,566)
Non-current liabilities	<b>(2,879,728)</b>	(2,843,148)
Equity	<b>289,947</b>	373,125
<b>Included in the above assets and liabilities:</b>		
Cash and cash equivalents	<b>608,712</b>	219,129
Current financial liabilities (excluding trade and other payables and provisions)	<b>–</b>	–
Non-current financial liabilities (excluding trade and other payables and provisions)	<b>42,300</b>	43,565
Revenue	<b>789,457</b>	1,301,389
(Loss)/profit from continuing operations	<b>(108,843)</b>	68,762
Other comprehensive income	<b>–</b>	–
Total comprehensive income	<b>(108,843)</b>	68,762
Dividends from the joint venture	<b>–</b>	89,511
<b>Vie Show Cinemas Co. Ltd.#</b>		
<b>2020</b>		
<b>2019</b>		
<b>HK\$'000</b>		
<b>HK\$'000</b>		
<b>Included in the above profits:</b>		
Depreciation and amortisation	<b>393,285</b>	329,996
Interest income	<b>195</b>	276
Interest expense	<b>44,621</b>	22,836
Income tax expense	<b>30,037</b>	18,194
<b>Reconciled to the Group's interests in the joint venture</b>		
Gross amounts of the joint venture's net assets	<b>289,947</b>	373,125
Group's effective interest	<b>35.71%</b>	35.71%
Group's share of the joint venture's net assets	<b>103,540</b>	133,243
Carrying amount in the consolidated financial statements	<b>103,540</b>	133,243

# The joint venture is not audited by KPMG.

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.

# Notes to the Financial Statements

## 14 INTANGIBLE ASSETS

	Trademarks HK\$'000	Customer relationships HK\$'000	Club memberships HK\$'000	Total HK\$'000
<b>Cost:</b>				
At 1 January 2020	519,804	7,407	1,890	529,101
Exchange adjustments	6,840	–	–	6,840
At 31 December 2020	526,644	7,407	1,890	535,941
<b>Accumulated amortisation:</b>				
At 1 January 2020	–	3,704	–	3,704
Charge for the year	–	1,481	–	1,481
At 31 December 2020	–	5,185	–	5,185
<b>Net book value:</b>				
At 31 December 2020	526,644	2,222	1,890	530,756

	Trademarks HK\$'000	Customer relationships HK\$'000	Club memberships HK\$'000	Total 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



# 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 2020, 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 Pansia 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

	2020 HK\$'000	2019 HK\$'000
<b>Cost:</b>		
At 1 January	712,007	707,034
Exchange adjustments	8,952	4,973
At 31 December	720,959	712,007
<b>Accumulated impairment losses:</b>		
At 1 January	50,425	50,425
Impairment losses	37,416	–
At 31 December	87,841	50,425
<b>Carrying amount</b>		
At 31 December	633,118	661,582

# Notes to the Financial Statements

## 15 GOODWILL (CONTINUED)

### Impairment tests for cash-generating units containing goodwill

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

	2020 HK\$'000	2019 HK\$'000
Distribution and production — Mainland China	—	23,233
Exhibition and distribution — Singapore	583,879	574,927
Exhibition — Hong Kong	49,239	63,422
	<b>633,118</b>	661,582

### 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% (2019: 20%), which reflects specific risks relating to the Group's Mainland China segment.

The impairment loss of HK\$23,233,000 recognised in "Other operating expenses" during the year solely relates to the Group's distribution and production activities based in Mainland China.

### 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 15% (2019: 13%), which reflects specific risks relating to the Group's Singapore segment. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2% (2019: 2%), which do not exceed the long-term average growth rates for the business in which the CGU operates.

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 13% (2019: 11%), which reflects specific risks relating to the Group's Hong Kong segment. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2% (2019: 2%), which do not exceed the long-term average growth rates for the business in which the CGU operates.

The impairment loss of HK\$14,183,000 recognised in "Other operating expenses" during the year solely relates to the Group's exhibition activities based in Hong Kong. As the CGU has been reduced to its recoverable amount of HK\$49,239,000, any adverse change in the assumptions used in the calculations of recoverable amount would result in further impairment losses.

## 16 INVENTORIES

Inventories are carried at cost of HK\$3,513,000 at 31 December 2020 (2019: HK\$3,966,000) which comprised largely food and beverages for resale.

# Notes to the Financial Statements



## 17 FILM RIGHTS

	2020 HK\$'000	2019 HK\$'000
Film rights — completed	18,857	20,346
Film production in progress, at cost	27,860	18,276
	<b>46,717</b>	38,622
<b>Cost:</b>		
At 1 January	397,651	410,995
Additions	9,381	10,754
Disposals	(42,894)	–
Expiry	(7,562)	(20,782)
Exchange adjustments	17,000	(3,316)
At 31 December	<b>373,576</b>	397,651
<b>Accumulated amortisation and impairment:</b>		
At 1 January	359,029	376,127
Amortisation	1,811	5,886
Disposal	(42,894)	–
Impairment	593	805
Expiry	(7,562)	(20,782)
Exchange adjustments	15,882	(3,007)
At 31 December	<b>326,859</b>	359,029
<b>Net book value:</b>		
At 31 December	<b>46,717</b>	38,622

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 2020 and 2019 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\$593,000 (2019: HK\$805,000) for film rights was recognised for the year ended 31 December 2020.

# Notes to the Financial Statements

## 18 RECEIVABLES, DEPOSITS AND PREPAYMENTS

### (a) Trade receivables

	2020 HK\$'000	2019 HK\$'000
Trade receivables	13,475	65,516
Less: Loss allowance	(117)	(117)
	<b>13,358</b>	65,399

#### (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:

	2020 HK\$'000	2019 HK\$'000
Within 1 month	7,123	41,041
Over 1 month but within 2 months	1,454	11,654
Over 2 months but within 3 months	1,662	9,104
Over 3 months	3,119	3,600
	<b>13,358</b>	65,399

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 2020, trade receivables of the Group included amount of HK\$Nil (2019: HK\$30,000) due from a related company and amount of HK\$1,000 (2019: HK\$9,738,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year.

(b) All of the other receivables, deposits and prepayments (including amounts due from related companies and joint venture) are expected to be recoverable within one year.

# Notes to the Financial Statements



## 19 DEPOSITS AND CASH

### (a) Deposits and cash comprise:

	2020 HK\$'000	2019 HK\$'000
Deposits at banks	294,307	726,990
Cash at bank and in hand	759,089	478,270
	<b>1,053,396</b>	1,205,260
Less: Pledged deposits	<b>(67,850)</b>	(137,000)
Cash and cash equivalents in consolidated statement of cash flows	<b>985,546</b>	1,068,260

As at 31 December 2020, deposits and cash placed with banks in Mainland China amounted to HK\$143,354,000 (2019: HK\$224,752,000). 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.

### (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 and other borrowings HK\$'000 (Note 20)	Lease liabilities HK\$'000 (Note 22)	Total HK\$'000
<b>At 1 January 2020</b>	<b>1,057,065</b>	<b>902,723</b>	<b>1,959,788</b>
<b>Changes from financing cash flows:</b>			
Proceeds from new bank loans	1,246,000	–	1,246,000
Repayment of bank loans	(1,087,935)	–	(1,087,935)
Capital element of lease rentals paid	–	(70,673)	(70,673)
Interest element of lease rentals paid	–	(33,173)	(33,173)
Total changes from financing cash flows	<b>158,065</b>	<b>(103,846)</b>	<b>54,219</b>
<b>Exchange adjustments</b>	<b>8,636</b>	<b>6,548</b>	<b>15,184</b>
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	–	3,395	3,395
COVID-19-related rent concessions received (note 11(c))	–	(49,849)	(49,849)
Interest expenses (note 6(a))	–	33,173	33,173
Lease modifications	–	(123,253)	(123,253)
Other ancillary borrowing costs	(17,647)	–	(17,647)
Total other changes	<b>(17,647)</b>	<b>(136,534)</b>	<b>(154,181)</b>
<b>At 31 December 2020</b>	<b>1,206,119</b>	<b>668,891</b>	<b>1,875,010</b>

# Notes to the Financial Statements

## 19 DEPOSITS AND CASH (CONTINUED)

### (b) Reconciliation of liabilities arising from financing activities (continued)

	Bank loans and other borrowings HK\$'000 (Note 20)	Lease liabilities HK\$'000 (Note 22)	Total HK\$'000
<b>At 1 January 2019</b>	1,299,348	816,756	2,116,104
<b>Changes from financing cash flows:</b>			
Repayment of bank loans	(251,386)	–	(251,386)
Capital element of lease rentals paid	–	(93,250)	(93,250)
Interest element of lease rentals paid	–	(34,760)	(34,760)
Total changes from financing cash flows	(251,386)	(128,010)	(379,396)
<b>Exchange adjustments</b>	3,439	655	4,094
<b>Other changes:</b>			
Increase in lease liabilities from entering into new leases during the year	–	178,562	178,562
Interest expenses (note 6(a))	–	34,760	34,760
Other ancillary borrowing costs	5,664	–	5,664
Total other changes	5,664	213,322	218,986
<b>At 31 December 2019</b>	1,057,065	902,723	1,959,788

### (c) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2020 HK\$'000	2019 HK\$'000
Within operating cash flows	743	3,495
Within financing cash flows	103,846	128,010
	<b>104,589</b>	131,505

These amounts relate to the following:

	2020 HK\$'000	2019 HK\$'000
Lease rentals paid	<b>104,589</b>	131,505

# Notes to the Financial Statements



## 20 BANK LOANS

(a) At 31 December 2020, the bank loans were repayable as follows:

	2020 HK\$'000	2019 HK\$'000
Within 1 year or on demand	148,176	251,158
After 1 year but within 2 years	165,221	757,738
After 2 years but within 5 years	892,722	12,845
After 5 years	—	35,324
	<b>1,057,943</b>	805,907
	<b>1,206,119</b>	1,057,065
Bank loans		
— Secured	1,206,119	1,027,065
— Unsecured	—	30,000
	<b>1,206,119</b>	1,057,065

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 2020, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong (2019: one);
- (ii) two properties of a subsidiary located in Singapore (2019: two);
- (iii) deposits of subsidiaries of HK\$50,000,000 (2019: HK\$137,000,000); and
- (iv) equity interests in its eleven subsidiaries of the Company (2019: four subsidiaries).

(c) At 31 December 2020, bank loans of HK\$1,206,119,000 (2019: HK\$1,057,065,000) 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 2020, the Group has breached certain financial covenants under the Group's banking facilities, while the Group has obtained a waiver on these financial covenants from the banks.

# 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:

	2020 HK\$'000	2019 HK\$'000
Within 3 months	40,463	89,838
4 to 6 months	1,479	2,565
7 to 12 months	212	2,841
Over 1 year	11,539	10,876
	<b>53,693</b>	106,120

At 31 December 2020, trade payables of the Group included the amounts totalling HK\$Nil (2019: HK\$416,000) 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

	2020 HK\$'000	2019 HK\$'000
Balance at 1 January	66,552	56,591
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 year	(26,793)	(39,901)
Increase in contract liabilities as a result of receiving billings in advance and customers' advances during the year	7,721	49,392
Exchange adjustments	936	470
Balance at 31 December	<b>48,416</b>	66,552



# Notes to the Financial Statements



## 22 LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 HK\$'000	2019 HK\$'000
Within 1 year	100,328	112,226
After 1 year but within 2 years	89,073	109,176
After 2 years but within 5 years	281,683	288,778
After 5 years	197,807	392,543
	568,563	790,497
	668,891	902,723

## 23 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	2020 HK\$'000	2019 HK\$'000
Provision for taxation for the year	1,322	34,460
Tax paid during the year	(23,542)	(33,768)
Balance of tax provision relating to prior years	31,541	30,512
	9,321	31,204

### (b) Deferred tax assets and liabilities recognised:

	2020 HK\$'000	2019 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	(162,859)	(176,931)
	(162,859)	(172,107)

# 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:

	Tax losses HK\$'000	Fair value adjustments arising from business combinations HK\$'000	Depreciation allowances in excess of related depreciation HK\$'000	Depreciation charge of right-of-use asset HK\$'000	Intangible assets acquired in business combinations HK\$'000	Withholding tax on unremitted earnings HK\$'000	Total HK\$'000
<b>Deferred tax arising from:</b>							
At 1 January 2020	-	68,255	23,839	(4,824)	74,678	10,159	172,107
Exchange adjustments (Credited)/charged to profit or loss (note 7(a))	(175)	1,018	183	(32)	1,162	-	2,156
	(4,480)	(1,160)	(4,965)	1,648	-	(2,447)	(11,404)
At 31 December 2020	(4,655)	68,113	19,057	(3,208)	75,840	7,712	162,859
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

### (c) Deferred tax assets not recognised

At 31 December 2020, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$703,804,000 (2019: HK\$644,968,000) 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\$27,052,000 (2019: HK\$4,274,000) 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 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to HK\$Nil (2019: HK\$Nil). Deferred tax liabilities of HK\$Nil (2019: HK\$Nil) 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

	2020		2019	
	No. of shares	Amount HK\$'000	No. of shares	Amount 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 old share option scheme (the "Old Scheme") was initially valid and effective from 11 November 2009 and has expired on 10 November 2019. Pursuant to an ordinary resolution of the Company passed on 19 June 2020, the Company adopted a new share option scheme (the "New Scheme"). The purpose of the New Scheme was to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and to provide the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants. Eligible participants of the New Share Option Scheme include the Company's directors, including independent non-executive directors, and other employees of the Group and shareholders of the Company. The Scheme became effective on 19 June 2020 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 19 June 2020. 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 2020. 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 2020 (2019: Nil).

### (b) Reserves

#### (i) The Group

Details of the movements in reserves of the Group during the years ended 31 December 2020 and 2019 are set out in the consolidated statement of changes in equity.

#### (ii) The Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2020	771,749	15,886	271,644	17,793	1,077,072
<b>Changes in reserves for 2020:</b>					
Loss for the year	-	-	-	(2,375)	(2,375)
At 31 December 2020	771,749	15,886	271,644	15,418	1,074,697
	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total 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



## 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 2020, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$15,418,000 (2019: HK\$17,793,000). In addition, the Company's share premium account, contributed surplus, and capital redemption reserve in an aggregate amount of HK\$1,059,279,000 (2019: HK\$1,059,279,000), as at 31 December 2020 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's adjusted net debt-to-capital ratio at 31 December 2020 and 2019 was as follows:

	Note	2020 HK\$'000	2019 HK\$'000
Current liabilities:			
Bank loans		148,176	251,158
Lease liabilities		100,328	112,226
		248,504	363,384
Non-current liabilities:			
Bank loans		1,057,943	805,907
Lease liabilities		568,563	790,497
Total debt		1,875,010	1,959,788
Less: Cash and cash equivalents	19	(985,546)	(1,068,260)
<b>Adjusted net debt</b>		<b>889,464</b>	891,528
<b>Total equity</b>		<b>1,882,735</b>	2,155,933
<b>Adjusted net debt-to-capital ratio</b>		<b>47%</b>	41%

# 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 2020					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	53,693	53,693	53,693	-	-	-
Other payables and accrued charges	122,238	122,238	122,238	-	-	-
Lease liabilities	668,891	762,381	123,199	108,536	319,413	211,233
Bank loans	1,206,119	1,246,782	167,404	181,856	897,522	-
	<b>2,050,941</b>	<b>2,185,094</b>	<b>466,534</b>	<b>290,392</b>	<b>1,216,935</b>	<b>211,233</b>

# Notes to the Financial Statements

## 25 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk (continued)

	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	As at 31 December 2019			
			Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	106,120	106,120	106,120	–	–	–
Other payables and accrued charges	225,627	225,627	225,627	–	–	–
Lease liabilities	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
	2,291,535	2,507,556	757,148	897,998	370,667	481,743

### (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			
	2020		2019	
	Renminbi '000	Singapore dollars '000	Renminbi '000	Singapore dollars '000
Other receivables, deposits and prepayments	40	–	40	–
Deposits and cash	84,397	27,928	15,552	3,384
Other payables and accrued charges	(217)	–	(218)	–
Deferred revenue	–	–	(170)	–
Intercompany balance	280,211	–	280,211	–
Bank loans	–	(38,253)	–	(52,000)
Net exposure to currency risk	364,431	(10,325)	295,415	(48,616)



# 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 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:

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rates	Decrease/ (increase) in loss after taxation and increase/ (decrease) in retained earnings HK\$'000
Renminbi	5% (5)%	18,106 (18,106)	5% (5)%	13,814 (13,814)
Singapore dollars	5% (5)%	(2,530) 2,530	5% (5)%	(11,732) 11,732

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 2019.

#### (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:

	2020		2019	
	Effective rate %	HK\$'000	Effective rate %	HK\$'000
<b>Fixed rate borrowings:</b>				
Lease liabilities	2.38%–5.64%	668,891	2.38%–5.64%	902,723
<b>Variable rate borrowings:</b>				
Bank loans <i>(note 20)</i>	1.10%–2.80%	1,206,119	2.38%–4.52%	1,057,065

#### (ii) Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after taxation and decreased/increased the Group's total equity by approximately HK\$10,017,000 (2019: HK\$8,826,000).

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 2019.

# Notes to the Financial Statements



## 26 COMMITMENTS

### Capital commitments outstanding not provided for in the financial statements

As at 31 December 2020 and 2019, 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:

	2020 HK\$'000	2019 HK\$'000
<b>Contracted for:</b>		
Taiwan	4,998	5,407

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 2020 and 2019:

	2020 HK\$'000	2019 HK\$'000
<b>Contracted for:</b>		
Mainland China	539,569	32,436

## 27 CONTINGENT LIABILITIES

At 31 December 2020, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries amounting to HK\$1,808,730,000 (2019: HK\$1,071,773,000). At 31 December 2020, banking facilities of HK\$1,223,930,000 (2019: HK\$1,061,773,000) had been utilised by the subsidiaries.

At 31 December 2020, 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.

## 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	2020 HK\$'000	2019 HK\$'000
Lease prepayments	(i)	—	37,267

Note:

- (i) This represents the prepayments of rental payments and management fees for the leases as set out in the Company's announcement dated 29 January 2019. The lease payments were charged on normal commercial terms.

The transactions shown in note (i) 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.

# Notes to the Financial Statements

## 29 DISPOSAL OF SUBSIDIARIES — REMAINING CONSIDERATION AND CONTINGENT LIABILITIES

On 25 January 2017, Giant Harvest Limited (“Giant Harvest”), an indirect wholly owned subsidiary of the Company, entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with True Vision Limited (“True Vision”), pursuant to which Giant Harvest conditionally agreed to sell and True Vision conditionally agreed to purchase, the entire equity interest of City Entertainment Corporation Limited (“CECL”) at a consideration of RMB3.286 billion (the “Disposal”). 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.

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 the 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 2020, 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 2020. 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.

# Notes to the Financial Statements



## 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.

#### **(iii) 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.

# Notes to the Financial Statements

## 31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2020 HK\$'000	2019 HK\$'000
<b>Non-current assets</b>			
Interests in subsidiaries		<b>1,355,670</b>	1,357,535
<b>Current assets</b>			
Prepayments		<b>481</b>	478
Deposits and cash		<b>162</b>	164
		<b>643</b>	642
<b>Current liabilities</b>			
Payables and accrued charges		<b>1,649</b>	1,138
		<b>1,649</b>	1,138
<b>Net current liabilities</b>		<b>(1,006)</b>	(496)
<b>NET ASSETS</b>		<b>1,354,664</b>	1,357,039
<b>CAPITAL AND RESERVES</b>			
	24(b)(ii)		
Share capital		<b>279,967</b>	279,967
Reserves		<b>1,074,697</b>	1,077,072
<b>TOTAL EQUITY</b>		<b>1,354,664</b>	1,357,039

# Notes to the Financial Statements



## 32 EVENTS AFTER THE REPORTING PERIOD

The COVID-19 pandemic since early 2020 has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position.

With the fourth wave of COVID-19 outbreak in Hong Kong since November 2020, the government has tightened the social distancing measures including temporary closure of all cinemas in Hong Kong starting from 2 December 2020 until 17 February 2021.

The Group will continue to pay close attention of the development of the COVID-19 outbreak, evaluate and proactively respond to its impact of the Group's financial position and operating results.

## 33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts — Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018–2020 Cycle	1 January 2022

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



嘉禾



Golden Harvest

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

