

Orange Sky
ENTERTAINMENT GROUP



嘉禾



Golden Harvest

Orange Sky Golden Harvest Entertainment (Holdings) Limited

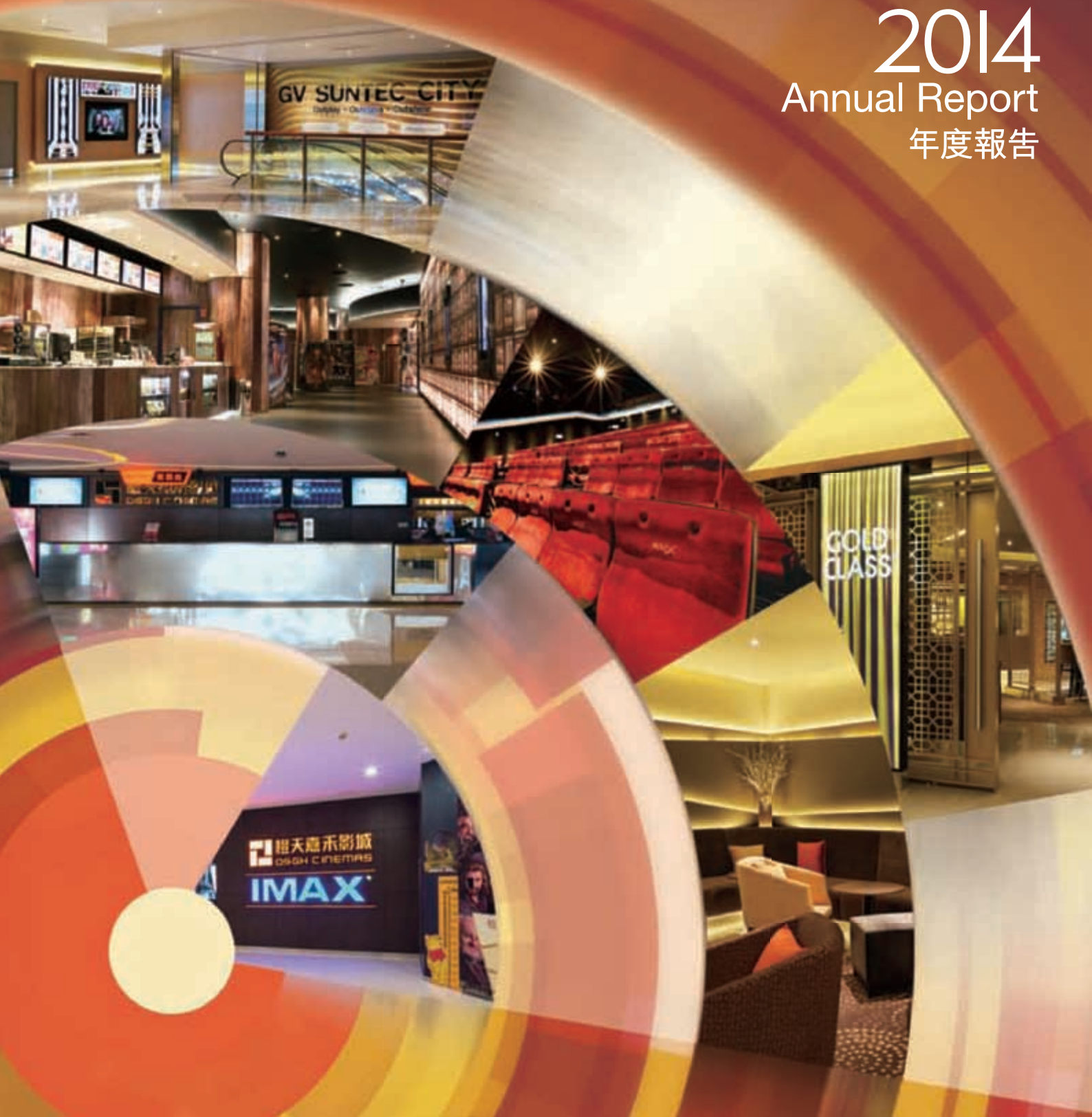
橙天嘉禾娛樂(集團)有限公司

(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)

2014 Annual Report 年度報告



Love Life, Live Life

熱愛生活.享受生活

Vision 橙天嘉禾的願景

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

Mission 橙天嘉禾的使命

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

Value 橙天嘉禾的價值

Responsible

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

Effective

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

Compliant

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

Committed

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

Strategy 橙天嘉禾的價值

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

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

Innovative

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

Honest

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

United

team work to build success with persistence
為達成成功 堅守團隊精神



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Corporate Information 公司資料

EXECUTIVE DIRECTORS 執行董事

WU Kebo (*Chairman*)
伍克波 (主席)

MAO Yimin
毛義民

LI Pei Sen
李培森

WU Keyan
伍克燕

INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事

LEUNG Man Kit
梁民傑

HUANG Shao-Hua George
黃少華

WONG Sze Wing
黃斯穎

CHIEF EXECUTIVE OFFICER 首席執行官

MAO Yimin
毛義民

COMPANY SECRETARY 公司秘書

WONG Kwan Lai
黃君麗

REGISTERED OFFICE
註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
主要營業地址

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

PRINCIPAL BANKERS
主要往來銀行

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

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

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

AUDITORS
核數師

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

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**
主要股份過戶登記處

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

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

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

WEBSITE
網址

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

STOCK CODE
股份代號

1132

Biographical Details of Directors 董事個人履歷

CHAIRMAN AND EXECUTIVE DIRECTOR

Mr. Wu Kebo (“Mr. Wu”)

Aged 51

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

EXECUTIVE DIRECTOR AND CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Mr. Mao Yimin (“Mr. Mao”)

Aged 37

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

主席兼執行董事

伍克波先生(「伍先生」)

五十一歲

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

執行董事兼 首席執行官兼 首席財務官

毛義民先生(「毛先生」)

三十七歲

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

EXECUTIVE DIRECTORS

Mr. Li Pei Sen (“Mr. Li”)

Aged 67

Mr. Li joined the Company as a non-executive director in March 2009 and was re-designated as an executive director of the Company in April 2010. He is also the associate chairman of OSEG. Mr. Li was an associate director of China TV Production Centre in 1994 and the general manager of China Central Television in 1996. In 1997, Mr. Li joined China International Television Corporation (“TVC”) as president and was involved in its corporate structuring. During his presidency at TVC, Mr. Li was also in charge of television production, as well as the domestic and global licensing business of Chinese television programmes. Prior to joining OSEG as the associate chairman, Mr. Li served as the director of China TV Production Centre in 2000. Mr. Li has over 10 years of experience in film and television series production and acted as the producer of more than a thousand episodes of television series, including a number of popular and high audience rating titles such as *All men are brothers: blood of the leopard*, *Taiping Heavenly Kingdom*, *Vernacular stories from the end of Western Zhou Dynasty to the Qin Dynasty* and *The story of Hongkong* and cartoon series *Journey to the West*. In addition, Mr. Li is also a committee member of the China Federation of Literary and Art Circles, a council member of China TV Workers’ Association, the vice-president of China TV, Film Productions Committee, a member of the censorship expert committee of State Administration of Radio, Film and Television, and a consultant to TVC.

Ms. Wu Keyan (“Ms. Wu”)

Aged 43

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

執行董事

李培森先生(「李先生」)

六十七歲

李先生於二零零九年三月加盟本公司出任非執行董事，後於二零一零年四月調任本公司執行董事，亦為橙天聯合董事長。李先生曾於一九九四年擔任中國電視劇製作中心副主任，後於一九九六年擔任中央電視台總經理。李先生於一九九七年加入中國國際電視總公司(「中國國際電視總公司」)出任總裁，並參與其企業改制。在彼擔任中國國際電視總公司總裁期間，李先生亦負責電視製作及中國電視節目在國內外之特許授權業務。於加盟橙天出任聯合董事長之前，李先生曾於二零零零年擔任中國電視劇製作中心主任。李先生在電影及電視連續劇製作方面具備逾十年經驗，曾負責監製過千集電視連續劇，當中包括《水滸傳》、《太平天國》、《東周列國》、《香港的故事》及動畫片《西遊記》等多部收視叫好且廣受觀眾喜愛之電視劇作品。此外，李先生亦為中國文聯委員、中國電視藝術家協會理事、中國電視製片委員會副會長、國家廣播電影電視總局電影審查委員會審委及中國國際電視總公司顧問。

伍克燕女士(「伍女士」)

四十三歲

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

Biographical Details of Directors 董事個人履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Aged 61

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

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

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

Aged 66

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

獨立非執行董事

梁民傑先生 (「梁先生」)

六十一歲

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

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

黃少華先生 (「黃先生」)

六十六歲

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

Ms. Wong Sze Wing (“Ms. Wong”)

Aged 36

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

黃斯穎女士（「黃女士」）

三十六歲

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



Chairman's 主席報告書 Statement

To Our Shareholders,

On behalf of the board of directors (the "Board") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company"), I hereby present to our shareholders, the Annual Report of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014.

During the Year, the Group's net profit attributable to equity holders decreased by 89% to HK\$12.7 million as compared with the same period last year. The decrease in profit was mainly attributable to exchange losses resulting from the depreciation of Renminbi; a decrease in profit from the Group's film distribution and sales of TV programme business as well as a decrease in property valuations compared to the last reporting period. During the year under review, the Group opened 10 new cinemas with 66 screens, bringing total numbers of operating cinemas to 87 cinemas with 645 screens across Mainland China, Hong Kong, Taiwan and Singapore. The Group maintained its leading position in Singapore and Taiwan with market share at approximately 43% and 34% respectively. In 2014, the Group exhibition business achieved another record high admissions by serving over 42 million patrons and generated a total of approximately HK\$2,370 million gross box office receipts, on a full and aggregated basis, from the theatrical exhibition business.

致股東：

本人謹代表橙天嘉禾娛樂(集團)有限公司(「本公司」)董事會(「董事會」)向股東呈報本公司及其附屬公司(「本集團」)截至二零一四年十二月三十一日止年度之年報。

年內，本集團股權持有人應佔純利較去年同期減少89%至1,270萬港元。溢利減少主要由於人民幣貶值產生之匯兌虧損、來自本集團電影發行及電視節目銷售業務之溢利以及物業估值均較上個報告期減少所致。於回顧年度，本集團新開10家影城共66塊銀幕，令中國內地、香港、台灣及新加坡營運之影城總數達至87家影城共645塊銀幕。本集團保持其於新加坡及台灣之領導地位，市場佔有率分別約為43%及34%。於二零一四年，本集團影城業務觀影人次再創新高，入場觀眾超過4,200萬人次，而來自影城經營業務之票房總收入按全數及總額基準計算合共約為23.70億港元。



BUSINESS REVIEW

The market gross box office receipts in Mainland China increased at a compound annual growth rate of approximately 31% over the past five years and reached over RMB29.6 billion in 2014, admissions reached 0.83 billion which enabled Mainland China to maintain its status as the world's second largest box office revenue after the United States. The mainland movie industry showed a remarkable achievement in 2014 as domestic movies accounted for about 54.5% of total market box office receipts for the year despite strong Hollywood blockbusters and the record breaking film *Transformers: Age of Extinction* with box office income nearly RMB2 billion. More mainland domestic films ranked top in the box office chart such as *Breakup Buddies* (心花路放), *Dad, where are we going* (爸爸去哪兒) and *the Breakup Guru* (分手大師). In addition, more local-born young film directors are emerging, drawing market attention to their movie production which brings new energies and stories to the industry. Hollywood blockbusters are always audience-drawing worldwide and more Chinese-related elements are inserted and implanted into the story and production with the purpose of attracting more local audiences. The Group exhibition business in Mainland China remained stable and gross box office income increased 33% compared to last year which was in line with the general market. Benefiting from the continuous economic growth as well as the market penetration potential of the movie industry in Mainland China, a sustainable need of high-quality movie entertainment is anticipated for the mainland public as a price-friendly social activity. Apart from keen competition among domestic operators and low-priced group tickets sales on-line, significant depreciation, finance costs and the incubation period of certain newly-opened cinemas impose high pressure to our mainland operation. The revenue growth and net contribution from the Mainland China exhibition business is still below management expectations.

業務回顧

中國內地市場之票房總收入於過往五年內按年複合增長率約31%上升，並於二零一四年達到超過人民幣296億元，入場觀眾達8.3億人次，令中國內地得以維持全球第二最高票房收入地位，僅次於美國。內地電影業於二零一四年成績顯著，在破記錄荷里活猛片《變形金剛：殲滅世紀》取得近人民幣20億元票房收入之同時，國內電影仍佔本年度市場票房總收入約54.5%。更多國內電影成為票房冠軍，例如《心花路放》、《爸爸去哪兒》及《分手大師》。此外，更多本地年輕導演湧現，其電影製作及故事內容為業界注入新能量及構思，引起市場關注。荷里活猛片一直受全球觀眾青睞，而為吸引更多本地觀眾，亦將更多中國元素放進故事情節及製作內。本集團之中國內地影城業務保持平穩，票房總收入較去年增加33%，與整體市況一致。我們預期，受惠於市場滲透潛力，加上經濟持續增長及觀影作為價廉戶外娛樂，深受中國大眾歡迎，中國內地對高質素電影娛樂之需求將持續增長。除本地營運商之激烈競爭及定價低廉之戲票團購網上銷售外，加上折舊、財務費用及若干新開業影城仍處於起步階段均令本集團內地業務受壓。中國內地影城業務之收益增長及盈利貢獻淨額仍低於管理層預期。

Chairman's Statement 主席報告書

In 2014, the market box office receipts in Hong Kong, Singapore and Taiwan recorded an increase of 2%, 2% and a decrease of 2% respectively as compared with those for 2013 in local currency terms. One new cinema located at Tainan Dream Mall comprising 10 screens was opened in January 2015 which includes one of the largest IMAX® theatres in Tainan and a Gold Glass theatre with full kitchen. In November 2014, one new cinema comprising 11 screens including Gold Class and IMAX® was also opened at Suntec City Complex in Singapore. Both newly-opened theatres marked important additions to our regional operation and represent our drive to maintain the position of market leader in the Asian market. The Group will keep developing its exhibition business through market penetration to consolidate our leading position in specific regions and are confident that our business in these developed markets will safeguard the overall profitability. The Group will keep identifying merger and acquisition opportunities in other Asian markets so as to accelerate its pace of development in the film exhibition business and increase our market share.

In order to offer a superior moving viewing experience to our audiences, the Group shall continue to install advanced equipment in theatres such as panorama Dolby Atmos sound system, digital IMAX® screen, giant screen, 4K Projection System, 4DK and D-Box Motion Chairs in all our operating regions. In addition, Gold Class, Business Class and VIP houses will continue to expand in different regions to serve the growing numbers of high spending audiences and our valuable VIPs members. In addition to electronic ticketing system which includes on-site auto-ticketing sales machines, official website and apps on-line tickets purchase were fully launched by the end of 2014 in Mainland China.

The result of our production and distribution business was under-performed in 2014 when compared to our fruitful year of 2013 with significant contribution from the Group invested movie *No Man's Land* (無人區). A decrease in the revenue and profit generated from the Group's film distribution was due to fewer audience-drawing films being distributed in both Hong Kong and Mainland China and also less revenue was generated from sales of TV drama series during the year. The Group is still confident in our production and distribution businesses and will actively participate in sourcing quality films from overseas. The Group already has few good movie and TV drama series scripts on hand for investment or production in the coming years.

於二零一四年，香港、新加坡及台灣市場之票房收入以當地貨幣計算較二零一三年分別增長2%、2%及下跌2%。一間位於台南夢時代商場配備10個銀幕之新影城於二零一五年一月開業，該影城設有台南其中一間最大IMAX®影院及廚房設備齊全之「Gold Class」影院。於二零一四年十一月，一間配備11個影廳，並設有「Gold Class」及IMAX®銀幕之新影城亦於新加坡新達城(Suntec City Complex)開業。該兩間新開業影城對本集團之地區營運意義重大，標誌著本集團保持亞洲市場領導地位之決心。本集團將繼續滲透市場以發展其影城經營業務，務求鞏固我們於特定地區之領導地位，並堅信該等發達市場之業務將保障整體盈利能力。本集團亦將繼續在其他亞洲市場物色併購機會，從而加快影城經營業務之發展步伐及提高市場佔有率。

為求為觀眾提供優越觀賞體驗，本集團將繼續在所有經營地區之影院配備杜比全景聲音響系統、數碼IMAX®銀幕、巨型銀幕、4K投影系統、4DK及D-Box Motion Chairs等先進設備。此外，「Gold Class」、商務及貴賓影院將繼續於不同地區擴展，為不斷增加之高消費觀眾及尊尚貴賓提供優質服務。另外，配有即場自動售票機、官方網站及網上購票應用程式之電子售票系統亦於二零一四年底前在中國內地全面推行。

相比二零一三年本集團所投資電影《無人區》作出重大貢獻，本集團製作及發行業務之業績於二零一四年表現未如理想。本集團電影發行業務產生之收益及溢利減少乃由於年內較少猛片在香港及中國內地發行，加上銷售電視連續劇產生之收益下跌所致。本集團對製作及發行業務仍具信心，並將積極從海外購入優質電影；另外，本集團手上已有多部優質電影及電視連續劇劇本供未來數年投資或製作之用。

PROSPECTS

Outlook for 2015, the Group will continue to expand the scale of its distribution and production business through sourcing a variety of movie genres for distribution and searching good scripts for Chinese language film and TV drama series co-production. Apart from the release of *Fly to the Venus* (星語心願之再愛), the Group will continue our movies and TV series production in the coming years by both self-investment and co-production with local and overseas production houses and TV series producers. Two new joint-ventures were recently set up, one with a well-known TV drama and movie producer and another one with a well-experienced on-line, e-commerce, shopping and video channel network company. The Group will continue to search for movie and entertainment-related investment opportunities to enhance and strengthen our business chain and influence within the industry and have Orange Sky Golden Harvest rebuilt as one of the top Chinese movie branded companies and the best movie entertainment provider across Asia.

ACKNOWLEDGEMENT

I would like to express my heartfelt gratitude to our fellow directors for their support to the Board and all our stakeholders — audiences, business partners, bankers, shareholders, suppliers for their valuable advice and support to the Group. Last but not least, thanks to our management team and staff from different regions for their dedication, loyalty and valued services during the challenging time last year.

前景

展望二零一五年，本集團將透過物色多類片種以供發行，並為聯合製作華語電影及電視連續劇發掘優質劇本，繼續拓展發行及製作業務之規模。除發行《星語心願之再愛》外，本集團將於未來數年透過自資以及與本地及海外製作公司及電視劇集製片商合作，繼續進行電影及電視劇集製作。兩家新合營企業於近期成立，其中一家與著名電視劇及電影製作人合作，另一家則與具備豐富經驗之網上、電子商務、購物及視頻網絡公司合作。本集團將繼續物色電影及娛樂相關投資機遇，務求提升及加強業務鏈及業內影響力，將橙天嘉禾重新建立為領先中國電影品牌公司及全亞洲最佳電影娛樂供應商之一。

致謝

本人謹此就各董事對董事會之支持以及觀眾、業務夥伴、往來銀行、股東及供應商等所有權益持有人向本集團提供之寶貴意見及支持深表謝意。最後，本人對來自不同地區之管理團隊及員工於去年充滿挑戰之時刻所給予貢獻、忠誠及優質服務表示衷心感謝。

Management

Discussion & Analysis

管理層討論及分析





Orange Sky Golden Harvest's CINEMA PORTFOLIO

橙天嘉禾影城組合

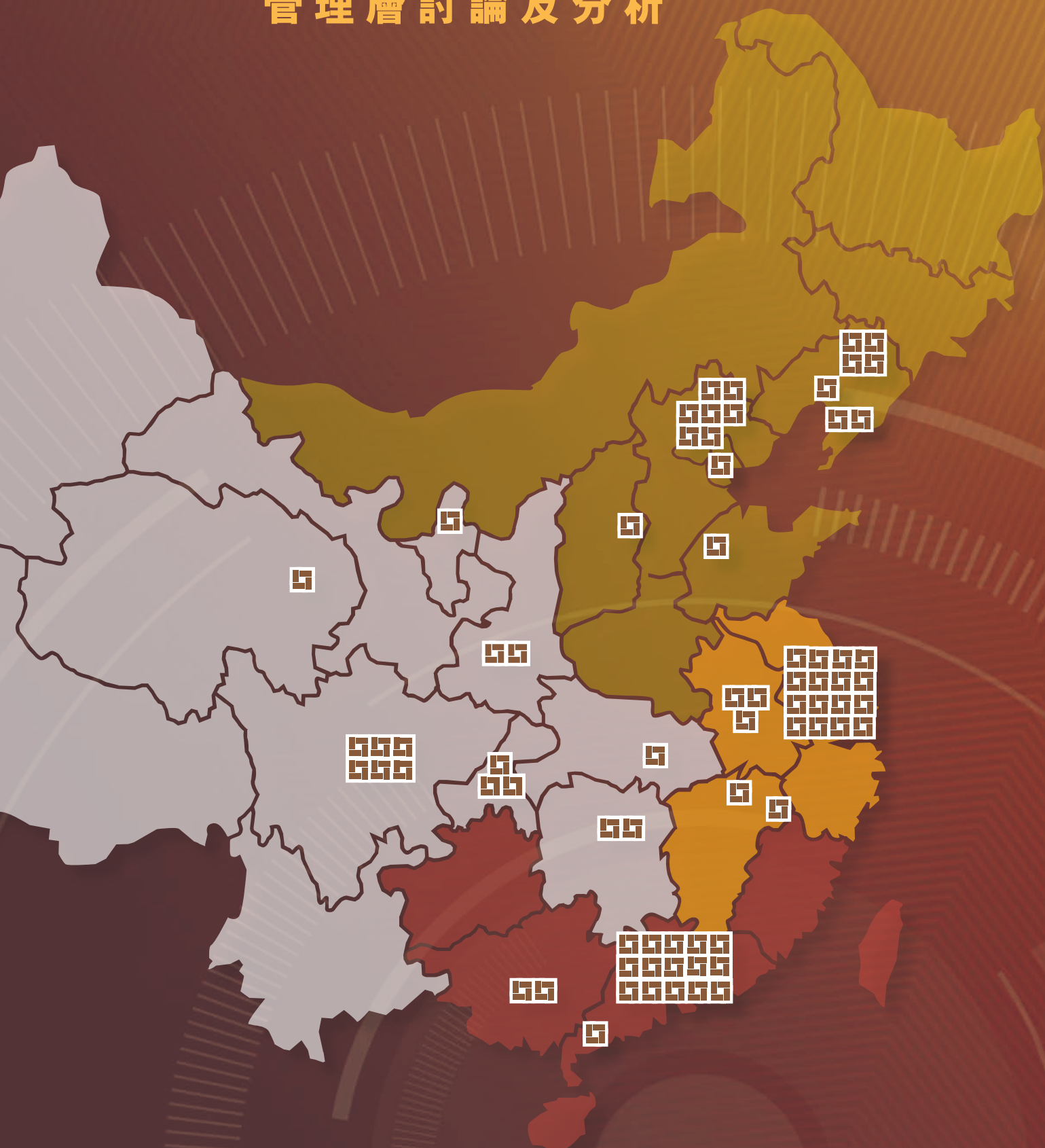
(as of 31 December 2014 截至二零一四年十二月三十一日)

		Number of cinemas 影城數目	Number of screens 銀幕數目	Admissions (million) 入場觀眾 (百萬人次)	Net average ticket price (HK\$) 平均淨票價 (港元)
PRC	中國內地				
Eastern	華東區	20	143	5.1	34
Southern	華南區	12	89	4.6	51
Central Western	中西區	13	92	2.9	37
Northern	華北區	14	96	3.9	40
Hong Kong	香港	6	24	2.4	72
Taiwan	台灣	11	109	14.4	64
Singapore	新加坡	11	92	9.1	61
Total	總計	87	645	42.4	56

Management

Discussion & Analysis

管理層討論及分析



MAINLAND CHINA CINEMA NETWORK in the Coming Two Years 未來兩年的中國影城佈點

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

Eastern China Region 華東區

21 Cinemas / 影城
151 Screens / 銀幕

Southern China Region 華南區

18 Cinemas / 影城
127 Screens / 銀幕

Northern China Region 華北區

17 Cinemas / 影城
112 Screens / 銀幕

Central Western China Region 中西區

16 Cinemas / 影城
122 Screens / 銀幕

Management Discussion and Analysis

管理層討論及分析

OPERATION AND FINANCIAL REVIEW

During the year under review, the Group's net profit attributable to equity holders decreased significantly by 89% to HK\$12.7 million as compared with the corresponding period last year. The Group's turnover rose by 16% to HK\$1,083 million and the gross profit margin slightly decreased to 59% (2013: 61%). The Group's operating EBITDA amounted to HK\$178 million, representing a drop of 31% from HK\$258 million for the same period last year.

The increase in turnover for the year was attributed to the new cinema "the sky" in Hong Kong which was opened in December 2013 as well as 10 new multiplexes with 66 screens in Mainland China. The majority of our cinemas operating in Hong Kong and Mainland China recorded a steady growth in revenue compared with the same period last year. However, due to the incubation period of newly-opened cinemas and high depreciation expenditure and finance costs, the overall contribution from the Mainland China exhibition business is below management's expectations. In addition to Renminbi depreciation during the year, the Group suffered from an exchange loss of HK\$10.5 million for the year compared to an exchange gain of HK\$19.5 million for the corresponding period last year. The combined effect of fewer audience drawing films distributed in both Hong Kong and Mainland China, a decrease in TV drama sales business and a decrease in exceptional income from property valuation contributed to a significant drop in net profit during the reporting period.

As of 31 December 2014, the cash and cash equivalents of the Group amounted to HK\$406 million (2013: HK\$535 million). The Group's gearing ratio decreased to 26% (2013: 30%). This was mainly due to the partial repayment of bank borrowings and the refund of prepaid rental from the Jiangyin cinema site during the year.

BUSINESS REVIEW

Film Exhibition

During the year under review, the Group opened 10 cinemas with 66 screens in Mainland China. As of 31 December 2014, the Group operated 87 cinemas with 645 screens across Mainland China, Hong Kong, Taiwan and Singapore. The Group's cinemas served over 42 million guests compared with 40 million guests for the same period last year. Gross box office receipts on a full and aggregated basis, were registered at HK\$2,370 million, representing a growth of 8% from last year. The major Hollywood blockbusters released this year were *Transformers: Age of Extinction*, *X-Men: Day of Future Past*, *Captain America: The Winter Soldier*, *The Amazing Spider-Man 2*, *Step up 5* and *Frozen* from Disney. The major Chinese-language blockbusters were *Breakup Buddies* (心花路放), *Dad, where are we going?* (爸爸去哪兒), *Breakup Guru* (分手大師) in Mainland China, *From Vegas to Macau 1* (賭城風雲1) in Hong Kong, *KANO* in Taiwan and *Filial Party* (我是孝子) in Singapore.

營運及財務回顧

於回顧年度，本集團之股權持有人應佔純利較去年同期大幅減少89%至1,270萬港元。本集團之營業額增加16%至10.83億港元，毛利率則輕微減少至59%（二零一三年：61%）。本集團息稅攤折前經營溢利為1.78億港元，較去年同期2.58億港元下跌31%。

年內營業額增加乃由於二零一三年十二月在香港開設之新影城「the sky」及中國內地10家多廳影城共66塊銀幕投入服務。本集團於香港及中國內地經營之大部分影城的營業額較去年同期錄得平穩增長，但新開業影城由於仍在培育階段，加上高折舊開支及財務費用，故中國內地影城業務整體盈利情況未如理想。除年內人民幣貶值外，本集團於年內產生之匯兌虧損達1,050萬港元，而去年同期則錄得匯兌收益1,950萬港元，加上較少賣座電影於香港及中國內地發行、電視劇銷售業務倒退以及物業估值之特殊收入減少，導致純利於報告期內大幅下跌。

於二零一四年十二月三十一日，本集團之現金及現金等值項目為4.06億港元（二零一三年：5.35億港元）。本集團之資產負債比率減少至26%（二零一三年：30%），主要由於年內償還部分銀行借貸及退還江陰影城之預付租金所致。

業務回顧

影城業務

於回顧年度，本集團於中國內地開設10家影城共66塊銀幕。截至二零一四年十二月三十一日，本集團於中國內地、香港、台灣及新加坡營運87家影城共645塊銀幕。本集團影城觀眾超過4,200萬人次，而去年同期則為4,000萬人次。如按全數及總額基準計算，票房總收入達23.70億港元，較去年增長8%。年內上畫之荷里活猛片計有《變形金剛：殲滅世紀》、《變種特攻：未來同盟戰》、《美國隊長2：寒冬戰士》、《蜘蛛俠2：決戰電魔》、《舞力全開5》及迪士尼《魔雪奇緣》。華語大片則有中國內地上映之《心花路放》、《爸爸去哪兒》及《分手大師》；香港上映之《賭城風雲1》；台灣上映之《KANO》及新加坡上映之《我是孝子》。

OPERATING STATISTICS OF THE GROUP'S CINEMAS

(For the year ended 31 December 2014)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	59 (note)	6	11	11
Number of screens*	420	24	109	92
Admissions (million)	16.5	2.4	14.4	9.1
Net average ticket price (HK\$)	41	72	64	61

* as of 31 December 2014

Note: Four more cinemas in Mainland China have completed construction and are applying for licenses, of which one cinema had already commenced business in January 2015 and the remaining three cinemas are expected to be opened before the second quarter of 2015. In addition, two cinemas were acquired in the Shenzhen region in the first quarter of 2015.

The Group is committed to pursuing visual and audio effect perfection to bring a new movie-going experience to our valuable audiences; all screens in Mainland China, Hong Kong, Taiwan and Singapore have been fully installed with digital equipment and are 3D compatible. The Group installed one more digital IMAX® screen in Wuxi MIX City in December 2014. Ultra-high resolution SONY 4K Projection Systems are installed in most of our Mainland China multiplexes. The Group also opened our very first 4DX theatre equipped with Motion Chairs by renovating one of our cinema houses in Southern China. In Hong Kong, the group continues to own the exclusive right to operate D-Box Motion Chairs in the region and most of our cinemas in Hong Kong are equipped with D-Box Motion Chairs. In Taiwan, the Group is the exclusive digital IMAX® operator and operates 6 digital IMAX® screens. During the year, one newly converted 4DX theatre equipped with motion seats plus special effects such as wind, fog, lightning and scents was introduced; a new business-class theatre served by a dedicated catering team was also launched. In Singapore, the Group closed the Marina Square cinema in September and open a grand new multiplex in the Suntec City Complex in early November with 11 screens and 1,386 seats. It also operates three gold class theatres with private lounges and plush electronic recliner seats installed for our VIPs and members.

本集團各地影城之營運數據

(截至二零一四年十二月三十一日止年度)

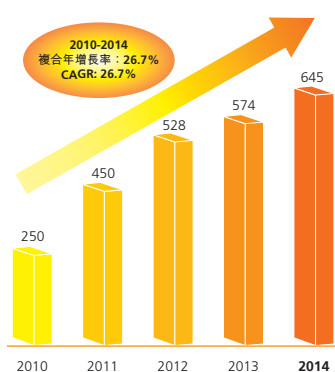
	中國內地	香港	台灣	新加坡
影城數目*	59 (附註)	6	11	11
銀幕數目*	420	24	109	92
入場觀眾(百萬人次)	16.5	2.4	14.4	9.1
平均淨票價(港元)	41	72	64	61

* 截至二零一四年十二月三十一日

附註：中國內地再有四家影城已完成裝修並正在申請牌照，其中一家影城已於二零一五年一月開業，其他三家影城預期將於二零一五年第二季度前開業。此外，於二零一五年第一季度已收購兩家位於深圳地區的影城。

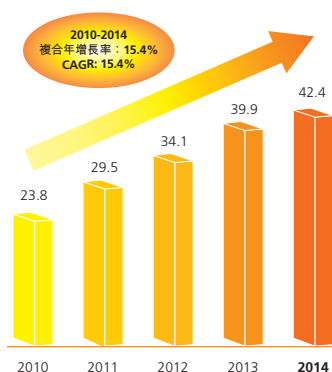
本集團不斷追求完美聲畫質素，務求為尊貴觀眾提供盡善盡美之電影觀賞體驗。於中國內地、香港、台灣及新加坡之銀幕均已全部安裝數碼設備，並支援3D放映。於二零一四年十二月，本集團於無錫萬象城再安裝一塊數碼IMAX®銀幕，並於中國內地大部分多廳影城安裝索尼4K超高解像度投影系統。本集團亦透過改裝其中一家華南影城，增設首個配備動感座椅之4DX影院。本集團於香港地區繼續擁有D-BOX Motion Chairs之獨家經營權，大部份香港影城已配備D-BOX Motion Chairs。於台灣，本集團為獨家數碼IMAX®營辦商，經營6塊數碼IMAX®銀幕。年內，再有一間影院改建為4DX影院，配備動感座椅之餘，更引入風吹、濃霧、閃電及香氣等特別效果；並同時引入專人餐飲服務之全新商務影城。於新加坡，本集團於九月關閉Marina Square影城，並於十一月初在新達城(Suntec City Complex)開設一家豪華多廳影城，配備11塊銀幕及1,386個座位，並擁有3間「Gold Class」影廳，配備為貴賓及會員而設之私人候影室及電子調校傾斜角度之靠背絲絨座椅。

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



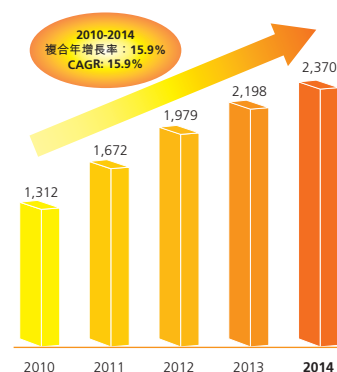
OSGH CINEMAS TOTAL ADMISSIONS 橙天嘉禾影城的總觀影人次

Million 百萬人次



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

HK\$ million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	2014	2013
Number of cinemas*	59 <i>(note)</i>	49
Number of screens*	420	354
Admissions (million)	16.5	12.9
Net average ticket price (RMB)	32	31
Gross box office receipts ticket price (RMB million)#	581	438

* as of 31 December 2014

before deduction of government taxes and charges

Note: Four more cinemas in Mainland China have completed construction and are applying for licenses, of which one cinema had already commenced business in January 2015 and the remaining three cinemas are expected to be opened before the second quarter of 2015. In addition, two cinemas were acquired in the Shenzhen region in the first quarter of 2015.

In 2014, the market gross box office receipts of urban areas in Mainland China increased by 36% to RMB29.6 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 33% compared with same period last year, in-line with general market growth. During the year under review, the Group opened 10 new cinemas with 66 screens in the cities such as Beijing, Shanghai, Wuxi and Chengdu. The Group's multiplexes in Mainland China served approximately 16.5 million patrons, representing 28% growth from same period last year.

中國內地

本集團中國內地影城之營運數據

	二零一四年	二零一三年
影城數目*	59 <i>(附註)</i>	49
銀幕數目*	420	354
入場觀眾(百萬人次)	16.5	12.9
平均淨票價(人民幣)	32	31
票房總收入票價(人民幣百萬元)#	581	438

* 截至二零一四年十二月三十一日

扣除政府稅項及徵費前

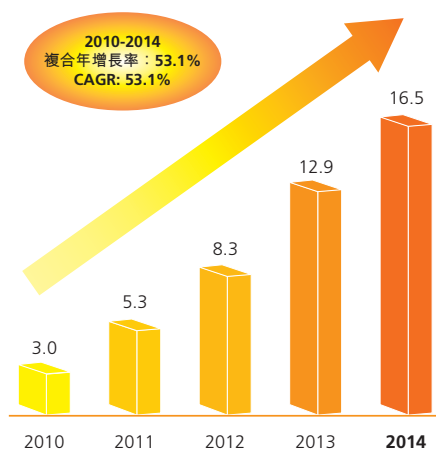
附註：中國內地再有四家影城已完成裝修並正在申請牌照，其中一家影城已於二零一五年一月開業，其他三家影城預期將於二零一五年第二季度前開業。此外，於二零一五年第一季度已收購兩家位於深圳地區的影城。

於二零一四年，中國內地城市地區之票房總收入上升36%至人民幣296億元，而本集團在中國內地之多廳影城所產生票房總收入則較去年同期增加33%，與整體市場增長相若。於回顧年度，本集團於北京、上海、無錫及成都等城市增設10家影城共66塊銀幕。本集團於中國內地之多廳影城服務觀眾約1,650萬人次，較去年同期增長28%。

OSGH PRC CINEMAS ADMISSIONS

橙天嘉禾中國內地影城的觀影人次

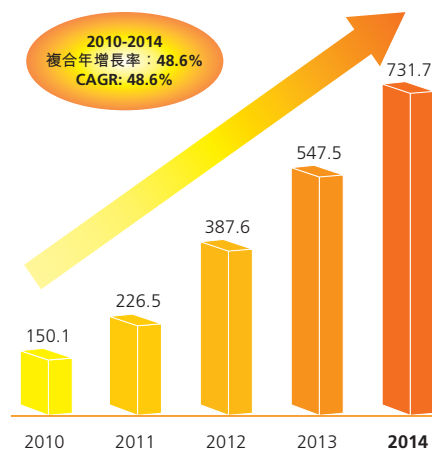
Million 百萬人次



OSGH PRC CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾中國內地影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis 管理層討論及分析

The average ticket price slightly increased from RMB31 to RMB32 due to more 3D films with higher ticket prices being released during the year like the record breaking Hollywood Blockbuster of the year — *Transformers: Age of Extinction*. Special discount promotions were still offered for our newly opened multiplexes to attract audiences and help attract market attention. To attract and retain our audiences, the Group shall offer further privileges such as our membership program, advancement of electronic and on-line ticketing systems as well as introducing more food and beverage selections and combo purchases so as to offer a better value for money experience and better service to drive the growth in admissions as well as average ticket price.

With the objective of satisfying different advertising needs of our customers and increase non-box office income, the Group has already rationalised the layout of our theatres and sought idle space which can be offered for advertisement and promotion. Meanwhile, the Group will continue to install advanced advertising facilities like LED panels to achieve the best promotion effect for our customers.

The earnings before interest, tax and depreciation of our exhibition business in Mainland China increased RMB41 million compared to the same period last year, representing a growth of 46%. Most of our cinemas secured a steady flow of customers and loyal members helped contribute to a stable growth in box office income. However, net contribution to the Group from the Mainland China exhibition business is still under pressure due to the incubation period of newly-opened cinemas and the effect of significant depreciation expenses and finance costs as well as keen competition from domestic operators.

由於年內上映之高票價3D電影數量較多(例如年內破紀錄荷里活猛片《變形金剛：殲滅世紀》)，平均票價由人民幣31元微升至人民幣32元。本集團仍然為新開業多廳影城提供特別折扣優惠，以吸引觀眾並有助引起市場關注。為吸引及留住影迷觀眾，本集團將提供更多優惠，如推行會員計劃、進一步提升電子及網上售票系統以及推出更多餐飲選擇及套票組合，務求提供更物超所值之服務體驗推動入場人次及平均票價增長。

為滿足客戶不同廣告需求及增加非票房收入為目標，本集團已理順影院佈局，並物色空置地方作廣告及推廣用途。同時，本集團將繼續裝設如LED面板等先進廣告設備，為客戶達致最佳宣傳效果。

中國內地影城業務之未計利息、稅項及折舊利潤較去年同期增加人民幣4,100萬元，增幅為46%。大部份影城吸納到穩定客源及忠實會員，為票房收入帶來穩定增長。然而，由於新開業影城仍處於起步階段，龐大的折舊費用及財務成本影響以及國內營辦商競爭激烈，本集團中國內地影城業務之利潤貢獻仍然受壓。

Management Discussion and Analysis

管理層討論及分析

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	2014	2013
Number of cinemas*	6	6
Number of screens*	24	24
Admissions (million)	2.4	2.0
Net average ticket price (HK\$)	72	69
Gross box office receipts ticket price (HK\$ million)	174	139

* as of 31 December 2014

During the year under review, the Hong Kong market as a whole recorded box office receipts of HK\$1.65 billion, slightly up by 2% from HK\$1.62 billion for same period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$174 million this year (31 December 2013: HK\$139 million), represent a substantial increase of 25% over the same period last year. The increase was mainly due to the full year operation of "the sky" cinema at Olympian City in 2014. This high-end 6-house cinema with a "Vivo" Deluxe House achieved a promising result and ranked top among the 6 GH cinemas within the region. In addition to box office receipts, concession sales also recorded a 33% growth compared to last year. To bring a variety choice of food and beverage selection to our audiences, in addition to the selection of hot finger food, we have cooperated with a high-quality branded coffee operator "WHY n.o.T" and opened our very first coffee shop at "the sky" cinema in July this year. Audiences can enjoy their coffee in our "Fifth Avenue" lounge before the film show and enjoy other catering food offered inside. The Group will continue to look for potential projects in both Hong Kong and Macau and will actively participate in all bidding invitations from landlords.

香港

本集團香港影城之營運數據

	二零一四年	二零一三年
影城數目*	6	6
銀幕數目*	24	24
入場觀眾(百萬人次)	2.4	2.0
平均淨票價(港元)	72	69
票房總收入票價(百萬港元)	174	139

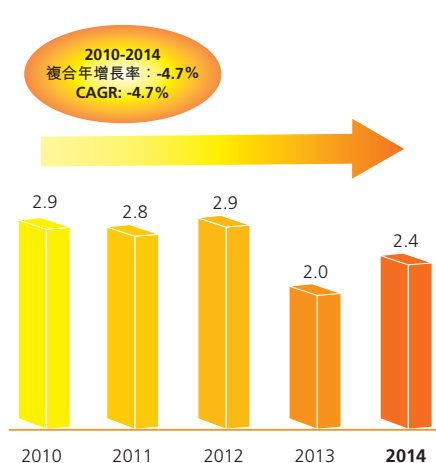
* 截至二零一四年十二月三十一日

於回顧年度，香港市場之整體票房收入錄得16.5億港元，較去年同期之16.2億港元輕微增加2%。本年度，本集團香港影城之票房收入錄得1.74億港元（二零一三年十二月三十一日：1.39億港元），較去年同期大幅增加25%。有關增加主要由於奧海城「the sky」影城於二零一四年全年投入服務。該高端影城設有6間影院，內設1間「Vivo」尊尚影院，該影城在年內成為嘉禾6間影城票房收入之首，成績令人鼓舞。除票房收入外，商品銷售亦較去年錄得33%增長。除小食可供選擇外，本集團與優質品牌咖啡營辦商「WHY n.o.T」合作並於本年七月在「the sky」影城開設首間咖啡室，為觀眾帶來更多餐飲選擇。觀眾可於電影放映前在「Fifth Avenue」休閒室品嚐咖啡，亦可享用其他餐飲美食。本集團將繼續於香港及澳門物色潛在項目，並積極參與業主所有招標活動。

OSGH HONG KONG CINEMAS ADMISSIONS

橙天嘉禾香港影城的觀影人次

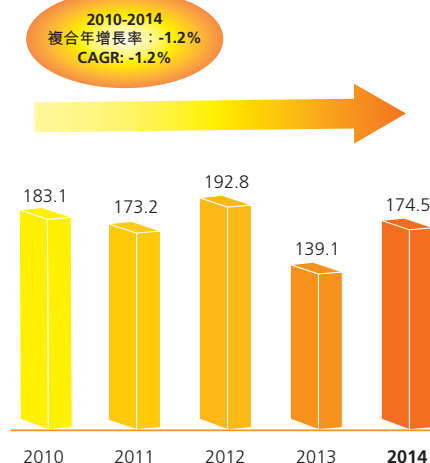
Million 百萬人次



OSGH PRC CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾中國內地影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis

管理層討論及分析

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	2014	2013
Number of cinemas*	11	11
Number of screens*	109	109
Admissions (million)	14.4	15.3
Net average ticket price (NTD)	245	238
Gross box office receipts ticket price (NTD billion)	3.5	3.6

* as of 31 December 2014

Note: one new cinema located at Tainan was opened in January 2015.

During the year, Taipei City's market box office receipts were NTD 3.71 billion (2013: NTD 3.79 billion), a minor decrease of 2% compared with the same period last year. The Group's 35.71%-owned Vie Show cinema circuit recorded total box office receipts of NTD 3,526 million, representing a 3.1% decrease compared with the same period last year. Vie Show continued to maintain its leading position with a market share of 34% in 2014. The decrease in box office receipts was mainly due to the closure of two theatres in Hsinchu for renovation to Gold Class and conversion to 4DK theatres during the year. In addition, declining popularity of 3D films in the Taiwan market and discount coupons offered to banks for joint promotion campaigns contributed certain pressure to box office receipts. The Group's share of net profit from Vie Show declined from HK\$33.7 million to HK\$20.7 million compared with the corresponding period last year. Apart from the decrease in box office income, the decrease in share of net profit was also caused by an increase in film rentals, rise in theatre rentals as well as an increase in staff costs. Management of Vie Show has been adjusting the number of employees and introduced e-vouchers to reduce operating costs and enlarge sales and ticketing platforms to attract more customers. For the distribution business, Vie Vision has generated considerable profit from the distribution of *Step Up 5* as well as *Café. Waiting. Love* (等一個人咖啡) during the reporting period.

台灣

本集團台灣影城之營運數據

	二零一四年	二零一三年
影城數目*	11	11
銀幕數目*	109	109
入場觀眾(百萬人次)	14.4	15.3
平均淨票價(新台幣)	245	238
票房總收入票價(十億新台幣)	3.5	3.6

* 截至二零一四年十二月三十一日

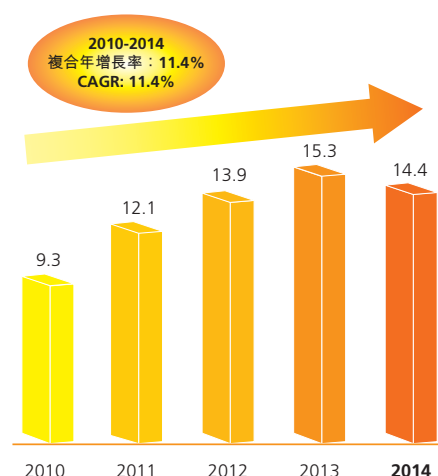
附註：在二零一五年一月於台南開設一家新影城。

年內，台北市市場之票房收入為37.1億新台幣(二零一三年：37.9億新台幣)，較去年同期輕微下跌2%。本集團擁有35.71%權益之威秀院線之票房總收入錄得35.26億新台幣，較去年同期減少3.1%。威秀於二零一四年繼續維持其市場領導地位，佔有率為34%。年內票房收入減少主要由於新竹兩家影廳暫停營業以改裝為「Gold Class」及提升為4DK影廳。此外，3D電影於台灣市場之受歡迎程度減退，加上與銀行合作就聯合推廣活動提供各類優惠券，對票房收入造成一定壓力。本集團分佔威秀之純利由去年同期之3,370萬港元減至2,070萬港元。除票房收入下跌外，影片租金上升、影城租賃費用及工資上漲亦導致應佔純利減少。威秀管理層一直進行員工人數調整，並推出電子票券減低營運成本以及擴大銷售及售票平台以吸引更多顧客。在發行業務方面，發行《舞力全開5》及《等一個人咖啡》於報告期內為威視電影帶來可觀溢利。

OSGH TAIWAN CINEMAS ADMISSIONS

橙天嘉禾台灣影城的觀影人次

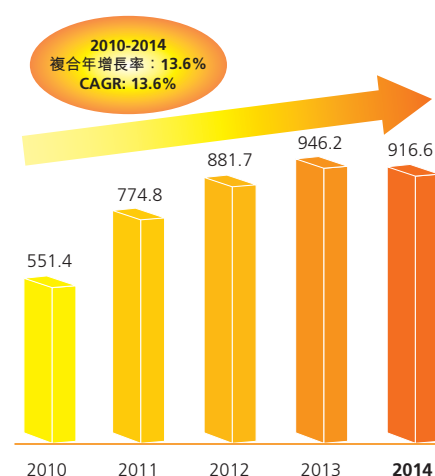
Million 百萬人次



OSGH TAIWAN CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾台灣影城的票房收入

HK\$million 百萬港元



Management Discussion and Analysis 管理層討論及分析

For non-box office income, the Gold Class multiplex served by a dedicated catering team with full kitchen facilities was introduced during the year and management are expecting such concept can be expanded to other multiplexes to attract more affluent middle-class audiences. In addition, our own branded "UNICORN" popcorn was launched at Taipei Qsquare in July this year and was popularly received by customers, both sales on-site and on-line. Vie Show operating and catering team will continue to develop new products for our audiences who can enjoy our food not only inside cinema houses but also take away and can enjoy anywhere at anytime.

Singapore

Operating Statistics of the Group's Cinemas in Singapore

	2014	2013
Number of cinemas**	11	11
Number of screens**	92	87
Admissions (million)	9.1	9.7
Net average ticket price (S\$)	9.9	9.3
Gross box office receipts ticket price (S\$ million)	90	91

* as of 31 December 2014

Marina Square cinema was closed in September 2014 while the Suntec City cinema was opened in early November 2014.

The Singapore market's box office receipts totalled S\$208 million in 2014, mildly up from S\$204 million for the same period last year. The Group's 50%-owned Golden Village cinema circuit maintained its leading position with a market share of 43% by reporting box office receipts of S\$90 million for the year, a minor drop of 1.7% compared with the corresponding period last year. The decrease in box office receipts was mainly due to the closure of the Marina Square cinema in September 2014. One new cinema located at the Suntec City Complex was opened in November 2014 comprising 11 screens with 3 Gold Class theatres. The location of this cinema is second to none and is expected to be the star of our Singapore operations and also an important addition to the Group. The Group's share of net profit for the year from Golden Village slightly decreased by 1.7% to HK\$52 million compared to last year. Profit contribution from Golden Village was stable throughout both years as major Hollywood blockbusters are always well-received in the Singapore market.

在非票房收入方面，於年內已引進由專人餐飲團隊服務之「Gold Class」多廳影城，廚房設備一應俱全，管理層預期此概念可延伸至其他多廳影城，從而吸引更多中產階層觀眾蒞臨。此外，本集團自有品牌「UNICORN」爆米花小食店於本年七月在台北車站影城開業，不論在店內抑或網上銷售都深受顧客歡迎。威秀之營運及餐飲團隊將繼續開發更多新產品，讓觀眾不僅能在影院裡享受本集團提供之美食，亦能帶出影院外隨時隨地品嚐。

新加坡

本集團新加坡影城之營運數據

	二零一四年	二零一三年
影城數目**	11	11
銀幕數目**	92	87
入場觀眾(百萬人次)	9.1	9.7
平均淨票價(新加坡元)	9.9	9.3
票房總收入票價(百萬新加坡元)	90	91

* 截至二零一四年十二月三十一日

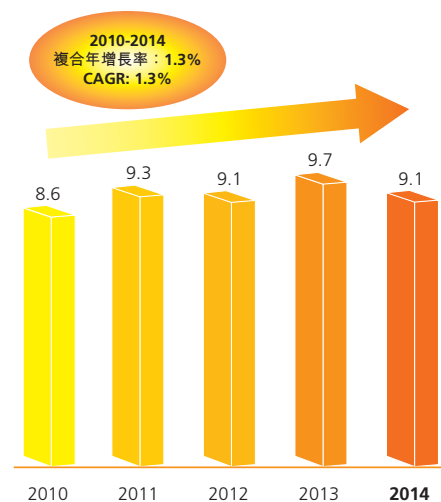
Marina Square 影城已於二零一四年九月結業，而新達城影城已於二零一四年十一月初開業。

於二零一四年，新加坡市場之票房總收入為2.08億新加坡元，略高於去年同期之2.04億新加坡元。本集團擁有50%權益之嘉華院線仍保持市場領導地位，佔有率為43%，年內票房收入錄得9,000萬新加坡元，較去年同期輕微下跌1.7%。票房收入下跌主要由於Marina Square 影城於二零一四年九月結業。一家位於新達城(Suntec City Complex)之新影城已於二零一四年十一月開業，配備11塊銀幕以及三間「Gold Class」影廳。該影城位於黃金地段，預期將會成為本集團新加坡營運之明日之星，對本集團意義重大。年內，本集團分佔嘉華之純利較去年同期輕微下跌1.7%至5,200萬港元。由於荷里活猛片在新加坡市場一直叫座，故於兩個年度一直為嘉華帶來穩定溢利貢獻。

OSGH SINGAPORE CINEMAS ADMISSIONS

橙天嘉禾新加坡影城的觀影人次

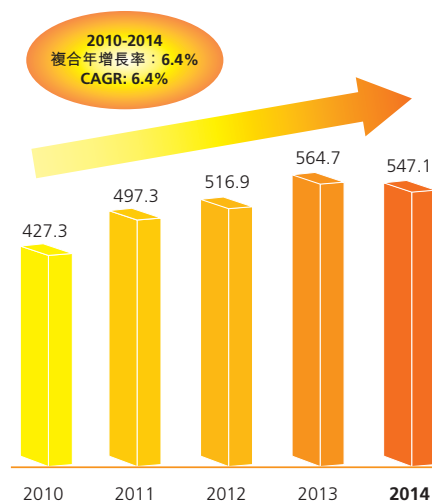
Million 百萬人次



OSGH TAIWAN CINEMAS BOX OFFICE RECEIPTS

橙天嘉禾台灣影城的票房收入

HK\$million 百萬港元



Film & TV Programme Distribution and Production

The performance of our production and distribution business underperformed in 2014 when compared to our fruitful year of 2013 with significant contribution from the Group invested movie *No Man's Land* (無人區). This business sector recorded revenue of HK\$87 million (2013: HK\$129 million) and distributed over 155 films in Mainland China, Hong Kong, Singapore and Taiwan during the year under review. The decrease in revenue and profit generated from the Group's film distribution was mainly due to fewer audience-drawing films being distributed in both Hong Kong and Mainland China and also less revenue generated from sales of TV drama series. Despite this year's drawback, the Group is still confident in our distribution business and will adjust the strategies to focus on distributing high quality films from overseas and extend local film financing projects.

For the production business, the Group will release Golden Harvest classic movies remake *Fly to the Venus* (星語心願之再愛) in summer 2015. The movie was directed by a young emerging Mainland China director, filmed by a world-class Korean photographer and stars well-known Taiwanese and Mainland actors and actresses. The movie has already finished shooting and is undergoing final technical touch up and permit application. The Group will continue movies and TV series production in the coming years by both self-investment and co-production with local and overseas production houses and TV producers. The Group's film library of more than 140 films and TV titles with perpetual distribution rights continued contributing steady licensing income to the Group.

PROSPECTS

Looking ahead, the Group will continue to expand its cinema networks, both at home and abroad. As of 31 March 2015, the Group operated 62 cinemas with 443 screens in Mainland China and six cinemas with 44 screens were in various stages of internal decoration and are in the pipeline for opening. By end of 2016, the Group expects to operate 72 cinemas with 512 screens in various cities in Mainland China based on lease agreements signed as of 31 March 2015. In Taiwan, the Group opened a cinema multiplex in Tainan Dream Mall with 10 screens together with a Gold Class and an IMAX® house in January 2015; another cinema multiplex will be opened in Maoli in second quarter of 2015. The captioned numbers above may vary due to the actual handover date, the progress of internal decoration, application for relevant licenses and the new commitment of lease agreements during the year.

To drive our box-office income, the Group will continue to put more effort to increase the numbers of admissions by strengthening our membership program, introducing and providing more quality services and provision of variety food and beverage choices to attract more patrons and increase non-ticket spending. In addition, standardisation of work procedures, automation of ticketing systems, simplification of operation process as well as cost control policies will help to improve the profitability in all our operating regions.

電影及電視節目發行及製作

相較於本集團所投資電影《無人區》於二零一三年取得豐碩成果，本集團之製作及發行業務於二零一四年則表現未如理想。該業務分部錄得收益8,700萬港元(二零一三年：1.29億港元)，並於回顧年度在中國內地、香港、新加坡及台灣各地發行超過155部電影。本集團電影發行產生之收益及溢利下降主要由於較少賣座電影於香港及中國內地地區發行以及電視劇集銷售產生較少收益。儘管於本年度面對各種不利因素，透過調整策略專注於發行海外高質素電影及擴大本地電影之融資項目，本集團仍對發行業務抱有信心。

在製作業務方面，本集團將於二零一五年夏季上映嘉禾經典電影《星語心願之再愛》重製版。該電影由年輕新進中國內地導演執導，並由韓國世界級攝影師拍攝以及台灣及內地知名影星飾演。有關電影已完成拍攝工作，並進入最後後期製作及放映許可證申請。本集團將於未來數年透過自資以及與本地及海外製作公司及電視製片商合作，繼續進行電影及電視劇集製作。本集團之電影片庫收藏超過140部擁有永久性發行權之電影及電視節目，繼續為本集團帶來穩定版權收入貢獻。

前景

展望將來，本集團將於國內外繼續擴大其影城網絡。截至二零一五年三月三十一日，本集團在中國內地經營62家影城共443塊銀幕，另有6家影城共44塊銀幕進行不同階段之內部翻新，並正籌劃開業事宜。根據截至二零一五年三月三十一日已簽訂之租賃協議，本集團預期將於二零一六年底在中國內地多個城市經營72家影城共512塊銀幕。於台灣，本集團已於二零一五年一月在台南夢時代商場開設一家多廳影城，配備10塊銀幕連同一間「Gold Class」及IMAX®影院；另一家多廳影城將於二零一五年第二季在苗栗開業。上述數字或因實際接場日期、內部翻新、相關牌照申請進度及年內之新租賃協議而有所變動。

為帶動票房收入，本集團將透過加強會員計劃、提供更多優質服務以及多種餐飲選擇吸引更多顧客，繼續致力增加入場人次及促進非戲票消費。此外，工作程序標準化、售票系統自動化、營運程序簡化及成本控制等措施亦將有助改善本集團所有營運地區之盈利能力。

Management Discussion and Analysis 管理層討論及分析

Outlook for 2015. The Group will continue to expand the scale of its distribution and production business through sourcing a variety of movie genres for distribution and searching good scripts for Chinese language film and TV drama series co-production. Apart from the release of *Fly to the Venus* (星語心願之再愛), the Group will continue our movies and TV series production in the coming years by both self-investment and co-production with local and overseas production houses and TV series producers. Two new joint-ventures were recently set up, one with a well-known TV drama and movie producer and another one with a well-experienced on-line, e-commerce, shopping and video channel network company. The Group will continue to search for movie and entertainment-related investment opportunities to enhance and strengthen our business chain and influence within the industry and have Orange Sky Golden Harvest rebuilt as one of the top Chinese movie branded companies and the best movie entertainment provider across Asia.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a stable balance sheet throughout the year. It financed its operations from internal funding, bank borrowings and accumulated retained earnings. As of 31 December 2014, the Group had cash and cash equivalents amounting to HK\$406 million (2013: HK\$535 million). The Group's outstanding bank loans totalled HK\$724 million (2013: HK\$935 million). The decrease in bank loans was mainly due to the repayment of loans in both Hong Kong and Mainland China during the year. As of 31 December 2014, the Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 26% (2013: 30%) and our cash to debt ratio at 60% (2013: 60%). As of 31 December 2014, the Group has HK\$46.9 million pledged cash balances to secure its banking facilities. Management will continue to monitor the gearing structure and make necessary adjustments in light of changes in the Group's development plans and economic conditions to minimise the potential risk. Currently, the Group has reasonable financial leverage. In order to cope with the expansion, the Group will utilise the available bank loan facilities to finance the cinema projects, potential acquisitions in Mainland China as well as other investment opportunities. The Group believes that its current cash holding and available banking facilities will be sufficient to fund its working capital requirements.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and subject to minimal exchange risk. The recent drop in Renminbi does not have a major cash flow effect on our Group. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 31 December 2014 (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had 1,565 (2013: 1,426) permanent employees. The Group remunerates its employees mainly by reference to industry practice. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at 31 December 2014, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

展望二零一五年，本集團將透過物色多類片種以供發行，並為聯合製作華語電影及電視連續劇發掘優質劇本，繼續拓展發行及製作業務之規模。除發行《星語心願之再愛》外，本集團將於未來數年透過自資以及與本地及海外製作公司及電視劇集製片商合作，繼續進行電影及電視劇集製作。兩家新合營企業於近期成立，其中一家與著名電視劇及電影製作人合作，另一家則與具備豐富經驗之網上、電子商務、購物及視頻網絡公司合作。本集團將繼續物色電影及娛樂相關投資機遇，務求提升及加強業務鏈及業內影響力，將橙天嘉禾重新建立為領先中國電影品牌公司及全亞洲最佳電影娛樂供應商之一。

財務資源及流動資金

年內本集團維持穩健之資產負債表，以內部資金、銀行借貸及累計保留溢利為其業務撥資。於二零一四年十二月三十一日，本集團之現金及現金等值項目達4.06億港元(二零一三年：5.35億港元)。本集團之未償還銀行貸款合共為7.24億港元(二零一三年：9.35億港元)。銀行貸款減少主要由於年內償還香港及中國內地貸款所致。截至二零一四年十二月三十一日，本集團按外部借貸除資產總值計算之資產負債比率為26%(二零一三年：30%)，而現金負債比率則為60%(二零一三年：60%)。截至二零一四年十二月三十一日，本集團有4,690萬港元之現金結餘作為取得銀行融資之抵押。管理層將繼續監察資產負債比率結構，並會因應本集團發展計劃及經濟狀況轉變作出必要調整，藉以減低潛在風險。目前，本集團財務槓桿比率合理。為應付擴展，本集團將動用現有銀行貸款融資為於中國內地之影城項目、潛在收購及其他投資機遇提供資金。本集團相信目前持有現金及可供動用之銀行融資將足以應付其營運資金需求。

本集團之資產及負債主要以港元及人民幣計值，惟與於新加坡及台灣之投資有關聯之若干資產及負債則除外。本集團海外合營企業以當地貨幣經營業務，所承受之外匯風險極低。人民幣匯率近期下跌並無對本集團現金流構成重大影響。董事將繼續評估外匯風險，並會考慮採取可行對沖措施，盡量以合理成本降低風險。截至二零一四年十二月三十一日，本集團並無任何重大或然負債或資產負債表外債務(二零一三年：無)。

僱員及薪酬政策

於二零一四年十二月三十一日，本集團聘有1,565名(二零一三年：1,426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，而於二零一四年十二月三十一日，並無因任何僱員脫離退休福利計劃而產生沒收供款。

CODE ON CORPORATE GOVERNANCE PRACTICES

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

For the year ended 31 December 2014, the Company has complied with the code provisions of the CG Code except for the deviation from code provisions A.4.1, A.6.7 and E.1.2 of the CG Code with considered reasons as explained below.

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

As required under code provision A.6.7, independent non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Wong Sze Wing, an independent non-executive Director and the chairman of the remuneration committee of the Company, was unable to attend the annual general meeting of the Company held on 27 June 2014 and the special general meeting of the Company held on 23 September 2014 owing to another important engagement. Mr. Huang Shao-Hua George was also unable to attend the special general meeting of the Company held on 23 September 2014 due to another important engagement.

According to code provision E.1.2, Mr. Wu Kebo, the Chairman of the Board, shall attend the annual general meeting of the Company held on 27 June 2014. However, Mr. Wu Kebo was unable to attend the abovementioned annual general meeting due to other business commitment. Mr. Li Pei Sen, who took the chair of the said annual general meeting, together with other members of the Board who attended the general meeting were of sufficient calibre and knowledge for answering questions at the general meeting.

企業管治常規守則

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

除基於下文所述之理由而偏離企業管治守則第A.4.1、A.6.7及E.1.2條守則條文之規定外，於截至二零一四年十二月三十一日止年度，本公司一直遵守企業管治守則之守則條文規定。

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

誠如第A.6.7條守則條文所規定，獨立非執行董事應出席股東大會，以便對股東之意見有持平之了解。獨立非執行董事兼本公司薪酬委員會主席黃斯穎女士因其他重要事務而未能出席本公司於二零一四年六月二十七日舉行之股東週年大會及本公司於二零一四年九月二十三日舉行之股東特別大會。黃少華先生亦因其他重要事務而未能出席本公司於二零一四年九月二十三日舉行之股東特別大會。

根據第E.1.2條守則條文，董事會主席伍克波先生須出席本公司於二零一四年六月二十七日舉行之股東週年大會。然而，伍克波先生因其他公務而未能出席上述股東週年大會。擔任上述股東週年大會主席之李培森先生，連同出席股東大會之其他董事會成員有足夠能力及知識於股東大會解答提問。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the directors of the Company (the "Director(s)") and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's code for the year ended 31 December 2014.

BOARD OF DIRECTORS

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

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

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

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

董事進行證券交易

本公司已採納條款與上市規則附錄10所載上市發行人董事進行證券交易之標準守則(「標準守則」)同樣嚴格之守則。本公司已向全體本公司董事(「董事」)作出具體查詢，彼等均確認，於截至二零一四年十二月三十一日止年度一直遵守標準守則及本公司之守則所載規定。

董事會

於本年報日期，董事會由四名執行董事(包括董事會主席)及三名獨立非執行董事組成。彼等之履歷詳情載於本年報第4至7頁「董事個人履歷」內。

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

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

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

During the year ended 31 December 2014, Board meetings and general meetings of the Company were held and the composition of the Board and the attendance of the Directors at these meetings are as follows:

截至二零一四年十二月三十一日止年度曾舉行董事會會議及本公司股東大會，董事會組成及董事出席該等會議之情況如下：

Members 成員		Board Meetings	General Meetings
		Attended/Eligible to Attend 曾出席/合資格 出席董事會會議	Attended/Eligible to Attend 曾出席/合資格 出席股東大會
<i>Executive Directors</i> 執行董事			
Wu Kebo (Chairman) (Note 1)	伍克波(主席)(附註1)	1/9	0/2
Wu Keyan (Note 2)	伍克燕(附註2)	7/9	2/2
Mao Yimin	毛義民	9/9	2/2
Li Pei Sen	李培森	6/9	1/2
Tan Boon Pin Simon (resigned on 10 May 2014)	陳文彬 (於二零一四年五月十日辭任)	2/2	0/0
<i>Independent non-executive Directors</i> 獨立非執行董事			
Leung Man Kit	梁民傑	9/9	2/2
Huang Shao-Hua George	黃少華	8/9	1/2
Wong Sze Wing	黃斯穎	9/9	0/2

Note:

- Mr. Wu Kebo attended one Board meeting during the year and appointed Ms. Wu Keyan as his alternate to attend the remaining 2 another Board meetings.
- Ms. Wu Keyan is the sister of Mr. Wu Kebo.

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

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

附註：

- 伍克波先生於年內出席一次董事會會議，並委任伍克燕女士為替任人出席剩餘2次董事會會議。
- 伍克燕女士為伍克波先生之胞妹。

董事會會議於董事會會議日期前給予全體董事最少十四日事前通知，並於董事會會議日期前最少三日向全體董事派發議程連同會議文件及資料。全體董事均可於議程內加入其有意於會議上討論之任何事項。董事委員會亦採用及沿用前述為董事委員會會議之程序。全體董事及董事委員會成員須親身出席董事會及董事委員會會議，任何董事或董事委員會成員若未能親身出席該等會議，該等董事或董事委員會成員可透過已安排之電子方式參與會議。

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

Corporate Governance Report 企業管治報告

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

During the year ended 31 December 2014, the total number of independent non-executive Directors met the minimum number as required under Rule 3.10(1) of the Listing Rules.

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

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

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

All the Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company arranged in-house training for the Directors during the year ended 31 December 2014. Mr. Leung, Mr. Huang and Ms. Wong received briefings on updates of the CG Code from the auditors at the audit committee meetings and were also provided with reading materials about risk management and internal controls. All the Directors, namely Mr. Wu, Mr. Mao, Mr. Li, Ms. Wu, Mr. Leung, Mr. Huang and Ms. Wong, were provided with reading materials on the new Companies Ordinance and some of them also attended a seminar on the said ordinance organised by the Company. All Directors have provided the Company with their respective training records pursuant to the CG Code.

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

截至二零一四年十二月三十一日止年度，獨立非執行董事總數符合上市規則第3.10(1)條規定之數目下限。

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

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

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

本公司鼓勵全體董事參與持續專業發展，以發展及重溫彼等之知識及技能。截至二零一四年十二月三十一日止年度，本公司為董事安排內部培訓。梁先生、黃先生及黃女士於審核委員會會議獲核數師簡介企業管治守則之最新資料，並獲提供有關風險管理及內部監控之閱覽資料。全體董事(即伍先生、毛先生、李先生、伍女士、梁先生、黃先生及黃女士)均獲提供有關新公司條例之閱覽資料，部分董事亦已出席由本公司舉辦有關上述條例之研討會。全體董事已根據企業管治守則各自向本公司提供彼等之培訓記錄。



CORPORATE GOVERNANCE FUNCTIONS

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

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

企業管治功能

董事會負責履行之企業管治職責包括：

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

年內，董事會已檢討本公司內部監控及風險管理制度之成效。

主席及首席執行官

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

首席執行官毛先生專責策略謀劃及評估本公司之合併與收購機會。

本公司主席與首席執行官之間並無任何財務、業務、家族或其他重大／關連關係。

Corporate Governance Report

企業管治報告

NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Ms. Wong Kwan Lai has been appointed as the company secretary ("Company Secretary") of the Company with effect from 17 June 2013. The Company Secretary needs to support the Board by ensuring good information flow within the Board and that Board's policy and procedures are followed. The Company Secretary should report to the Chairman of Board or the CEO on all related matters. For the year ended 31 December 2014, the Company Secretary confirmed that she had taken no less than 15 hours of relevant professional training.

AUDIT COMMITTEE

The Board established an audit committee of the Company (the "Audit Committee") on 9 October 1998 and formulated its written terms of reference in accordance with the requirements of the Listing Rules, which have been uploaded on the websites of the Stock Exchange and the Company. As at 31 December 2014, the Audit Committee's members comprised three independent non-executive Directors, being Mr. Leung (who also acts as the Chairman of the Audit Committee), Mr. Huang and Ms. Wong.

During the year ended 31 December 2014, two Audit Committee meetings were held and the individual attendance of the members of the Audit Committee is set out as follows:

非執行董事

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

公司秘書

黃君麗女士於二零一三年六月十七日獲委任為本公司之公司秘書（「公司秘書」）。公司秘書須確保董事會成員之間資訊交流良好以及董事會政策及程序得到遵循以支援董事會。公司秘書應向董事會主席或主要行政人員匯報所有相關事宜。截至二零一四年十二月三十一日止年度，公司秘書確認彼已接受不少於15小時之相關專業培訓。

審核委員會

董事會於一九九八年十月九日成立本公司之審核委員會（「審核委員會」），並根據上市規則書面訂明其職權範圍，職權範圍已於聯交所及本公司網站登載。於二零一四年十二月三十一日，審核委員會成員包括三名獨立非執行董事，即擔任審核委員會主席之梁先生、黃先生及黃女士。

截至二零一四年十二月三十一日止年度曾舉行兩次審核委員會會議，審核委員會個別成員之出席情況如下：

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

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

During the year ended 31 December 2014, the Audit Committee reviewed the accounting principles and policies adopted by the Group and discussed and reviewed financial reporting matters including the interim and audited financial statements. In addition, the Audit Committee also reviewed the engagement of the external auditors and the adequacy and effectiveness of the Company's internal control and risk management systems and made recommendations to the Board. There was no disagreement between the Board and the Audit Committee on the selection, appointment or resignation of the external auditors.

Pursuant to Rule 3.21 of the Listing Rules, the audit committee of an issuer must comprise a minimum of three members, comprising non-executive directors only, and at least one of them is an independent non-executive Director with appropriate qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules. Our Directors confirm that we have complied with such requirements during the year ended 31 December 2014.

REMUNERATION COMMITTEE

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

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

截至二零一四年十二月三十一日止年度，審核委員會已審閱本集團採納之會計原則及政策，並討論及審閱財務申報事宜，包括中期及經審核財務報表。此外，審核委員會亦審閱外聘核數師之委聘、本公司內部監控及風險管理制度是否足夠及有效，並向董事會作出推薦意見。董事會與審核委員會就甄選、委任或罷免外聘核數師並無意見分歧。

根據上市規則第3.21條，發行人之審核委員會須包括最少三名成員並僅由非執行董事組成，而當中最少一名為具上市規則第3.10(2)條規定之合適資格或會計或相關財務管理專長之獨立非執行董事。董事確認，本公司已於截至二零一四年十二月三十一日止年度遵守有關規定。

薪酬委員會

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

Corporate Governance Report 企業管治報告

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.

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。

The Remuneration Committee held one meeting during the year ended 31 December 2014 to review and make recommendation to the Board on the remuneration package of individual executive Directors. The Remuneration Committee also reviewed and approved the terms of service contracts of the executive Directors. The composition of the Remuneration Committee during the year ended 31 December 2014 and the attendance of the members of the Remuneration Committee to the meetings of the Remuneration Committee are as follows:

薪酬委員會於截至二零一四年十二月三十一日止年度曾舉行一次會議，以檢討個別執行董事之薪酬待遇，並就此向董事會作出建議。薪酬委員會亦已檢討及批准執行董事之服務合約條款。截至二零一四年十二月三十一日止年度薪酬委員會之組成及薪酬委員會成員出席委員會會議之情況如下：

Members 成員		Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議
Wong Sze Wing (<i>Chairman</i>)	黃斯穎 (主席)	1/1
Wu Kebo	伍克波	0/1*
Leung Man Kit	梁民傑	1/1

* Mr. Wu Kebo appointed Ms. Wu Keyan as his alternate to attend the Remuneration Committee meeting.

* 伍克波先生委任伍克燕女士為替任人出席薪酬委員會會議。

Pursuant to the CG Code provision B.1.5, the remuneration of the members of the senior management of the Group (which include the executive Directors only) by band for the year ended 31 December 2014 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）截至二零一四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
Below 500,000	500,000 以下	2*
500,001 to 1,000,000	500,001 至 1,000,000	1
1,000,001 to 2,000,000	1,000,001 至 2,000,000	1
2,000,001 to 3,000,000	2,000,001 至 3,000,000	1

* This remuneration band includes the remuneration of Mr. Tan Boon Pin, Simon, who resigned from his position of executive Director on 10 May 2014.

* 該薪酬範圍包括於二零一四年五月十日辭任執行董事職位之陳文彬先生之薪酬。

Details of emoluments of each Director and members of senior management are set out in note 8 to the financial statements on page 95 of this annual report.

董事及高級管理人員各自之酬金詳情，載於本年報第158頁財務報表附註8。

NOMINATION COMMITTEE

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

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

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

As at the date of this report, it is noted that 2 out of 7 Directors, representing 29%, are female. The Directors' ages are widely spread between 36 and 67. Regarding the educational and professional background, the Board members have accounting, finance, telecommunication and general business knowledge. It is therefore believed that the Board has achieved diversity in terms of gender, age, educational and professional background.

提名委員會

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

如有需要，提名委員會成員可就執行董事之提名徵詢獨立專業意見。

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

截至本報告日期，7名董事其中2名(佔總數29%)為女性。董事之年齡介乎36至67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，董事會在性別、年齡、教育及專業背景方面已達致多元化格局。

Corporate Governance Report

企業管治報告

The Nomination Committee held one meeting during the year ended 31 December 2014 to review the structure, size and composition of the Board; to consider and recommend to the Board the re-election of the Directors; and to review the annual confirmation of independence submitted by the independent non-executive Directors.

提名委員會於截至二零一四年十二月三十一日止年度曾舉行一次會議，以檢討董事會之架構、規模及組成，考慮重選董事及就此向董事會作出建議，及審閱獨立非執行董事按年提交之獨立身分確認書。

Members 成員		Meetings Attended/ Eligible to Attend 曾出席／合資格 出席會議
Wu Kebo (<i>Chairman</i>)	伍克波 (主席)	0/1*
Leung Man Kit	梁民傑	1/1
Wong Sze Wing	黃斯穎	1/1

* Mr. Wu Kebo appointed Ms. Wu Keyan as his alternate to attend the Nomination Committee meeting.

* 伍克波先生委任伍克燕女士為替任人出席提名委員會會議。

AUDITORS' REMUNERATION

For the year ended 31 December 2014, the fees paid/payable to the Group's auditors, Messrs. KPMG, are set out as follows:

核數師酬金

截至二零一四年十二月三十一日止年度，已付／應付本集團核數師畢馬威會計師事務所之費用載列如下：

Services Rendered 所提供服務		Fee Paid/Payable 已付／應付費用 HK\$'000 千港元
Audit Services	審核服務	2,420
Non-audit services	非審核服務	589

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

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

對財務報表之責任

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

The statement by the auditors of the Company regarding their responsibilities for the audit of the financial statements of the Group is set out in the Independent Auditors' Report on pages 65 to 66 of this annual report.

本公司核數師就其對本集團財務報表之審核責任之聲明，載於本年報第65至66頁之獨立核數師報告書內。

GOING CONCERN

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

持續經營基準

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

INTERNAL CONTROLS

The Board has overall responsibilities for maintaining a sound and effective internal control system with the aim at (i) safeguarding the Group's assets against unauthorised use or disposition; (ii) maintaining proper accounting records; and (iii) ensuring compliance with relevant legislation and regulations. The internal control system of the Group comprises a well-established organisation structure and comprehensive policies and standards.

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

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management function for the year ended 31 December 2014, where some findings have been identified and reported to the Board.

There is no material internal control deficiency that may affect the shareholders of the Company which has come to the attention of the Audit Committee or the Board. The Directors are of the opinion that the Company has complied with code provisions C.2.1 and C.2.2 on internal controls as set out in the CG Code contained in Appendix 14 to the Listing Rules.

SHAREHOLDERS' RIGHTS

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

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.

內部監控

董事會有整體責任維持穩健兼有效之內部監控制度，旨在(i)保障本集團資產不會在未經授權下遭使用或處置；(ii)維持妥善會計記錄；及(iii)確保遵從有關法例及規例。本集團之內部監控制度包括完善之組織結構及周全政策與準則。

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

董事會於截至二零一四年十二月三十一日止年度已透過審核委員會審閱本集團內部監控制度之效益，包括涉及財務、營運及守規監控與風險管理職能等所有重大監控事宜，而當中發現已向董事會匯報。

審核委員會或董事會概不知悉內部監控有任何可能影響本公司股東之重大不足之處。董事認為，本公司一直遵守上市規則附錄14內企業管治守則項下有關內部監控之第C.2.1及C.2.2條守則條文規定。

股東權利

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

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

Corporate Governance Report

企業管治報告

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

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

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

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

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 2014, 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.

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召開股東大會通告後七天開始，並不得遲於該股東大會舉行日期前七天結束。

有關本公司股東建議推選人士出任董事之詳細程序，載於本公司網站。

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

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

與股東溝通

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

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

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

規章文件

截至二零一四年十二月三十一日止年度，本公司組織章程大綱及公司細則並無任何變動。本公司組織章程大綱及公司細則現載於本公司網站(<http://www.osgh.com.hk>)及聯交所網站。

Environmental, Social and Governance Report

環境、社會及管治報告

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

In 2014, the focus areas of the Company's environmental, social and governance report included working conditions, satisfying customers' aspirations and community involvement.

Highlights of our focus areas are shared below.

STAKEHOLDER ENGAGEMENT

Shareholders

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

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

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

During the year under review, there were about 20 physical meetings and conference calls in total held with the investor community which included analysts, fund managers and other investors, to keep them abreast of the operations and development trends of the Group, subject to compliance with the applicable laws and regulations.

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

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

Customers

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

本集團時刻追求在其業務範圍及其經營所在社區的長遠可持續發展。

於二零一四年，本公司之環境、社會及管治報告專注範圍包括工作環境、滿足客戶期望及社區參與。

我們所專注範圍之摘要如下。

權益持有人參與

股東

本集團致力透過不同渠道與其股東及投資界維持溝通。

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

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

於回顧年度，本集團遵守適用法例及規例的前提下，與投資界(包括分析員、基金經理及其他投資者)進行合共約20次會晤及進行電話會議，以便彼等緊貼本集團之業務營運及發展趨勢。

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

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

客戶

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

Environmental, Social and Governance Report

環境、社會及管治報告

Employees

As at 31 December 2014, the Group has 1,565 full-time employees. Our people are core to our success and the implementation of our strategies. The Group is committed to providing staff training and development programmes designated to help its employees to enhance their knowledge and skills.

WORKPLACE QUALITY

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

Working conditions

The Group has adopted a "five-day week" to promote a healthy work-life balance. During the year, we invited employees to join festival gatherings, such as mid-autumn lunch, Christmas party, annual dinner, etc to arouse their sense of contentment and also to build a harmonious working environment. The Company also understands the needs of its employees and strives to make them feel proud to be part of the Group. For instance, its employees have been offered staff free ticket passes to watch movies.

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

Development and training

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

Health and safety

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

僱員

於二零一四年十二月三十一日，本集團有1,565名全職僱員。人材為我們賴以成功及推行策略的關鍵。本集團致力提供員工培訓及發展課程，協助僱員提升知識及技能。

工作環境質素

我們致力為員工提供推動個人發展及晉升的環境，建立嘉許和獎勵員工的工作文化。

工作環境

本集團實行「五天工作制」鼓勵健康的作息平衡。年內，我們邀請僱員參與中秋午餐、聖誕聯歡、週年晚宴等節日慶祝活動，提升彼等之滿意度，建立和諧工作環境。本公司亦深明僱員的需要，盡力令其因成為本集團一份子而感到驕傲，例如其僱員可獲員工免費通行證觀賞電影。

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

發展及培訓

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

健康及安全

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

OPERATING PRACTICES

Satisfying customers' aspirations

Serving the needs of our patrons to let them have a wonderful viewing experience in our cinemas is our top priority. This is done through our selection of a wide variety of high quality movies for our patrons. There were 237 movies exhibited in our cinemas in Hong Kong in the year 2014.

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

In order to improve and maintain high standards of customer services, the Group has put in place a mystery shopper programme. The programme not only helps us provide high quality services to audiences, but also lets us know whether there is any room for improvement. In each evaluation period, we awarded those well performed employees while the management discussed with those under performed employees as to the ways to improve the customer services.

Consumer Protection

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

Anti-corruption

The Group takes its anti-corruption responsibilities very seriously and sets a tone of zero-tolerance on corruption and fraud. The Group has ongoing review of the effectiveness of the internal control system across the Group.

經營常規

滿足客戶期望

我們著眼於滿足顧客需要，透過為顧客選擇各類高質素電影，在我們的影城提供非凡觀賞體驗。於二零一四年，我們在香港影城放映 237 部電影。

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

為提升及維持高水準客戶服務，本集團推行神秘顧客計劃。該計劃不僅有助我們向觀眾提供高質素服務，亦可讓我們瞭解是否存在任何改善空間。於各個評估期間，我們向表現優秀員工給予獎勵，同時管理層會與表現未符理想之員工討論改善客戶服務之方法。

消費者保障

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

反貪污

本集團十分重視反貪污責任，對貪污及欺詐行為採取零容忍態度。本集團一直持續審閱內部監控制度之有效性。

Environmental, Social and Governance Report

環境、社會及管治報告

COMMUNITY INVOLVEMENT

In order to give back to society, we are committed to helping the less fortunate people. We have been actively involving in many charitable activities, such as sponsoring its employees to participate in ORBIS Moonwalkers, participating in Bread Run event and inviting needy people to watch movies, by leveraging our strengths and resources. On 10 September 2014, our 22 cinemas located in different provinces and cities in mainland China set aside about 60 time slots for the exhibition of a "One Day" movie for RMB 5.00 per ticket with the aim to extend a helping hand to the children in disability or living in poverty to make their lives full of joys. The movie, which starred top Chinese celebrities, was a non-profile film. It comprised nine stories of different lives of the less fortunate children and strived to represent the power of love in children's growth with the help of those celebrities in the movie. We agreed with other cinema operators in mainland China to set the ticket price at a very low level and hoped to attract more audiences. Through their viewing of the movie, we may nurture an increased awareness of extending help to the needy people in the community.

We recognise that children are the future of society. We also believe that viewing good children's films is not simply recreational but may also have a positive influence on children and help establish a positive view. During the period from 10 to 24 September 2014, we organised a "Love in Golden Harvest Links You and Me" campaign to invite not only children, but teachers, elderly and disabled people to watch the movie free of charge at OSGH Cinemas Phoenix City in Beijing.

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

ENVIRONMENTAL PROTECTION

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

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

社區參與

為回饋社會，我們致力協助有需要人士。我們一直積極善用我們的能力及資源參與多項慈善活動，如贊助僱員參與奧比斯盲俠行、參加「麵包收集活動」及邀請有需要人士觀看電影。於二零一四年九月十日，我們在位於中國內地不同省市之22個影城預留60個時段放映電影「有一天」，票價為人民幣5.00元，目的為使殘疾或貧困兒童帶來歡樂。該電影由中國紅星演出，為一部非牟利電影。電影由9個故事組成，講述9個不幸兒童之遭遇，由各紅星在電影中表達出兒童成長過程中愛的力量。為吸引更多觀眾，我們與中國內地其他影城營商協定將票價訂於特低水平。我們希望觀眾透過觀看電影，可藉此提升彼等協助社會中有需要人士的意識。

我們深知兒童是社會的未來。我們亦相信觀賞出色的兒童電影不單是娛樂消閒活動，亦可為兒童帶來正面影響，啟發他們建立正確觀念。於二零一四年九月十日二十四日期間，我們舉辦「愛在嘉禾，你我相連」活動，除兒童外，更邀請老師、長者及殘疾人士於北京橙天嘉禾鳳凰城影院免費觀看電影。

展望將來，本集團將繼續擴展其社區活動及服務。

環境保護

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

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

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 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company which is a leading integrated film entertainment company in the markets where the principal activities of the Group consist of worldwide film and video distribution, film exhibition, provision of advertising and consultancy services in Hong Kong, Mainland China, Taiwan and Singapore, and films and television programmes production in Hong Kong and Mainland China.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2014 and the state of affairs of the Company and the Group as at 31 December 2014 are set out in the financial statements on pages 67 to 129.

The Directors did not declare any interim dividend in the year 2014.

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2014.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year ended 31 December 2014 are set out in note 12 to the financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year ended 31 December 2014 are set out in note 27 to the financial statements.

PRE-EMPTIVE RIGHTS

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

董事欣然提呈董事會報告書以及本公司及其附屬公司(統稱「本集團」)截至二零一四年十二月三十一日止年度之經審核綜合財務報表。

主要業務

本公司為投資控股公司，且為市場中主要綜合電影娛樂公司，其主要業務包括在香港、中國內地、台灣與新加坡發行全球電影及影碟、經營影城、提供廣告及諮詢服務，以及於香港及中國內地製作電影及電視節目。

業績及股息

本集團截至二零一四年十二月三十一日止年度之業績，以及本公司與本集團於二零一四年十二月三十一日之財政狀況載於第130至192頁之財務報表。

董事於二零一四年並無宣派任何中期股息。

董事並不建議派付截至二零一四年十二月三十一日止年度之任何末期股息。

固定資產

本集團固定資產於截至二零一四年十二月三十一日止年度之變動詳情載於財務報表附註12。

股本

本公司於截至二零一四年十二月三十一日止年度之股本變動詳情載於財務報表附註27。

優先購買權

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

Report of the Directors

董事會報告書

SUMMARY FINANCIAL INFORMATION

財務資料摘要

	[^] Year ended 31 December [^] 截至 十二月 三十一日 止年度 2014 二零一四年 HK\$'000 千港元 (Audited) (經審核)	[^] Year ended 31 December [^] 截至 十二月 三十一日 止年度 2013 二零一三年 HK\$'000 千港元 (Audited) (經審核)	[^] Year ended 31 December [^] 截至 十二月 三十一日 止年度 2012 二零一二年 HK\$'000 千港元 (Audited) (經審核)	*Year ended 31 December *截至 十二月 三十一日 止年度 2011 二零一一年 HK\$'000 千港元 (Audited) (經審核)	*Year ended 31 December *截至 十二月 三十一日 止年度 2010 二零一零年 HK\$'000 千港元 (Audited) (經審核)

Consolidated income statement	綜合收益表					
Turnover	營業額	1,082,791	929,334	797,912	1,369,562	1,077,533
Profit before taxation	除稅前溢利	23,128	116,407	86,700	117,434	94,898
Income tax	所得稅	(9,467)	(1,230)	9,527	(22,563)	(22,511)
Profit for the year	本年度溢利	13,661	115,177	96,227	94,871	72,387
Attributable to:	以下人士應佔：					
— Equity holders of the Company	— 本公司股權持有人	12,731	114,986	95,987	95,943	70,823
— Non-controlling interests	— 非控股權益	930	191	240	(1,072)	1,564
		13,661	115,177	96,227	94,871	72,387

SUMMARY FINANCIAL INFORMATION

財務資料摘要

		As at 31 December 於十二月三十一日				
		[^] 2014 [^] 二零一四年 HK\$'000 千港元 (Audited) (經審核)	[^] 2013 [^] 二零一三年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)	[^] 2012 [^] 二零一二年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)	[^] 2011 [^] 二零一一年 HK\$'000 千港元 (Audited) (經審核) (Restated) (重列)	[*] 2010 [*] 二零一零年 HK\$'000 千港元 (Audited) (經審核)
Consolidated statement of financial position	綜合財務狀況表					
Fixed assets	固定資產	1,528,428	1,494,544	1,043,912	848,628	681,465
Interests in joint ventures	於合營企業之權益	243,271	344,619	371,132	299,152	-
Interests in associates	於聯營公司之權益	12,415	13,713	6,876	-	-
Available-for-sale equity securities	可供出售股本證券	-	-	-	-	246,083
Other receivables, deposits and prepayments	其他應收款項、按金及 預付款項	94,928	210,662	144,232	88,018	94,244
Club memberships	會籍	2,490	2,490	2,490	2,490	2,490
Trademarks	商標	80,524	79,785	79,785	79,785	79,785
Goodwill	商譽	73,658	73,658	73,658	73,658	73,658
Deferred tax assets	遞延稅項資產	31,782	29,512	22,235	6,947	3,095
Non-current portion of pledged bank deposits	已抵押銀行存款之 非即期部分	21,880	46,905	46,850	21,845	29,476
Current assets	流動資產	841,528	873,372	862,032	883,988	667,558
Total assets	資產總值	2,930,904	3,169,260	2,653,202	2,304,511	1,877,854
Current liabilities	流動負債	649,365	761,969	662,140	399,324	388,049
Non-current portion of bank loans	銀行貸款之非即期 部分	473,991	611,576	325,354	376,345	82,400
Non-current portion of convertible notes	可換股票據之非即期 部分	-	-	-	-	6,662
Non-current portion of obligations under finance lease	融資租賃債務之 非即期部分	16,183	18,045	12,356	-	-
Deposits received	已收按金	-	-	-	-	5,318
Deferred tax liabilities	遞延稅項負債	10,718	12,338	12,112	8,002	19,623
Total liabilities	負債總額	1,150,257	1,403,928	1,011,962	783,671	502,052
Net assets	資產淨值	1,780,647	1,765,332	1,641,240	1,520,840	1,375,802
Non-controlling interests	非控股權益	11,447	10,661	7,147	6,889	11,554

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

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

[^] Using the equity method.

[^] 採用權益法。

^{*} Using the proportionate consolidation method.

^{*} 採用比例合併法。

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 2014 are set out in note 27(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the Company's reserves available for cash distribution and/or distribution in specie, representing the retained profits, amounted to HK\$433,323,000 (2013: HK\$417,682,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve of HK\$694,639,000, HK\$271,644,000 and HK\$8,833,000, respectively, as at 31 December 2014, 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 2014 and up to the date of this report were:

Chairman & Executive Director

Wu Kebo

Executive Directors

Li Pei Sen

Mao Yimin

Tan Boon Pin Simon (resigned on 10 May 2014)

Wu Keyan

Independent Non-executive Directors

Leung Man Kit

Huang Shao-Hua George

Wong Sze Wing

Pursuant to Bye-law 87(1) of the Bye-laws of the Company, at each annual general meeting of the Company, one third of the Directors for the time being shall retire from office by rotation. Pursuant to Bye-law 87(2) of the Bye-laws of the Company, a retiring Director shall be eligible for re-election. Accordingly, each of Mr. Wu Kebo, Mr. Mao Yimin and Mr. Leung Man Kit shall retire at the forthcoming annual general meeting and, being eligible, will offer himself or herself for re-election at the annual general meeting.

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

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2014. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

儲備

本公司及本集團於截至二零一四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27(b)及綜合權益變動報表。

可分派儲備

本公司於二零一四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433,323,000港元(二零一三年: 417,682,000港元)。此外,本公司於二零一四年十二月三十一日之股份溢價賬、繳入盈餘及股本贖回儲備分別為694,639,000港元、271,644,000港元及8,833,000港元,根據百慕達一九八一年公司法第54條可於若干情況下向本公司股東分派。

董事

截至二零一四年十二月三十一日止年度及截至本報告日期在任董事為:

主席兼執行董事

伍克波

執行董事

李培森

毛義民

陳文彬(於二零一四年五月十日辭任)

伍克燕

獨立非執行董事

梁民傑

黃少華

黃斯穎

根據本公司之公司細則第87(1)條規定,於每屆本公司股東週年大會上,當時三分之一董事須輪值退任。根據本公司之公司細則第87(2)條規定,退任董事符合資格重選連任。因此,伍克波先生、毛義民先生及梁民傑先生各自將於應屆股東週年大會退任,並符合資格於股東週年大會重選連任。

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

買賣及贖回上市證券

本公司於截至二零一四年十二月三十一日止年度並無贖回其任何上市證券。年內本公司或其任何附屬公司概無購回或出售任何本公司上市證券。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 31 December 2014, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

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

董事及主要行政人員於股份、相關股份或債權證之權益及淡倉

於二零一四年十二月三十一日，本公司之董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證，擁有本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄；或根據上市規則所載標準守則已知會本公司與聯交所之權益及淡倉如下：

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

Name of Director/ Chief Executive 董事/主要行政人員 姓名			Capacity 身分	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及 相關股份總數	* Approximate percentage of Shares and underlying Shares in the issued share capital of the Company * 股份及相關 股份於本公司 已發行股本中 所佔概約百分比
Wu Kebo 伍克波			Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	-	1,723,894,068 (L)	62.86%
			Beneficial owner 實益擁有人	1	84,545,000 (L)	-	84,545,000 (L)	3.08%
Wu Keyan 伍克燕			Beneficial owner 實益擁有人		700,000 (L)	-	700,000 (L)	0.026%
Li Pei Sen 李培森			Beneficial owner 實益擁有人		200,000 (L)	-	200,000 (L)	0.007%
Leung Man Kit 梁民傑			Beneficial owner 實益擁有人		200,000 (L)	-	200,000 (L)	0.007%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2014.

* 該等百分比乃根據於二零一四年十二月三十一日已發行股份總數(即2,742,519,248股股份)而計算。

Report of the Directors

董事會報告書

Notes:

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

In addition, Mr. Wu was interested in 84,545,000 Shares as at 31 December 2014 which were beneficially held by him in his own name.

Abbreviation:

“L” stands for long position

(ii) Interests in shares of associated corporations

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

Save as disclosed above and save for the disclosure referred to under “Share Option Schemes” set out below and in note 27(a) to the financial statements on pages 113 to 115 of this annual report, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the headings “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares or Debentures” above and “Share Option Schemes” below, at no time during the year ended 31 December 2014 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

附註：

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

另外，伍先生亦以本身名義於二零一四年十二月三十一日實益持有84,545,000股股份權益。

縮略詞：

「L」指好倉

(ii) 相聯法團股份之權益

伍先生亦為Golden Harvest Film Enterprises Inc.全部已發行股本之實益擁有人，而該公司實益持有本公司全資附屬公司橙天嘉禾娛樂有限公司1.14億股無投票權遞延股份。

除上文披露者以及下文及本年報第176至178頁財務報表附註27(a)有關「購股權計劃」之披露事項外，於二零一四年十二月三十一日，本公司各董事及主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份或債權證中並無擁有任何本公司須根據證券及期貨條例第XV部第352條存置之登記冊所記錄；或根據標準守則已知會本公司與聯交所之權益或淡倉。

董事購買股份或債權證之權利

除上文「董事及主要行政人員於股份、相關股份或債權證之權益及淡倉」以及下文「購股權計劃」各節披露者外，本公司或其任何附屬公司於截至二零一四年十二月三十一日止年度任何時間概無參與任何安排，致使董事、彼等各自之配偶或未滿18歲子女可藉收購本公司或任何其他法人團體之股份或債權證而獲益。

SHARE OPTION SCHEMES

(i) 2001 Share Option Scheme

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

Each grant of the share options to the Director, chief executive or substantial shareholder of the Company, or any of their associates, must be approved by the independent non-executive Directors (excluding independent non-executive Director who is the grantee of the share option). In addition, any grant of share options to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates which would result in the Shares issued or to be issued upon exercise of options already granted and to be granted under the 2001 Share Option Scheme and any other share option schemes of the Company (if any) (including options exercised, cancelled and outstanding) to such person representing in aggregate over 0.1% of the Shares in issue and with an aggregate value (based on the closing price of the Shares at each date of grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of the grant, shall be subject to approval of the shareholders of the Company in general meeting with voting to be taken by way of a poll.

The offer in relation to a grant of share options under the 2001 Share Option Scheme must be accepted within 30 days inclusive of, and from the date of the offer, upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period of the share options granted is determinable by the Directors, which may not exceed 10 years commencing on such date on or after the date of grant as the Directors may determine in granting the share options (which in any event must be prior to the close of business on 30 October 2011) and ending on such date as the Directors may determine in granting the share options. Save as determined by the Directors and provided in the offer of the grant of the relevant share option, there is no general requirement that a share option must be held for any minimum period before it can be exercised.

The exercise price of the share options is determinable by the Directors, provided always that it shall be at least the higher of (i) the closing price of the Shares on the date of the offer; and (ii) the average closing price of the Shares for the five trading days immediately preceding the date of the offer, provided that the price shall in no event be less than the nominal amount of one Share.

購股權計劃

(i) 二零零一年購股權計劃

本公司採納一項購股權計劃，作為獎勵及回饋為本集團業務成功作出貢獻之合資格參與者，自二零零一年十一月二十八日起生效（「二零零一年購股權計劃」）。二零零一年購股權計劃之合資格參與者包括董事及本集團其他僱員、本公司股東、本集團貨品或服務供應商及本集團客戶。

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

按二零零一年購股權計劃授出購股權之建議必須於建議日期（包括該日）起計30日內由承授人接納，並須支付象徵式代價1港元。所授出購股權之行使期乃由董事釐定，惟由授出購股權當日或董事於授出購股權時決定之其後日期（無論如何不得遲於二零一一年十月三十日辦公時間結束時）董事於授出購股權時可能決定之結束日期不得超過十年。除董事另行決定及授出有關購股權之建議另有規定外，並無一般規定限制購股權必須於持有若干最短期限後方可行使。

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

Report of the Directors 董事會報告書

The maximum number of Shares issuable upon exercise of all share options to be granted under the 2001 Share Option Scheme and any other share option schemes of the Company (if any) must not in aggregate exceed 10% of the Shares in issue as at 28 November 2001. This limit was refreshed by the shareholders of the Company in the annual general meeting of the Company held on 10 December 2007 in accordance with the provisions of the Listing Rules. In addition, the maximum number of Shares issued and to be issued upon exercise of the share options granted to each eligible participant under the 2001 Share Option Scheme and any other share option schemes of the Company (if any) (including both exercised and outstanding options) within any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of share options in excess of such limit (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of grant of such share option shall be separately approved by the shareholders of the Company in general meeting with such participant and his associates abstaining from voting.

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

The 2001 Share Option Scheme was terminated with effect from 11 November 2009 when the new share options scheme adopted by the Company on 11 November 2009 (the "2009 Share Option Scheme") became unconditional. Notwithstanding the termination of the 2001 Share Option Scheme, the outstanding options granted under the 2001 Share Option Scheme remain in full force and effect in accordance with the terms and conditions of the grant thereof.

There were 63,100,000 options entitling the holders thereof to subscribe for an aggregate of 63,100,000 Shares (representing approximately 2.30% of Shares in issue (i.e. 2,742,519,248 Shares) as at the date of this report) as at 1 January 2014, all of which were exercised or lapsed during the year.

因行使根據二零零一年購股權計劃及本公司任何其他購股權計劃(如有)將授出之所有購股權而可予發行之最高股數，合共不得超過本公司於二零零一年十一月二十八日之已發行股份之10%。本公司股東已於二零零七年十二月十日按照上市規則條文在股東週年大會上重新釐定該上限。此外，根據二零零一年購股權計劃及本公司任何其他購股權計劃(如有)於授出日期前任何12個月期間內向個別合資格參與者授出之購股權(包括已行使及未行使購股權)而已發行及將予發行之最高股數，不得超過已發行股份1%。倘於截至該等購股權授出日止任何12個月期間額外授出超過該上限之購股權(包括已行使、註銷及未行使之購股權)，則須個別在股東大會獲得本公司股東批准，而該等參與者及其聯繫人須放棄投票。

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

本公司於二零零九年十一月十一日終止二零零一年購股權計劃，而本公司於二零零九年十一月十一日採納之新購股權計劃(「二零零九年購股權計劃」)已成為無條件。儘管二零零一年購股權計劃終止，根據二零零一年購股權計劃授出尚未行使之購股權繼續按其授出條款及條件具十足效力及作用。

於二零一四年一月一日，有63,100,000份購股權賦予其持有人權利可認購合共63,100,000股股份(相當於本報告日期已發行股份約2.30%(即2,742,519,248股股份))，而所有購股權已於年內行使或失效。

Details of the movements of the share options during the year ended 31 December 2014 are as follows:

截至二零一四年十二月三十一日止年度，購股權變動詳情如下：

Name or category of participant 參與者姓名或類別	Date of grant of share option 購股權授出日期	Exercise price per Share 每股行使價 HK\$ 港元	Exercise period 行使期 (Note a) (附註a)	Number of share options outstanding as at 1 January 2014 於二零一四年一月一日尚未行使之購股權數目	Exercised during the year ended 2014 於截至二零一四年年度行使	Lapsed during the year ended 31 December 2014 於截至二零一四年十二月三十一日止年度失效	Number of share options outstanding as at 31 December 2014 於二零一四年十二月三十一日尚未行使之購股權數目
<i>Director</i> 董事							
Huang Shao-Hua George 黃少華	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	-	200,000	-
Wu Kebo 伍克波	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	60,000,000	60,000,000	-	-
Wu Keyan 伍克燕	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	700,000	700,000	-	-
Li Pei Sen 李培森	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	200,000	-	-
Leung Man Kit 梁民傑	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	200,000	200,000	-	-
Tan Boon Pin Simon 陳文彬	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	1,200,000	- (Note b) (附註b)	-	-
<i>Other participants</i> 其他參與者							
In aggregate 總計	23 September 2009 二零零九年九月二十三日	0.453	23 September 2009 to 22 September 2014 二零零九年九月二十三日至二零一四年九月二十二日	600,000	1,600,000	200,000	-
				63,100,000	62,700,000	400,000	-

Notes:

- (a) The vesting period of the share options was from the date of grant until the commencement of the exercise period.
- (b) Mr. Tan Boon Pin Simon remains as a director of certain subsidiaries of the Company after his resignation of directorship of the Company on 10 May 2014. As such he was entitled to exercise the share options granted to him.

附註：

- (a) 購股權之歸屬期由購股權授出當日起計至行使期開始。
- (b) 陳文彬先生於二零一四年五月十日辭任本公司董事職務後仍留任本公司若干附屬公司之董事。因此，彼有權行使獲授予之購股權。

(ii) 2009 Share Option Scheme

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

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

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

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

(ii) 二零零九年購股權計劃

本公司採納二零零九年購股權計劃，旨在使本公司可向合資格參與者授出購股權，作為彼等對本集團發展作出貢獻之鼓勵或獎賞，並讓本集團更具彈性地向合資格參與者提供獎勵、報酬、補償及／或提供福利。二零零九年購股權計劃之合資格參與者包括董事及本集團其他僱員、顧問或諮詢者、分銷商、承包商、供應商、服務供應商、代理、客戶及商業夥伴。二零零九年購股權計劃自二零零九年十一月十一日起生效，計劃如非被取消或更改，將於該日期起計十年內具有十足效力。

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

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

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

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

There were no outstanding share options as at 1 January 2014 and 31 December 2014. 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 2014.

As at the date of this report, options entitling the holders to subscribe for an aggregate of 268,120,424 Shares (representing approximately 9.78% of Shares in issue (i.e. 2,742,519,248 Shares) as at the date of this report) are available for issue under the 2009 Share Option Scheme.

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

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

於二零一四年一月一日及二零一四年十二月三十一日,本公司概無任何尚未行使購股權。截至二零一四年十二月三十一日止年度,概無任何董事、本公司主要行政人員、本集團僱員或其他參與者獲授予或行使任何購股權,亦無任何購股權遭註銷或失效。

於本報告日期,根據二零零九年購股權計劃,賦予其持有人權利可認購合共268,120,424股股份(佔於本報告日期已發行股份2,742,519,248股股份約9.78%)之購股權可供發行。

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



Report of the Directors 董事會報告書

DIRECTORS' INTERESTS IN CONTRACTS

Except for the disclosure under the headings "Connected Transactions" and "Continuing Connected Transactions" below and save as detailed in note 31 to the financial statements on page 125 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 2014.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, the Group's purchases from its largest supplier and its five largest suppliers accounted for approximately 50% and 69%, respectively, of the Group's total purchases. 深圳市深影橙天院線有限公司 (Shenzhen City Shenying Orange Sky Cinemas Circuit Company Limited), being 49% indirectly owned by Mr. Wu, was the largest supplier of the Group during the year.

The Group's sales to its largest customer and its five largest customers accounted for approximately 2% and 3%, respectively, of the Group's total sales during the same period. 泛亞華影廣告(深圳)有限公司 (Panasia Cinemedia (Shenzhen) Co. Ltd) and Panasia Cinema Advertising Limited, both of which are 80% indirectly owned by Mr. Wu, were two of the top five customers of the Group during the year.

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

董事於合約之權益

除下文「關連交易」及「持續關連交易」各節所披露者及本年報第188頁之財務報表附註31所詳述者外，各董事概無在截至二零一四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重大權益。

主要客戶及供應商

截至二零一四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50%及69%。年內，由伍先生間接擁有49%權益之深圳市深影橙天院線有限公司為本集團最大供應商。

同期，本集團向其最大客戶及五大客戶售出之銷售額則分別佔本集團總銷售額約2%及3%。年內，由伍先生間接擁有80%權益之泛亞華影廣告(深圳)有限公司及泛亞影院廣告有限公司為本集團五大客戶其中兩名。

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

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

主要股東及其他人士於股份及相關股份之權益及淡倉

So far as is known to the Directors, as at 31 December 2014, the following persons, other than a Director or chief executive of the Company, had the following interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

就董事所知，於二零一四年十二月三十一日，按本公司根據證券及期貨條例第XV部第336條存置之登記冊所記錄，下列人士（董事或本公司主要行政人員以外）於股份或相關股份中持有以下權益或淡倉：

Name of shareholder 股東姓名／名稱	Capacity 身份	Note 附註	Number of Shares 股份數目	Number of underlying Shares 相關股份數目	Total number of Shares and underlying Shares 股份及相關 股份總數	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company * 股份及相關股份 於本公司已發行 股本中所佔 概約百分比
Wu Kebo 伍克波	Interest of controlled corporations 受控法團權益	1	1,723,894,068 (L)	–	1,723,894,068 (L)	62.86%
	Beneficial owner 實益擁有人	1	84,545,000 (L)	–	84,545,000 (L)	3.08%
Skyera International Limited ("Skyera")	Beneficial owner 實益擁有人	2	439,791,463 (L)	–	439,791,463 (L)	16.04%
Mainway Enterprises Limited ("Mainway")	Beneficial owner 實益擁有人	3	408,715,990 (L)	–	408,715,990 (L)	14.09%
Noble Biz International Limited ("Noble Biz")	Beneficial owner 實益擁有人	4	129,666,667 (L)	–	129,666,667 (L)	4.73%
Cyber International Limited ("Cyber")	Beneficial owner 實益擁有人	5	180,000,000 (L)	–	180,000,000 (L)	6.56%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG") 橙天娛樂集團（國際）控股 有限公司（「橙天」）	Beneficial owner 實益擁有人	6	565,719,948 (L)	–	565,719,948 (L)	20.63%

* These percentages are computed based on the total number of Shares in issue (i.e. 2,742,519,248 Shares) as at 31 December 2014.

* 該等百分比乃根據本公司於二零一四年十二月三十一日已發行股份總數（即2,742,519,248股股份）計算。

Report of the Directors 董事會報告書

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 84,545,000 Shares which were beneficially held by him in his own name.

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

Abbreviation:

"L" stands for long position

Save as disclosed above, as at 31 December 2014, 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.

附註：

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

另外，伍先生亦以本身名義實益擁有 84,545,000 股股份權益。

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

縮略詞：

「L」指好倉

除上文披露者外，於二零一四年十二月三十一日，概無其他人士按本公司根據證券及期貨條例第 XV 部第 336 條存置之登記冊所記錄，於股份或相關股份中擁有任何權益或淡倉。

CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group conducted the following transaction which constituted a connected transaction for the Company under the Listing Rules:

(a) Memorandum to the Lease Agreement in respect of Operating Cinema in Jiangyin City

On 25 September 2012, 橙天嘉禾影城(中國)有限公司(Orange Sky Golden Harvest Cinemas (China) Co. Ltd.) ("OSGH (China)"), an indirect wholly-owned subsidiary of the Company, as tenant, and 江陰橙地影院開發管理有限公司(Jiangyin Orange Land Cinema Development Management Co., Ltd.) ("Jiangyin Orange Land"), as landlord, entered into a lease agreement in respect of all those premises being portions of 3rd, 4th and 5th Floors of Block 2, with a total floor area of approximately 17,561 square metres (the "Leased Property"), of the commercial and cultural complex to be constructed on a parcel of land situated at the Xiagang Development Zone, Jiangyin City, Jiangsu Province, the PRC for a term of 20 years commencing from the expiry date of the four months decoration (rent-free) period after the delivery up of possession of the Leased Property to OSGH (China) (which was expected to be on or before 31 December 2014) (the "Jiangyin Lease Agreement").

Pursuant to the Jiangyin Lease Agreement, OSGH (China) was required to pay to Jiangyin Orange Land an amount of RMB100,000,000 in three tranches up to 31 January 2014, representing approximately 80% of the total amount of the base rental for the term of the Jiangyin Lease Agreement as base rental prepayment. For details, please refer to the Company's announcement dated 25 September 2012.

On 25 June 2014, OSGH (China) and Jiangyin Orange Land entered into a memorandum to the Jiangyin Lease Agreement (the "Memorandum") for purposes of, among others, extending the delivery date of the Leased Property as stated in the Jiangyin Lease Agreement from 31 December 2014 to 31 December 2015. Pursuant to the Memorandum, Jiangyin Orange Land shall pay to OSGH (China) interest calculated at the rate of 7.5% per annum on the amounts of base rental prepayment from the respective dates of such payment, i.e. an aggregate amount of RMB21,750,000. For details, please refer to the announcement of the Company dated 25 June 2014.

Mr. Wu, who is the chairman, a Director and a controlling shareholder of the Company, indirectly owns 84.19% equity interest in Jiangyin Orange Land. Accordingly, Jiangyin Orange Land is a connected person of the Company and the entering into of the Memorandum constitutes a connected transaction of the Company under the Listing Rules.

關連交易

截至二零一四年十二月三十一日止年度，本集團進行以下根據上市規則構成本公司關連交易之交易：

(a) 有關於江陰市經營影城之租賃協議備忘錄

於二零一二年九月二十五日，本公司間接全資附屬公司橙天嘉禾影城(中國)有限公司(「橙天嘉禾影城(中國)」)作為租戶與江陰橙地影院開發管理有限公司(「江陰橙地」)作為業主訂立一份租賃協議，內容有關租賃將建於中國江蘇省江陰市夏港發展區一幅總樓面面積約17,561平方米之土地之商業及文化綜合項目二座第3、4及5層部分(「租賃物業」)，自向橙天嘉禾影城(中國)交付租賃物業後之四個月裝修期(免租)屆滿日期(預期為二零一四年十二月三十一日或之前)起計，為期二十年(「江陰租賃協議」)。

根據江陰租賃協議，橙天嘉禾影城(中國)截至二零一四年一月三十一日止須分三期向江陰橙地支付人民幣100,000,000元作為基本租金預付款項，相當於江陰租賃協議期限內之基本租金總額約80%。有關詳情請參閱本公司日期為二零一二年九月二十五日之公佈。

於二零一四年六月二十五日，橙天嘉禾影城(中國)與江陰橙地訂立江陰租賃協議備忘錄(「備忘錄」)，旨在(其中包括)將江陰租賃協議所述之租賃物業交付日期由二零一四年十二月三十一日延長至二零一五年十二月三十一日。根據備忘錄，江陰橙地須向橙天嘉禾影城(中國)支付自各有關付款日期起就基本租金預付款項金額按年利率7.5%計算之利息，總額為人民幣21,750,000元。有關詳情請參閱本公司日期為二零一四年六月二十五日之公佈。

本公司主席、董事兼控股股東伍先生間接擁有江陰橙地84.19%股權。因此，江陰橙地為本公司之關連人士，且根據上市規則，訂立備忘錄構成本公司之關連交易。

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2014, the Group has entered into and engaged in the following transactions and arrangements with connected persons (as defined in the Listing Rules) of the Company:

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

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

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

During the year ended 31 December 2014, the aggregate amount payable by Panasia Cinemedia to OSGH (China) for transactions contemplated under the Master Advertising Agreement amounted to RMB15,686,487, which does not exceed the annual cap of RMB18,000,000.

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

持續關連交易

截至二零一四年十二月三十一日止年度，本集團曾與本公司關連人士(定義見上市規則)訂立以下交易及安排：

(a) 採購銀幕廣告及影城大堂廣告

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

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

截至二零一四年十二月三十一日止年度，泛亞華影就廣告主協議項下擬進行交易應予橙天嘉禾影城(中國)之總金額為人民幣15,686,487元，並未超出年度上限人民幣18,000,000元。

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

(b) Sponsorship Agency Agreement on Procurement of Film Sponsors

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

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

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

The aggregate amount of the sponsorship fees received from PCA by M Cinemas under the Sponsorship Agency Agreement for the year ended 31 December 2014 amounted to approximately HK\$5,600,000, which is within the annual cap of HK\$32,000,000.

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

(b) 物色電影贊助商之贊助代理協議

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

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

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

截至二零一四年十二月三十一日止年度，名影城根據贊助代理協議自泛亞影院廣告收取之贊助費總金額約為5,600,000港元，並無超過年度上限32,000,000港元。

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

(c) Sub-leases of Office Premises

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

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

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

The aggregate amount paid by the Group to Beijing Orange Sky for the year ended 31 December 2014 amounted to approximately RMB2,561,115, which is within the annual cap of RMB2,650,000.

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

(c) 分租辦公室物業

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

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

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

本集團於截至二零一四年十二月三十一日止年度支付予北京橙天之總金額約為人民幣2,561,115元，並未超出年度上限人民幣2,650,000元。

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

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

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

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

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

The aggregate amount of the transactions under the New Master Co-operation Agreement for the year ended 31 December 2014 amounted to approximately RMB5,017,737, which is within the annual cap of RMB9,400,000. The said cap amount for the year ended 31 December 2014 included the total amount of the transactions under the Old Master Co-operation Agreement for the period from 1 January 2014 to 30 June 2014.

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

(d) 影城院線服務合作主協議

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

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

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

截至二零一四年十二月三十一日止年度，新合作主協議項下交易之總金額約為人民幣5,017,737元，並無超過年度上限人民幣9,400,000元。上述截至二零一四年十二月三十一日止年度之上限金額包括於二零一四年一月一日至二零一四年六月三十日期間舊合作主協議項下交易之總金額。

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

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

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

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

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

During the year ended 31 December 2014, an amount of RMB20,000,000 was paid to Jiangyin Orange Land under the Jiangyin Lease Agreement, which does not exceed the annual cap of RMB30,000,000.

Mr. Wu, who is a connected person of the Company, indirectly owns 84.19% equity interest in Jiangyin Orange Land. Accordingly, Jiangyin Orange Land is a connected person of the Company and the Jiangyin Lease Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

(e) 有關於江陰市經營影城之江陰租賃協議

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

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

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

截至二零一四年十二月三十一日止年度，已根據江陰租賃協議向江陰橙地支付人民幣20,000,000元，並未超出年度上限人民幣30,000,000元。

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

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

On 6 November 2013, OSGH (China), as landlord, and Beijing Orange Sky, as tenant, entered into a lease agreement, pursuant to which Beijing Orange Sky will lease the portions of 4th Floor under household no. 100040001, 5th Floor under household no. 100050001 and 6th Floor under household nos. 100060001 and 100060003 (collectively referred to as Unit 4108) of Bohai New World Shopping Centre of No. 88 Xinhua West Road, Tangshan City, Hebei Province, the PRC, with a total gross floor area of approximately 5,504.43 square metres (the Leased Premises) from OSGH (China) for a period of 12 years ("Tangshan Lease Agreement"). Beijing Orange Sky intends to operate a cinema with approximately 7 separate screens and 1,200 seats in the Leased Premises.

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

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

The annual cap under the Tangshan Lease Agreement for the year ending 31 December 2014 was RMB1,500,000. There was no payment received by the Group from Beijing Orange Sky during the year ended 31 December 2014.

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

(f) 唐山市影城物業之租賃協議

於二零一三年十一月六日，橙天嘉禾影城(中國)作為業主與北京橙天作為租戶訂立一項租賃協議，據此，北京橙天將向橙天嘉禾影城(中國)租用中國河北省唐山市新華西道88號之渤海新世界購物中心四樓(戶號為100040001號)、五樓(戶號為100050001號)以及六樓(戶號為100060001號及100060003號)部分單位(統稱為4108單位)，總樓面面積約為5,504.43平方米(「租賃物業」)，為期12年(「唐山租賃協議」)。北京橙天擬於租賃物業經營設有約7塊銀幕及1,200個座位之影城。

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

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

唐山租賃協議於截至二零一四年十二月三十一日止年度的年度上限為人民幣1,500,000元。於截至二零一四年十二月三十一日止年度，本集團並未有從北京橙天收取任何金額。

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

(g) Agency Agreement on Business Development Projects

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

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

On 29 August 2014, OSGH (China) and Beijing Orange Sky entered into a termination agreement to terminate the Agency Agreement, pursuant to which OSGH (China) and Beijing OSOL agreed and acknowledged that such termination shall release and discharge the other party from all future rights and obligations under the Agency Agreement.

For the year ended 31 December 2014, no service fee was paid by OSGH (China) to Beijing OSOL under the Agency Agreement.

Beijing OSOL is a connected person of the Company by virtue of being an associate of Mr. Wu as Mr. Wu indirectly owns approximately 60% equity interest in Beijing OSOL. Hence, the transactions under the Agency Agreement constitute continuing connected transactions for the Company under the Listing Rules.

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

(g) 商業發展項目代理協議

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

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

於二零一四年八月二十九日，橙天嘉禾影城(中國)與北京橙天訂立終止協議以終止代理協議，據此，橙天嘉禾影城(中國)與北京橙天橙地同意及確認有關終止將解除及免除雙方於代理協議項下之將來一切權利及責任。

於截至二零一四年十二月三十一日止年度，橙天嘉禾影城(中國)並未根據代理協議向北京橙天橙地支付服務費。

由於伍先生間接擁有北京橙天橙地約60%股權，北京橙天橙地為伍先生之聯繫人，故屬本公司之關連人士。因此，根據上市規則，代理協議項下交易構成本公司之持續關連交易。

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

Confirmation from Directors

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

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

- (a) have not been approved by the Board;
- (b) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services;
- (c) have not been entered into, in all material respects, in accordance with the terms of the relevant agreement governing the transactions; and
- (d) the relevant cap amounts disclosed in the relevant announcements of the Company, where applicable, have been exceeded during the financial year ended 31 December 2014.

Save as disclosed above, details of the other connected transactions and/or continuing connected transactions for the year ended 31 December 2014 are set out in note 31 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.

董事確認

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

據本公司核數師所述，概無出現任何事宜致使其相信持續關連交易：

- (a) 未有獲董事會批准；
- (b) 涉及提供商品或服務之交易於各重大方面並未按照本集團定價政策進行；
- (c) 於各重大方面並未根據規管該等交易之相關協議條款進行；及
- (d) 超出本公司相關公佈所披露截至二零一四年十二月三十一日止財政年度之相關金額上限(如適用)。

除上文披露者外，於截至二零一四年十二月三十一日止年度進行之其他關連交易及/或持續關連交易詳情，載於財務報表附註31。該等其他關連交易及/或持續關連交易構成上市規則所界定低額交易，獲豁免遵守申報、公告、獨立股東批准及(就持續關連交易而言)年度審閱之規定。獨立非執行董事已審閱並確認該等其他關連交易及/或持續關連交易乃於本集團一般日常業務中，按一般商業條款或不遜於獨立第三方獲或向本集團提供之條款，並根據規管該等交易之有關協議進行，且條款均屬公平合理，符合本公司股東整體利益。

Report of the Directors

董事會報告書

INDEPENDENCE CONFIRMATION

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

EMOLUMENT POLICY

Remuneration of the employees of the Group is made/determined by reference to the market, individual performance and their respective contribution to the Group. As a long-term incentive, the 2009 Share Option Scheme is in place and the details of which are set out above and in note 27(a) to the financial statements on pages 113 to 115 of this annual report.

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

SUFFICIENCY OF PUBLIC FLOAT

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

DONATIONS

During the year ended 31 December 2014, the Group has made charitable and other donations in Hong Kong totalling HK\$nil.

AUDITORS

The financial statements for the year ended 31 December 2014 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
31 March 2015

獨立性之確認

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

薪酬政策

本集團僱員之薪酬乃經參照市場、個人表現及彼等各自對本集團之貢獻釐定。本集團已設立二零零九年購股權計劃作為長期獎勵計劃，詳情載於本年報第176至178頁之財務報表附註27(a)。

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

足夠公眾持股量

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

捐獻

截至二零一四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零港元。

核數師

截至二零一四年十二月三十一日止年度之財務報表已經由畢馬威會計師事務所(「畢馬威」)審核，而畢馬威將會退任，惟符合資格並將於本公司應屆股東週年大會上連任。於應屆股東週年大會上將提呈決議案以續聘畢馬威為本公司核數師。

代表董事會

主席
伍克波

香港
二零一五年三月三十一日



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

We have audited the consolidated financial statements of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") and its subsidiaries (together "the Group") set out on pages 67 to 129, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

**DIRECTORS' RESPONSIBILITY FOR THE
CONSOLIDATED FINANCIAL STATEMENTS**

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

本核數師(以下簡稱「我們」)已審計列載於第130至192頁橙天嘉禾娛樂(集團)有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零一四年十二月三十一日的綜合及公司財務狀況表，截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司的董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求編製綜合財務報表，以令綜合財務報表作出真實而公平的反映及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見。我們是按照百慕達一九八一年《公司法》第90條的規定，僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

Independent Auditor's Report 獨立核數師報告

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG

Certified Public Accountants

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

31 March 2015

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

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據《香港財務報告準則》真實公平地反映 貴公司和 貴集團於二零一四年十二月三十一日的事務狀況及 貴集團截至該日止年度的溢利和現金流量，並已按照香港《公司條例》之披露規定妥為編製。

畢馬威會計師事務所

執業會計師

香港中環
遮打道十號
太子大廈八樓

二零一五年三月三十一日

Consolidated Income Statement

for the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Turnover	3 & 4	1,082,791	929,334
Cost of sales		(441,837)	(364,740)
Gross profit		640,954	564,594
Other revenue	5(a)	75,903	42,097
Other net (loss)/income	5(b)	(4,043)	24,410
Selling and distribution costs		(619,284)	(502,205)
General and administrative expenses		(104,019)	(100,543)
Other operating expenses		(167)	(7,741)
Valuation gains on investment properties	12	2,700	51,492
(Loss)/profit from operations		(7,956)	72,104
Finance costs	6(a)	(44,717)	(47,378)
Share of profits of joint ventures		74,374	91,947
Share of profits/(losses) of associates		1,427	(266)
Profit before taxation	6	23,128	116,407
Income tax	7(a)	(9,467)	(1,230)
Profit for the year		13,661	115,177
Attributable to:			
Equity holders of the Company		12,731	114,986
Non-controlling interests		930	191
Profit for the year		13,661	115,177
Earnings per share	11		
Basic		0.47 cents	4.29 cents
Diluted		0.47 cents	4.29 cents

The notes on pages 75 to 129 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	13,661	115,177
Other comprehensive income for the year:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
— overseas subsidiaries	(9,040)	19,092
— overseas joint ventures	(17,533)	(13,497)
— overseas associates	(176)	208
	(26,749)	5,803
Total comprehensive income for the year	(13,088)	120,980
Total comprehensive income attributable to:		
Equity holders of the Company	(13,874)	120,578
Non-controlling interests	786	402
Total comprehensive income for the year	(13,088)	120,980

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

The notes on pages 75 to 129 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Fixed assets	12		
— Investment properties		150,488	149,264
— Property, plant and equipment		1,377,940	1,345,280
		1,528,428	1,494,544
Interests in joint ventures	15	243,271	344,619
Interests in associates	14	12,415	13,713
Other receivables, deposits and prepayments	16	94,928	210,662
Club memberships		2,490	2,490
Trademarks	17	80,524	79,785
Goodwill	18	73,658	73,658
Deferred tax assets	26(b)	31,782	29,512
Pledged bank deposits	22	21,880	46,905
		2,089,376	2,295,888
Current assets			
Inventories	19	6,513	4,977
Film rights	20	74,289	46,741
Trade receivables	21(a)	92,027	126,586
Other receivables, deposits and prepayments	21(b)	237,211	160,532
Pledged bank deposits	22	25,000	—
Deposits and cash	22	406,488	534,536
		841,528	873,372
Current liabilities			
Bank loans	23	250,268	323,581
Trade payables	25(a)	88,794	101,137
Other payables and accrued charges	25(b)	113,798	155,634
Deferred revenue	25(c)	169,198	162,758
Obligations under finance leases	24	14,552	8,988
Taxation payable	26(a)	12,755	9,871
		649,365	761,969
Net current assets		192,163	111,403
Total assets less current liabilities		2,281,539	2,407,291

Consolidated Statement of Financial Position

at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current liabilities			
Bank loans	23	473,991	611,576
Obligations under finance leases	24	16,183	18,045
Deferred tax liabilities	26(b)	10,718	12,338
		500,892	641,959
NET ASSETS			
		1,780,647	1,765,332
CAPITAL AND RESERVES			
	27		
Share capital		274,252	267,982
Reserves		1,494,948	1,486,689
Total equity attributable to equity holders of the Company			
		1,769,200	1,754,671
Non-controlling interests			
		11,447	10,661
TOTAL EQUITY			
		1,780,647	1,765,332

Approved and authorised for issue by the Board of Directors on 31 March 2015.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 75 to 129 form part of these financial statements.

Statement of Financial Position

at 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Non-current asset			
Interests in subsidiaries	13	1,681,277	1,637,003
Current assets			
Amount due from a subsidiary	13	1,560	1,560
Prepayments		440	440
Deposits and cash	22	91	93
		2,091	2,093
Current liabilities			
Payables and accrued charges		677	401
Net current assets		1,414	1,692
NET ASSETS		1,682,691	1,638,695
CAPITAL AND RESERVES			
	27		
Share capital		274,252	267,982
Reserves		1,408,439	1,370,713
TOTAL EQUITY		1,682,691	1,638,695

Approved and authorised for issue by the Board of Directors on 31 March 2015.

Wu Kebo
Director

Mao Yimin
Director

The notes on pages 75 to 129 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

Note	Share capital HK\$'000	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Reserve funds HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2014	267,982	664,835	7,719	8,833	80,000	10,973	67,988	646,341	1,754,671	10,661	1,765,332
Changes in equity for 2014:											
Profit for the year	-	-	-	-	-	-	-	12,731	12,731	930	13,661
Other comprehensive income	-	-	-	-	-	-	(26,605)	-	(26,605)	(144)	(26,749)
Total comprehensive income	-	-	-	-	-	-	(26,605)	12,731	(13,874)	786	(13,088)
Transfer to retained profits on lapse of share options	27(a)(i)	-	(48)	-	-	-	-	48	-	-	-
Transfer to/(from) reserves	-	-	-	-	-	2,683	-	(2,683)	-	-	-
Shares issued under share option scheme	27(a)(i)	6,270	29,804	(7,671)	-	-	-	-	28,403	-	28,403
Balance at 31 December 2014	274,252	694,639	-	8,833	80,000	13,656	41,383	656,437	1,769,200	11,447	1,780,647
Balance at 1 January 2013	267,982	664,835	7,771	8,833	80,000	8,853	62,396	533,423	1,634,093	7,147	1,641,240
Changes in equity for 2013:											
Profit for the year	-	-	-	-	-	-	-	114,986	114,986	191	115,177
Other comprehensive income	-	-	-	-	-	-	5,592	-	5,592	211	5,803
Total comprehensive income	-	-	-	-	-	-	5,592	114,986	120,578	402	120,980
Equity contribution from non-controlling interest	-	-	-	-	-	-	-	-	-	3,112	3,112
Transfer to retained profits on lapse of share options	27(a)(i)	-	(52)	-	-	-	-	52	-	-	-
Transfer to/(from) reserves	-	-	-	-	-	2,120	-	(2,120)	-	-	-
Balance at 31 December 2013	267,982	664,835	7,719	8,833	80,000	10,973	67,988	646,341	1,754,671	10,661	1,765,332

The notes on pages 75 to 129 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Operating activities			
Profit before taxation		23,128	116,407
Adjustments for:			
Interest income	5(a)	(26,668)	(13,933)
Finance costs	6(a)	44,717	47,378
Depreciation of fixed assets	12	136,964	107,948
(Gain)/loss on disposals of property, plant and equipment	6(c)	(325)	1,121
Gain on disposal of available-for-sale equity securities	5(b)	–	(150)
Write-off of liabilities	5(a)	(4,285)	–
Valuation gains on investment properties	12	(2,700)	(51,492)
Share of profits of joint ventures		(74,374)	(91,947)
Share of (profits)/losses of associates		(1,427)	266
Exchange loss/(gain), net		8,418	(13,842)
Operating profit before changes in working capital		103,448	101,756
Increase in inventories		(1,602)	(1,240)
(Increase)/decrease in film rights		(27,826)	11,858
Decrease/(increase) in trade receivables		37,520	(41,875)
Decrease/(increase) in other receivables, deposits and prepayments		73,705	(77,237)
(Decrease)/increase in trade payables		(11,688)	4,431
Decrease in other payables and accrued charges		(35,965)	(10,353)
Increase in deferred revenue		8,509	52,413
Cash generated from operations		146,101	39,753
Interest received		27,106	14,371
Finance costs paid		(50,672)	(52,380)
Interest element of finance lease rentals paid		(2,772)	(2,136)
Overseas tax paid	26(a)	(10,810)	(6,030)
Overseas tax refunded	26(a)	–	159
Net cash generated from/(used in) operating activities		108,953	(6,263)

Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Note	2014 HK\$'000	2013 HK\$'000
Investing activities			
Payment for the purchase of property, plant and equipment		(162,063)	(360,211)
Payment for the purchase of investment properties		–	(96,953)
Proceeds from disposals of property, plant and equipment		412	538
Proceeds from disposal of available-for-sale equity securities		–	150
Proceeds from disposal of an associate		146	–
Equity contribution from a non-controlling interest		–	3,112
Payment for internal development of trademark		(739)	–
Investment in an associate		(504)	(241)
Repayment from/(advance to) an associate		2,907	(6,654)
(Advance to)/repayment from joint ventures		(4,332)	174
Dividends received		117,617	104,963
Net cash used in investing activities		(46,556)	(355,122)
Financing activities			
Draw down of bank loans		106,633	552,885
Repayment of bank loans		(311,824)	(238,812)
Capital element of finance lease rentals paid		(9,376)	(6,576)
Proceeds from exercise of share options		28,403	–
Net cash (used in)/generated from financing activities		(186,164)	307,497
Net decrease in cash and cash equivalents		(123,767)	(53,888)
Cash and cash equivalents at 1 January		534,536	575,031
Effect of foreign exchange rate changes		(4,281)	13,393
Cash and cash equivalents at 31 December	22	406,488	534,536

The notes on pages 75 to 129 form part of these financial statements.



1 CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries (together "the Group"), its associates and its joint ventures consist of worldwide film and video distribution, film exhibition in Hong Kong, Mainland China, Taiwan and Singapore, films and television programmes production in Hong Kong and Mainland China and provision of advertising and consultancy services in Hong Kong, Mainland China, Taiwan and Singapore. The other particulars and principal activities of the subsidiaries are set out in note 34 to the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year end and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap.32), in accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

(ii) Changes in accounting policies

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Group and the Group's interest in associate and joint ventures.

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

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 32.

Notes to the Financial Statements

for the year ended 31 December 2014

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 accounting period of the Group and the Company.

- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The developments relate primarily to clarification and modification of certain disclosure requirements applicable to the Group's financial statements. The developments have had no material impact on the contents of the financial statements.

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

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements as the Group does not have impaired non-financial assets at the end of the reporting period.

(d) Subsidiaries and non-controlling interests

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

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

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

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



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

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

(e) Associates and joint ventures

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill

Goodwill represents the excess of

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

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

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

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

(g) Other investments in debt and equity securities

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

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs. Subsequently, investments in debt and equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)).

Investments in securities which do not fall into trading securities or held-to-maturity securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)). Dividend income from equity securities and interest income from interest-bearing investments calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(w)(vii) and 2(w)(viii), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Investment properties

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

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

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

(i) Property, plant and equipment

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

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

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repair and maintenance is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and where the cost of the item can be measured realisably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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

— Leasehold land classified as held under finance leases	Over the remaining lease term
— Buildings	2.0%–6.7%
— Leasehold improvements	Over the shorter of lease term or its useful life
— Machinery and equipment	10.0%–20.0%
— Furniture and fixtures	8.3%–20.0%
— Motor vehicles	20.0%

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

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

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.

Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Club memberships

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

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

(k) Trademarks

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

(l) Leased assets

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

(i) Classification of assets leased to the Group

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

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

(ii) Operating lease charges

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

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

(iii) Assets acquired under finance leases

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



2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets

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

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

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

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

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

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

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

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

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

(ii) Impairment of other assets

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

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

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

— *Calculation of recoverable amount*

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

— *Recognition of impairment losses*

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

— *Reversals of impairment losses*

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Impairment of assets *(continued)*

(iii) Interim financial reporting and impairment

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

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

(n) Inventories

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

Cost is determined using a first-in, first-out basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(o) Film rights

(i) Film rights

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

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

(ii) Film production in progress

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

(iii) Self-produced programmes

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

(iv) Investments in film/drama production

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

Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Trade and other receivables

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

(q) Cash and cash equivalents

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

(r) Trade and other payables

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

(s) Interest-bearing borrowings

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

(t) Employee benefits

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

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

(ii) Share-based payments

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits *(continued)*

(iii) Paid leave carried forward

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

(iv) Employment Ordinance long service payments

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

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

(v) Retirement benefit schemes

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

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

(u) Income tax

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

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



Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Income tax (continued)

(iii) (continued)

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

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

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

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

(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.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

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

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

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

(ii) Other provisions and contingent liabilities

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

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

(w) Revenue recognition

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

- (i) Income from box office takings is recognised when the services have been rendered to the buyers;
- (ii) Income from film distribution and screen advertising is recognised at the time when the services are provided;
- (iii) Income from promotion, advertising, advertising production and agency fees and consultancy services is recognised upon the provision of the services;
- (iv) Income from investments in film/drama production is recognised when the films or television programmes are released for distribution;
- (v) Income from confectionery sales and audio visual sales is recognised at the point of sales when the confectionery and audio visual products are given to the customers;

Notes to the Financial Statements

for the year ended 31 December 2014

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Revenue recognition *(continued)*

- (vi) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned;
- (vii) Interest income is recognised as it accrues using the effective interest method;
- (viii) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established;
- (ix) Income from ticket booking is recognised upon the provision of the services;
- (x) Income from gift voucher purchases is recognised when customers exchange them for goods/services or upon expiry;
- (xi) Income from membership fees is recognised in profit or loss in the accounting period covered by the membership terms; and
- (xii) Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(x) Translation of foreign currencies

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

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

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

(y) Borrowing costs

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

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



2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Related parties

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

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

(aa) Segment reporting

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

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



Notes to the Financial Statements

for the year ended 31 December 2014

3 TURNOVER

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

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue. Details of concentrations of credit risk arising from customers are set out in note 28(a) to the financial statements.

4 SEGMENT REPORTING

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

- Hong Kong
- Mainland China
- Taiwan
- Singapore

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

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

Segment revenue and results

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

The measure used for reporting segment profit is operating profit after taxation.

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

4 SEGMENT REPORTING (CONTINUED)

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

	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Segment revenue										
Revenue from external customers										
— Exhibition	214,893	176,106	859,104	674,698	447,028	457,088	397,550	399,735	1,918,575	1,707,627
— Distribution and production	47,917	74,712	11,864	41,074	16,305	4,110	10,739	9,345	86,825	129,241
— Corporate	4,566	1,252	—	—	—	—	—	—	4,566	1,252
Reportable segment revenue	267,376	252,070	870,968	715,772	463,333	461,198	408,289	409,080	2,009,966	1,838,120
Reportable segment profit/(loss)	21,829	49,569	(15,698)	3,563	20,743	33,717	52,356	53,262	79,230	140,111
Reconciliation — Revenue										
Reportable segment revenue									2,009,966	1,838,120
Share of revenue from joint ventures in Taiwan and Singapore									(871,622)	(870,278)
Elimination of intra-segmental revenue									(4,012)	(5,920)
Others									(51,541)	(32,588)
									1,082,791	929,334
Reconciliation — Profit before taxation										
Reportable profit from external customers									79,230	140,111
Unallocated operating expenses, net									(66,499)	(25,125)
Non-controlling interests									930	191
Income tax									9,467	1,230
Profit before taxation									23,128	116,407

Notes to the Financial Statements

for the year ended 31 December 2014

5 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) Other revenue

	2014 HK\$'000	2013 HK\$'000
Interest income from bank deposits	9,500	13,933
Other interest income (<i>note (i)</i>)	17,168	–
Write-off of liabilities	4,285	–
Rebates from the national film development fund (<i>note (iii)</i>)	24,075	19,615
Sponsorship fee income	7,553	–
Miscellaneous income	13,322	8,549
	75,903	42,097

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

Note (iii): In accordance with PRC regulations, operators of cinemas established after 1 January 2004 with more than three screens are entitled to a rebate of 5% of gross box office takings for the first three years of operation, subject to related government authority approval. For the year ended 31 December 2014, the Group was entitled to rebates from the national film development fund of RMB19,107,000, equivalent to approximately HK\$24,075,000 (2013: RMB15,692,000, equivalent to approximately HK\$19,615,000).

(b) Other net (loss)/income

	2014 HK\$'000	2013 HK\$'000
Compensation gain/(loss)	2,574	(1,161)
Gain on disposal of available-for-sale equity securities	–	150
Compensation income from a contractor for delays in construction progress (<i>note</i>)	3,594	5,894
Gain on disposal of property, plant and equipment	325	–
Exchange (loss)/gain, net	(10,536)	19,527
	(4,043)	24,410

Note: The Group has an agreement with a contractor in respect of compensation for delays in construction progress together with punitive damages relating to cinemas in Mainland China. For the year ended 31 December 2014, in addition to the reimbursement of expenses of HK\$2,882,000 (2013: HK\$12,866,000), an amount of HK\$3,594,000 (2013: HK\$5,894,000) representing compensation of punitive damages was recorded as other net income.

6 PROFIT BEFORE TAXATION

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

	2014 HK\$'000	2013 HK\$'000
(a) Finance costs		
Interest on bank loans wholly repayable		
— within five years	14,566	16,346
— after five years	30,957	30,222
	45,523	46,568
Finance charges on obligations under finance leases	2,772	2,136
Other ancillary borrowing costs	4,922	6,174
	53,217	54,878
Less: finance costs capitalised into leasehold improvements*	(8,500)	(7,500)
	44,717	47,378

* The finance costs have been capitalised at rates ranging from 3.44% to 8.19% per annum (2013: 6.55% to 7.86% per annum).

	2014 HK\$'000	2013 HK\$'000
(b) Staff costs (excluding directors' emoluments (note 8))		
Salaries, wages and other benefits (note (i))	179,513	146,808
Contributions to defined contribution retirement plans	1,315	1,146
	180,828	147,954

	2014 HK\$'000	2013 HK\$'000
(c) Other items		
Cost of inventories	33,929	27,566
Cost of services provided	390,290	311,872
Depreciation of fixed assets	136,964	107,948
Amortisation of film rights (note (ii))	17,618	25,302
Auditors' remuneration	3,011	3,005
Operating lease charges in respect of land and buildings		
— minimum lease payments	152,053	133,472
— contingent rentals	22,439	21,098
(Gain)/loss on disposals of property, plant and equipment	(325)	1,121
Gain on disposal of available-for-sale equity securities	—	(150)
Rental income less direct outgoings	(14,045)	(7,786)

Notes:

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Taxation in the consolidated income statement represents:

	2014 HK\$'000	2013 HK\$'000
The Group		
<i>Current income tax</i>		
Provision for Hong Kong tax	915	1,100
Provision for overseas tax	12,375	12,464
Under/(over)-provision in respect of prior years	492	(6,066)
	13,782	7,498
<i>Deferred tax — Overseas (note 26(b))</i>		
Reversal of temporary differences	(4,315)	(6,268)
	9,467	1,230

Notes:

- (i) The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 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% (2013: 25%) of the estimated taxable profits for the year.
- (iii) Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.
- (iv) The China tax law imposes a withholding tax at 10% unless reduced by a treaty or agreement, for dividends distributed by a PRC-resident enterprise to its immediate holding company outside Mainland China for earnings generated beginning on 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt for such withholding tax. As at 31 December 2014, the Group has not provided for income taxes on accumulated earnings generated by its Mainland China subsidiaries for the years ended 31 December 2013 and 2014 since it is probable that they will not be distributed to the immediate holding company outside Mainland China in the foreseeable future. It is not practicable to estimate the amount of additional taxes that might be payable on such undistributed earnings.

During the year ended 31 December 2014, the Group has paid HK\$4,616,000 (2013: HK\$4,648,000) for income taxes on distributed earnings from its joint venture in Taiwan during the year.

During the year ended 31 December 2014, the Group had provided HK\$2,996,000 (2013: HK\$4,874,000) for income taxes on accumulated earnings generated by its joint venture in Taiwan which will be distributed to the Group in the foreseeable future.

Notes to the Financial Statements

for the year ended 31 December 2014

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (CONTINUED)

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

	2014 HK\$'000	2013 HK\$'000
Profit before taxation	23,128	116,407
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	3,770	19,960
Tax effect of non-deductible expenses	14,974	13,002
Tax effect of non-taxable income	(3,532)	(7,878)
Tax effect of unused tax losses not recognised	9,751	4,493
Tax effect of previously unrecognised prior years' tax losses utilised this year	(2,426)	(3,845)
Tax effect of (profits)/losses attributable to associates	(357)	67
Tax effect of profits attributable to joint ventures	(12,644)	(15,631)
Tax effect of temporary differences unrecognised, net	1,059	(3,098)
Provision for Taiwan withholding tax for the year	(1,620)	226
Under/(over)-provision in prior years	492	(6,066)
Actual tax expense	9,467	1,230

8 DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to Section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Directors' fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Retirement scheme contributions HK\$'000	2014 Total HK\$'000	2013 Total HK\$'000
Executive directors					
WU, Kebo	–	1,421	–	1,421	1,398
LI, Pei Sen	–	239	–	239	240
TAN, Boon Pin Simon (resigned on 10 May 2014)	–	180	2	182	631
WU, Keyan	–	642	17	659	612
MAO, Yimin	–	2,887	102	2,989	2,314
Independent non-executive directors					
LEUNG, Man Kit	340	–	–	340	340
HUANG, Shao-Hua George	240	–	–	240	230
WONG, Sze Wing	240	–	–	240	240
	820	5,369	121	6,310	6,005

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

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed in note 27(a)(i) to the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2014

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with highest emoluments, two (2013: two) are directors whose emoluments are disclosed in note 8 to the financial statements. The aggregate of the emoluments in respect of the other three (2013: three) are as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and other emoluments	4,202	4,062
Retirement scheme contributions	50	45
	4,252	4,107

The emoluments of the three (2013: three) individuals with the highest emoluments are within the following bands:

	2014 Number of individuals	2013 Number of individuals
HK\$Nil–HK\$1,499,999	2	2
HK\$1,500,000–HK\$2,000,000	1	1

10 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated profit attributable to equity holders of the Company includes a profit of HK\$15,593,000 (2013: HK\$98,347,000) which has been dealt with in the financial statements of the Company.

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$12,731,000 (2013: HK\$114,986,000) and the weighted average number of ordinary shares of 2,698,145,823 (2013: 2,679,819,248), in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic and diluted)

	2014	2013
Issued ordinary shares at 1 January	2,679,819,248	2,679,819,248
Effect of share options exercised	18,326,575	–
Weighted average number of ordinary shares (basic) at 31 December	2,698,145,823	2,679,819,248

(b) Diluted earnings per share

There were no diluted potential shares in existence during the years ended 31 December 2014 and 2013.

Notes to the Financial Statements

for the year ended 31 December 2014

12 FIXED ASSETS

(a) The Group

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

Notes to the Financial Statements

for the year ended 31 December 2014

12 FIXED ASSETS (CONTINUED)

(a) The Group (continued)

	Property, plant and equipment								
	Investment properties	Leasehold land	Buildings	Leasehold improvements	Machinery and equipment	Furniture and fixtures	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation:									
At 1 January 2013	-	-	18,878	674,152	351,019	48,027	4,058	224,542	1,320,676
Additions	96,953	127,998	7,021	175,249	55,687	7,292	381	9,788	480,369
Disposals	-	-	-	(70,470)	(9,098)	(5,234)	(256)	-	(85,058)
Transfers	-	-	-	65,153	2,531	610	-	(68,294)	-
Fair value adjustments	51,492	-	-	-	-	-	-	-	51,492
Exchange adjustments	819	-	568	17,041	9,240	1,122	4	6,246	35,040
At 31 December 2013	149,264	127,998	26,467	861,125	409,379	51,817	4,187	172,282	1,802,519
Representing:									
Cost	-	127,998	26,467	861,125	409,379	51,817	4,187	172,282	1,653,255
Valuation 2013	149,264	-	-	-	-	-	-	-	149,264
	149,264	127,998	26,467	861,125	409,379	51,817	4,187	172,282	1,802,519
Accumulated depreciation and amortisation:									
At 1 January 2013	-	-	2,833	162,045	92,156	16,664	3,066	-	276,764
Charge for the year	-	850	1,971	53,969	46,386	4,319	453	-	107,948
Written back on disposals	-	-	-	(69,895)	(8,377)	(4,917)	(210)	-	(83,399)
Exchange adjustments	-	-	116	3,176	2,974	398	(2)	-	6,662
At 31 December 2013	-	850	4,920	149,295	133,139	16,464	3,307	-	307,975
Net book value:									
At 31 December 2013	149,264	127,148	21,547	711,830	276,240	35,353	880	172,282	1,494,544

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

	Fair value at 31 December	Fair value measurements as at 31 December 2013 categorised into		
	2013 HK\$'000	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
Group				
Recurring fair value measurement				
Investment properties:				
— Commercial — Mainland China	111,264	—	—	111,264
— Commercial — Hong Kong	38,000	—	38,000	—

During the year ended 31 December 2014, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3 (2013: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2014. The valuations were carried out by independent firms of surveyors, Savills Property Services (Shanghai) Co. Ltd and RHL Appraisal Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued. The Group's management has discussions with the surveyors about the valuation assumptions and valuation results when the valuations are performed at the end of the reporting period.

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12 FIXED 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 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.

(iii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment property Commercial — Mainland China	Market comparison approach	Location factor	-5% to 0% (2013: -4.76% to 0.00%)
		Building specific	-5% to 0% (2013: -1.9% to 3.00%)
		Floor level adjustment	45% to 50% (2013: 45% to 50%)
		Level height adjustment	-20% to 20% (2013: -20% to 20%)

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

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

	2014 HK\$'000	2013 HK\$'000
Investment property — Commercial — Mainland China		
At 1 January	111,264	—
Additions	—	59,264
Exchange adjustment	(1,476)	819
Fair value adjustment	—	51,181
At 31 December	109,788	111,264

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

12 FIXED ASSETS (CONTINUED)

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

	2014		2013	
	Leasehold land HK\$'000	Buildings HK\$'000	Leasehold land HK\$'000	Buildings HK\$'000
In Hong Kong				
— long leases	126,015	47,487	127,148	44,962
Outside Hong Kong				
— medium-term leases	—	122,258	—	125,849
	126,015	169,745	127,148	170,811
Representing:				
Land and buildings carried at fair value	—	150,488	—	149,264
Buildings carried at cost	—	19,257	—	21,547
	—	169,745	—	170,811
Interest in leasehold land held for own use under operating leases	126,015	—	127,148	—
	126,015	169,745	127,148	170,811

13 INTERESTS IN SUBSIDIARIES

	The Company	
	2014 HK\$'000	2013 HK\$'000
Unlisted shares, at cost	167,654	167,654
Capital contribution in respect of equity-settled share-based payments	11,744	11,744
Amounts due from subsidiaries	1,520,040	1,492,468
	1,699,438	1,671,866
Less: Impairment losses	(16,601)	(33,303)
	1,682,837	1,638,563
	2014 HK\$'000	2013 HK\$'000
Included in		
— Non-current	1,681,277	1,637,003
— Current	1,560	1,560
	1,682,837	1,638,563

Details of principal subsidiaries of the Group are set out in note 34 to the financial statements.

Amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year, except for an amount due from a subsidiary of HK\$1,560,000 (2013: HK\$1,560,000) which is expected to be settled within one year and included under current assets.

Notes to the Financial Statements

for the year ended 31 December 2014

14 INTERESTS IN ASSOCIATES

	The Group	
	2014 HK\$'000	2013 HK\$'000
Share of net assets	2,517	752
Amount due from an associate	9,898	12,961
	12,415	13,713

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

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

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

15 INTERESTS IN JOINT VENTURES

	The Group	
	2014 HK\$'000	2013 HK\$'000
Share of net assets	243,271	344,619

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

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

Notes to the Financial Statements

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15 INTERESTS IN JOINT VENTURES (CONTINUED)

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

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

	Dartina Development Limited		Vie Show Cinemas Co. Ltd.#	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Gross amounts of the joint ventures:				
Current assets	253,794	164,214	277,496	286,578
Non-current assets	441,208	418,476	500,835	534,808
Current liabilities	(354,952)	(225,166)	(324,355)	(293,481)
Non-current liabilities	(158,198)	(24,696)	(27,359)	(28,871)
Equity	181,852	332,828	426,617	499,034
Included in the above assets and liabilities:				
Cash and cash equivalents	225,124	115,702	161,225	240,418
Current financial liabilities (excluding trade and other payables and provisions)	44,100	–	–	–
Non-current financial liabilities (excluding trade and other payables and provisions)	132,300	–	24,190	25,017
Included in the above profits:				
Revenue	779,339	801,232	1,260,827	1,271,291
Profit from continuing operations	100,800	106,260	67,135	108,701
Other comprehensive income	–	–	–	–
Total comprehensive income	100,800	106,260	67,135	108,701
Dividends from the joint ventures	242,524	135,560	103,408	104,125
Reconciled to the Group's interests in the joint ventures				
Gross amounts of the joint ventures' net assets	181,852	332,828	426,617	499,034
Group's effective interest	50%	50%	35.71%	35.71%
Group's share of the joint ventures' net assets	90,926	166,414	152,345	178,205
Goodwill	–	–	–	–
Carrying amount in the consolidated financial statements	90,926	166,414	152,345	178,205

The joint venture is not audited by KPMG.

Notes to the Financial Statements

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16 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in other receivables, deposits and prepayments as at 31 December 2013 was an amount of RMB80,000,000 (equivalent to approximately of HK\$101,600,000) in respect of the lease of a property in the PRC with a related company for the purpose of theatre operation. The rental prepayment was refunded by the related company during the year ended 31 December 2014. Further details are discussed in note 31(vii) and (viii) to the financial statements.

17 TRADEMARKS

	The Group	
	2014 HK\$'000	2013 HK\$'000
Cost and carrying amount		
At 1 January	79,785	79,785
Addition through internal development	739	–
At 31 December	80,524	79,785

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

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

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

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

Vigers Appraisal & Consulting Limited and RHL Appraisal Limited firms of independent professional qualified valuers, have confirmed, in their valuation of the Group’s trademarks, that the fair values of the trademarks exceeded their carrying values as at 31 December 2014. Accordingly, no impairment loss was recorded at 31 December 2014.

18 GOODWILL

	The Group	
	2014 HK\$'000	2013 HK\$'000
Cost and carrying amount		
At 1 January and 31 December	73,658	73,658

Impairment tests for cash-generating units containing goodwill

In accordance with the Group's accounting policies, the Group has assessed the recoverable amount of goodwill for the CGUs and determined that such goodwill was not impaired at 31 December 2014 and 31 December 2013.

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

	2014 HK\$'000	2013 HK\$'000
Distribution and production — Mainland China	73,658	73,658

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of four years and a pre-tax discount rate at 20% based on the Group's weighted average cost of capital.

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

19 INVENTORIES

Inventories are carried at cost of HK\$6,513,000 at 31 December 2014 (2013: HK\$4,977,000) which comprised largely of goods for resale.

The carrying amount of inventories sold and recognised as an expense to the consolidated income statement of the Group was HK\$33,929,000 (2013: HK\$27,566,000).

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20 FILM RIGHTS

	The Group	
	2014 HK\$'000	2013 HK\$'000
Film rights — completed	66,275	41,428
Investment in film production	2,106	2,106
	68,381	43,534
Film production in progress, at cost	5,908	3,207
	74,289	46,741

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

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

Film production in progress represents films under production.

In accordance with note 2(o) of the Group's accounting policies, the Group performed impairment tests at 31 December 2014 and 2013 by comparing the attributable carrying amounts of the film rights/self produced programmes with the recoverable amounts.

The Group assessed the recoverable amounts of the film production in progress based on the present value of estimated discounted future cash flows from the film production in progress. No impairment loss has been recognised in this respect for the years ended 31 December 2014 and 31 December 2013.

The amount of production in progress expected to be recovered after one year is HK\$3,911,000 (2013: HK\$472,000).

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS

(a) Trade receivables

	The Group	
	2014 HK\$'000	2013 HK\$'000
Trade receivables	92,144	126,703
Less: Allowance for doubtful debts	(117)	(117)
	92,027	126,586

(i) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	The Group	
	2014 HK\$'000	2013 HK\$'000
Within 1 month	68,900	107,178
1 to 2 months	2,909	4,405
2 to 3 months	1,530	3,559
Over 3 months	18,688	11,444
	92,027	126,586

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 28(a) to the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2014

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

(ii) Impairment losses of trade receivables

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

There were no movements in the allowance for doubtful debts during the years ended 31 December 2014 and 31 December 2013.

As at 31 December 2014, the allowance for doubtful debts are HK\$117,000 (2013: HK\$117,000).

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

	The Group	
	2014 HK\$'000	2013 HK\$'000
Neither past due nor impaired	73,339	115,142
Less than three months past due	2,106	4,991
Past due over three months	16,582	6,453
	18,688	11,444
	92,027	126,586

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there were no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(iii) At 31 December 2014, trade receivables of the Group included amounts totalling HK\$21,161,000 (2013: HK\$25,464,000) due from related companies and an amount of HK\$5,150,000 (2013: HK\$1,243,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year.

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

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22 DEPOSITS AND CASH

	The Group		The Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Deposits at banks	223,558	312,420	–	–
Cash at bank and in hand	229,810	269,021	91	93
	453,368	581,441	91	93
Less: Pledged deposits for bank loans	(46,880)	(46,905)	–	–
Cash and cash equivalents	406,488	534,536	91	93

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

Deposits and cash as at 31 December 2014 include HK\$325,838,000 (2013: HK\$312,614,000) equivalent placed with banks in Mainland China, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the government of Mainland China.

23 BANK LOANS

(a) At 31 December 2014, the bank loans were repayable as follows:

	The Group	
	2014 HK\$'000	2013 HK\$'000
Within 1 year or on demand	250,268	323,581
After 1 year but within 2 years	189,224	172,890
After 2 years but within 5 years	210,237	356,856
After 5 years	74,530	81,830
	473,991	611,576
	724,259	935,157
Bank loans		
— Secured	724,259	935,157
— Unsecured	–	–
	724,259	935,157

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.

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23 BANK LOANS (CONTINUED)

- (b) At 31 December 2014, the bank loans were secured by:
- (i) an office property of a subsidiary located in Hong Kong;
 - (ii) deposits of subsidiaries of HK\$46,880,000 (2013: HK\$46,905,000); and
 - (iii) corporate guarantees from the Company and two subsidiaries.
- (c) Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. Further details of the Group's management of liquidity risk are set out in note 28(b) to the financial statements. As at 31 December 2013 and 2014, none of the covenants relating to drawn down facilities had been breached.

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

	The Group	
	2014 '000	2013 '000
Renminbi	330,025	339,749
Hong Kong dollars	310,737	503,676

24 OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2014, the Group had obligations under finance leases repayable as follows:

	The Group			
	2014		2013	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000
Within 1 year	14,552	16,068	8,988	10,697
After 1 year but within 2 years	8,826	9,661	10,389	11,575
After 2 years but within 5 years	7,357	7,842	7,656	8,503
	16,183	17,503	18,045	20,078
	30,735	33,571	27,033	30,775
Less: Total future interest expenses		(2,836)		(3,742)
Present value of lease obligations		30,735		27,033

25 TRADE AND OTHER PAYABLES, ACCRUED CHARGES AND DEFERRED REVENUE

(a) Trade payables

The ageing analysis of trade payables as of the end of the reporting period:

	The Group	
	2014 HK\$'000	2013 HK\$'000
Current to 3 months	57,884	75,545
Within 4 to 6 months	1,382	7,599
Within 7 to 12 months	7,265	1,591
Over 1 year	22,263	16,402
	88,794	101,137

At 31 December 2014, trade payables of the Group included the amounts totalling HK\$23,480,000 (2013: HK\$16,679,000) due to related companies which were unsecured, interest-free and repayable on demand.

- (b) All of the other payables and accrued charges (including amounts due to related companies) are expected to be settled within one year or are repayable on demand.
- (c) All of the deferred revenue is expected to be settled within one year.

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	The Group	
	2014 HK\$'000	2013 HK\$'000
Provision for taxation for the year	13,290	13,564
Tax paid during the year	(10,810)	(6,030)
Tax refunded during the year	–	159
Balance of tax provision relating to prior years	10,275	2,178
	12,755	9,871

(b) Deferred tax assets and liabilities recognised:

	The Group	
	2014 HK\$'000	2013 HK\$'000
Net deferred tax asset recognised in the consolidated statement of financial position	31,782	29,512
Net deferred tax liability recognised in the consolidated statement of financial position	(10,718)	(12,338)
	21,064	17,174

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for the year ended 31 December 2014

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

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

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

	Tax losses recognised HK\$'000	The Group Withholding tax on unremitted earnings HK\$'000	Total HK\$'000
Deferred tax arising from:			
At 1 January 2013	(22,235)	12,112	(10,123)
Exchange adjustments	(783)	–	(783)
(Credited)/charged to profit or loss <i>(note 7(a))</i>	(6,494)	226	(6,268)
At 31 December 2013	(29,512)	12,338	(17,174)
At 1 January 2014	(29,512)	12,338	(17,174)
Exchange adjustments	425	–	425
Credited to profit or loss <i>(note 7(a))</i>	(2,695)	(1,620)	(4,315)
At 31 December 2014	(31,782)	10,718	(21,064)

(c) Deferred tax assets not recognised

At 31 December 2014, the Group has not recognised deferred tax assets in respect of accumulated tax losses of approximately HK\$568,036,000 (2013: HK\$566,840,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation except for the balances of HK\$4,285,000 (2013: HK\$2,298,000) which can be only carried forward for five years under the relevant jurisdiction.

(d) Deferred tax liabilities not recognised

At 31 December 2014, there was no significant unrecognised deferred tax liabilities (2013: HK\$Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures as the Group has no significant liability to additional tax should such amounts be remitted.

At 31 December 2014, the Company does not have any material deferred taxation assets and liabilities (2013: HK\$Nil).

27 SHARE CAPITAL AND RESERVES

(a) Share capital

Note	2014		2013	
	No. of shares	Amount HK\$'000	No. of shares	Amount HK\$'000
Authorised:				
Ordinary shares of HK\$0.10 each	6,000,000,000	600,000	6,000,000,000	600,000
Ordinary shares, issued and fully paid:				
At 1 January	2,679,819,248	267,982	2,679,819,248	267,982
Shares issued under share option scheme (i)	62,700,000	6,270	–	–
At 31 December	2,742,519,248	274,252	2,679,819,248	267,982

Notes:

(i) Share option scheme

Equity-settled share-based transactions

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

The New Share Option Scheme became effective on 11 November 2009 and will remain in force for 10 years from that date.

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

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

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

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27 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Equity-settled share-based transactions (continued)

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

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

Adjustments to share options and exercise prices

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

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

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

Notes:

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

27 SHARE CAPITAL AND RESERVES (CONTINUED)

(a) Share capital (continued)

Notes: (continued)

(i) Share option scheme (continued)

Adjustments to share options and exercise prices (continued)

Apart from the above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Company's directors, their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes model. The contractual life of the share option is used as an input into this model. The following table lists the inputs to the model used for the year ended 31 December 2009.

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

* adjusted for subdivision of shares.

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

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

During the year, 62,700,000 share options were exercised and 400,000 outstanding share options lapsed the day after the end of respective exercise period.

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27 SHARE CAPITAL AND RESERVES (CONTINUED)

(b) Reserves

(i) The Group

Details of the movements in reserves of the Group during the year ended 31 December 2014 and 2013 are set out in the consolidated statement of changes in equity.

(ii) The Company

Note	Share premium HK\$'000	Share option reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2013	664,835	7,771	8,833	271,644	319,283	1,272,366
Changes in reserves for 2013:						
Profit for the year	-	-	-	-	98,347	98,347
Transfer to retained profits on lapse of share options	27(a)(i)	(52)	-	-	52	-
At 31 December 2013 and 1 January 2014	664,835	7,719	8,833	271,644	417,682	1,370,713
Changes in reserves for 2014:						
Profit for the year	-	-	-	-	15,593	15,593
Transfer to retained profits on lapse of share options	27(a)(i)	(48)	-	-	48	-
Shares issued under share option scheme	27(a)(i)	(7,671)	-	-	-	22,133
At 31 December 2014	694,639	-	8,833	271,644	433,323	1,408,439

(c) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

The application of the share premium account is governed by Sections 40 and 54 of the Companies Act 1981 of Bermuda.

(ii) Share option reserve

The share option reserve represents the fair value of the number of unexercised share options granted to employees of the Company recognised in accordance with the accounting policy adopted for share-based payments in note 2(t)(ii) to the financial statements.

(iii) Capital redemption reserve

The capital redemption reserve represents the nominal value of the share capital of the Company repurchased and cancelled.

(iv) Contributed surplus

The contributed surplus represents (i) the difference between the nominal value of the Company's shares in issue, in exchange for the issued share capital of the subsidiaries, and the aggregate net asset value of the subsidiaries acquired at the date of acquisition; and (ii) the net transfer of HK\$80,000,000 after setting off the accumulated losses from the share premium account pursuant to the Company's capital reorganisation in May 2007. Under the Bermuda Companies Act 1981 (as amended), the contributed surplus of the Company is distributable to shareholders of the Company.

27 SHARE CAPITAL AND RESERVES (CONTINUED)

(c) Nature and purpose of reserves (continued)

(v) Reserve funds

In accordance with the relevant regulations in the PRC, the companies' established therein are required to transfer a certain percentage of their profits after tax to the reserve funds until the balance reaches 50% the registered capital. Subject to certain restrictions set out in the relevant PRC regulations, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

(vi) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries, associates and joint ventures. The reserve is dealt with in accordance with the accounting policy set out in note 2(x) to the financial statements.

(d) Distributability of reserves

At 31 December 2014, the aggregate amount of reserves available for distribution to equity holders of the Company representing the retained profits, amounted to HK\$433,323,000 (2013: HK\$417,682,000). In addition, the Company's share premium account, contributed surplus and capital redemption reserve in an aggregate amount of HK\$975,116,000 (2013: HK\$945,312,000), as at 31 December 2014 may be distributed to shareholders in certain circumstance as prescribed by Section 54 of the Companies Act 1981 of Bermuda.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its gearing structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the gearing structure in light of changes in economic conditions.

The Group monitors its gearing structure calculated on the basis of external borrowings, which includes bank loans and obligations under finance lease over total assets.

The Group's strategy is to maintain the gearing ratio below 35%. In order to maintain or adjust the ratio, the Group may raise new equity financing or sell assets to reduce debt. The gearing ratios at 31 December 2014 and 2013 are as follows:

	2014 HK\$'000	2013 HK\$'000
Bank loans and total external borrowings	724,259	935,157
Obligations under finance lease	30,735	27,033
	754,994	962,190
Total assets	2,930,904	3,169,260
Gearing ratio	25.8%	30.4%

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28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Credit risk

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

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

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

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

(b) Liquidity risk

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

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

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

The Group

	As at 31 December 2014					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	88,794	88,794	88,794	–	–	–
Other payables and accrued charges	113,798	113,798	113,798	–	–	–
Bank loans	724,259	829,142	292,400	215,979	236,435	84,328
Obligations under finance lease	30,735	33,571	16,068	9,661	7,842	–
	957,586	1,065,305	511,060	225,640	244,277	84,328

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

(b) Liquidity risk (continued)

The Group (continued)

	As at 31 December 2013					
	Carrying amount HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	More than 5 years HK\$'000
Trade payables	101,137	101,137	101,137	–	–	–
Other payables and accrued charges	155,634	155,634	155,634	–	–	–
Bank loans	935,157	1,076,914	361,794	225,875	396,721	92,524
Obligations under finance lease	27,033	30,775	10,697	11,575	8,503	–
	1,218,961	1,364,460	629,262	237,450	405,224	92,524

The Company

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

(c) Currency risk

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

The Group enters into transactions denominated in currencies other than the functional currency of the entity to which they relate. Consequently, the Group is exposed to risks that the exchange rate of the relevant functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Group's assets or liabilities denominated in currencies other than the relevant functional currency. As the Hong Kong dollar is pegged to the United States dollar, the Group does not expect any significant movements in the HKD/USD exchange rate. The 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.

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

(c) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency to which they relate.

The Group

	Exposure to foreign currencies					
	2014			2013		
	Hong Kong Dollars '000	Renminbi '000	Singapore Dollars '000	Hong Kong Dollars '000	Renminbi '000	Singapore Dollars '000
Other receivables, deposits and prepayments	–	2,325	–	–	10,879	1,570
Deposits and cash	–	66,320	2,591	–	98,808	173
Other payables and accrued charges	–	121,470	–	–	(17,181)	–
Deferred revenue	–	(575)	–	–	–	–
Intercompany borrowings*	(304,370)	109,661	–	(304,370)	109,661	–
Net exposure to currency risk	(304,370)	299,201	2,591	(304,370)	202,167	1,743

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

(ii) Sensitivity analysis

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

	2014		2013	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK\$'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after taxation and retained earnings HK\$'000
Renminbi	5% (5)%	18,745 (18,745)	5% (5)%	12,838 (12,838)
Singapore dollars	5% (5)%	762 (762)	5% (5)%	533 (533)
Hong Kong dollars	5% (5)%	(15,219) 15,219	5% (5)%	(15,219) 15,219

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

(c) Currency risk (continued)

(ii) Sensitivity analysis (continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual end of the reporting period. The analysis has been performed on the same basis as for 2013.

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

(d) Interest rate risk

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

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

(i) Interest rate profile

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

	2014		2013	
	Effective rate %	HK\$'000	Effective rate %	HK\$'000
Net fixed rate borrowings:				
Obligations under finance leases (note 24)	4.33% – 10.5%	30,735	4.33% – 10.5%	27,033
Variable rate borrowings:				
Bank loans (note 23)	2.25% – 8.19%	724,259	2.25% – 7.86%	935,157

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and total equity by approximately HK\$5,927,000 (2013: HK\$7,645,000).

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 2013.

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

(e) Fair values measurement

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

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2014. Amounts due from subsidiaries are unsecured, interest-free and have no fixed repayment terms. Given these terms it is not meaningful to disclose their fair value.

(f) Offsetting financial assets and financial liabilities

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

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

No recognised financial assets and financial liabilities have been offset for the year ended 31 December 2014.

29 COMMITMENTS

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

As at 31 December 2014 and 2013, the Group's share of the joint ventures' own capital commitments in respect of the acquisition of fixed assets are as follows:

	2014 HK\$'000	2013 HK\$'000
Contracted for:		
Singapore	3,293	4,878
Taiwan	8,039	9,283
	11,332	14,161
Authorised but not contracted for:		
Singapore	–	44,983
	11,332	59,144

In addition to the Group's share of the joint ventures' own capital commitments above, the Group had the following capital commitments in respect of the acquisition of fixed assets as at 31 December 2014 and 2013:

	2014 HK\$'000	2013 HK\$'000
Contracted for:		
Mainland China	65,119	93,244
Authorised but not contracted for:		
Hong Kong	–	1,791
Mainland China	538,928	613,387
	538,928	615,178
	604,047	708,422

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for the year ended 31 December 2014

29 COMMITMENTS (CONTINUED)

(b) Operating lease commitments

(i) As lessor

At 31 December 2014, the Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2014 HK\$'000	2013 HK\$'000
Leases on premises expiring		
— within one year	2,579	2,500
— after one year but within five years	12,247	10,882
— after five years	18,498	28,804
	33,324	42,186

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

(ii) As lessee

At 31 December 2014, the Group's total future minimum lease payments under non cancellable operating leases are payable as follows:

	2014 HK\$'000	2013 HK\$'000
Leases on premises expiring		
— within one year	268,535	229,940
— after one year but within five years	941,121	845,867
— after five years	1,849,383	1,673,526
	3,059,039	2,749,333

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

Certain non-cancellable operating leases are subject to contingent rent payments, which are charged at 7% to 28% (2013: 7% to 28%) of their monthly or annual gross box office takings in excess of the base rents as set out in the respective lease agreements. In addition, 10%–12% of the theatre confectionary sales and advertising income are also charged as payments under certain leases.

30 CONTINGENT LIABILITIES

At 31 December 2014, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries and a joint venture amounting to HK\$1,056,982,000 (2013: HK\$1,315,060,000) and HK\$Nil (2013: HK\$30,600,000) respectively. At 31 December 2014, banking facilities of HK\$727,290,000 (2013: HK\$942,160,000) had been utilised by the subsidiaries.

At 31 December 2014, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of bank guarantees as their fair values cannot be reliably measured and no transaction price was incurred.

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

31 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.

	Notes	2014 HK\$'000	2013 HK\$'000
Office rental paid	(i)	3,647	4,236
Service fee income from a joint venture	(ii)	–	477
Income from leasing of cinema facilities	(iii)	–	2,100
Cinema in-foyer advertising income	(iv)	–	7,452
Cinema screen advertising fee income	(v)	22,950	23,723
Other interest income	(vi)	17,168	–
Rental prepayment for leasing of property	(vii)	25,200	50,800
Refund of rental prepayment for leasing of property	(viii)	126,000	–
Cinema circuit management service fee expense	(ix)	6,322	2,150
Sponsorship fee income	(x)	5,600	–

Notes:

- (i) This represents office rental expenses for three office areas paid to related companies, which wholly-owned by Mr. Wu Kebo, a director and a substantial shareholder of the Group. The rental expenses were charged on nominal commercial terms.
- (ii) This represents service fees for ticketing system maintenance and enhancement received from a joint venture of the Group. The fees were charged on normal commercial terms.
- (iii) This represents the income received from a related company for leasing certain cinema facilities at Beijing Sanlitun cinema. The fees were charged on normal commercial terms.
- (iv) This represents PRC cinemas in-foyer advertising income received from a related company charged on normal commercial terms.
- (v) This represents cinema screen advertising income received from two related companies for granting exclusive rights of screen advertising air-time in the Group's Hong Kong and PRC cinemas. The fees were charged on normal commercial terms.
- (vi) This represents other interest income on the prepaid rental for delay in the property handover. The amount was paid by a related company, which is indirectly held by Mr. Wu Kebo.
- (vii) This represents rental prepayment paid to a related company, which is indirectly held by Mr. Wu Kebo. During the year ended 31 December 2014, the Group had paid rental prepayments of HK\$25,200,000 (2013: HK\$50,800,000).

The terms of the rental agreement were negotiated on normal commercial terms.
- (viii) This represents rental prepayment refunded by a related company, which is indirectly held by Mr. Wu Kebo.
- (ix) This represents management service fees paid to a related company for introducing top-class cinema circuit to PRC cinemas. The fees were charged at 1.2% of net box office receipts.
- (x) This represents sponsorship fee income received from a related company for procuring sponsorship within Hong Kong.

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

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

Notes to the Financial Statements

for the year ended 31 December 2014

32 ACCOUNTING JUDGEMENTS AND ESTIMATES

Note 28 contains information about the assumptions and their risk factors relating to financial risk management. Other key sources of estimation uncertainty are as follows:

Key sources of estimation uncertainty

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

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

(ii) Assessment of impairment of assets

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

(iii) Assessment of impairment of film rights

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

(iv) Assessment of impairment of goodwill

The Group has performed an impairment test for goodwill in accordance with the accounting policy stated in note 2(m) (ii) to the financial statements. For the purposes of impairment testing, goodwill acquired has been allocated to individual cash-generating units which are reviewed for impairment based on forecast operating performance and cash flows. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. Cash flow projections are prepared on the basis of reasonable assumptions reflective of prevailing and future market conditions, and are discounted appropriately.

(v) Deferred tax assets

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

(vi) Estimation of fair values of investment properties

Investment properties are stated at market value based on valuations performed by independent firms of professional valuers at 31 December 2014. The fair value of investment properties is assessed annually by independent qualified valuers, by reference to market evidence of recent transaction and/or on the basis of discounted cash flow projections based on estimates of future rental income from properties using current market rentals and yields as inputs. The assumptions adopted in the property valuations are based on the market conditions existing at 31 December 2014, with reference to current market transactions and the appropriate capitalisation rate.

32 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(vii) Impairment of interests in subsidiaries

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

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 19, <i>Defined benefit plans: Employee contributions</i>	1 July 2014
<i>Annual improvements to HKFRSs 2010–2012 cycle</i>	1 July 2014
<i>Annual improvements to HKFRSs 2011–2013 cycle</i>	1 July 2014
Amendments to HKFRS 11, <i>Accounting for acquisitions of interests in joint operations</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2017
HKFRS 9, <i>Financial instruments</i>	1 January 2018

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

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) came into operation from the company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Company is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the financial statements.

Notes to the Financial Statements

for the year ended 31 December 2014

34 SUBSIDIARIES

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

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

Details of the principal subsidiaries are as follows:

Name of company	Place of incorporation/ operation	Particulars of issued and paid up capital	Group's effective interest	Principal activities
北京橙天嘉禾影視製作有限公司 [^]	PRC	Registered capital RMB3,000,000	100%	Investment, production and distribution of motion pictures and acts as an advertising agent
City Entertainment Corporation Limited	Hong Kong	300,000,000 shares	100%	Investment Holding
Gala Film Distribution Limited	Hong Kong	49,990,000 shares and 10,000 non-voting deferred shares [#]	100%	Distribution of motion pictures
Golden Harvest Cinemas Holding Limited	British Virgin Islands	1 share of US\$1	100%	Investment holding
Golden Harvest Entertainment International Limited	British Virgin Islands	1,000 shares of US\$1 each	100%	Investment holding
Golden Harvest Films Distribution Holding Limited	British Virgin Islands	1 share of US\$1	100%	Investment holding
Golden Harvest (Marks) Limited	British Virgin Islands	1 share of US\$1	100%	Holding of trademark
Orange Sky Golden Harvest Cinemas (China) Company Limited ^{^^}	PRC	Registered capital RMB550,000,000	100%	Theatre operation and investment holding
Golden Harvest Treasury Limited	British Virgin Islands	1 share of US\$1	100%	Provision of finance to group companies
Golden Screen Limited	Hong Kong	8,750,000 shares	100%	Investment holding
Golden Sky Pacific Limited	Hong Kong	2 shares	100%	Investment holding
M Cinemas Company Limited	Hong Kong	7,000,000 shares	100%	Theatre operation
Orange Sky Golden Harvest Entertainment Company Limited	Hong Kong	100 shares and 114,000,000 non-voting deferred shares [#]	100%	Investment holding
Orange Sky Golden Harvest Motion Pictures Company Limited	Hong Kong	94,000,000 shares	100%	Film production and investment holding
Panasia Films Limited	Hong Kong	23,000 shares	100%	Distribution of motion pictures and its related audio visual products and acts as an advertising agent
Shanghai Golden Harvest Media Management Company Limited ^{^^^}	PRC	Registered capital US\$500,000	100%	Distribution of motion pictures



34 SUBSIDIARIES (CONTINUED)

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

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

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

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

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

35 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group acquired two companies which are engaged in theatre operation in the PRC from independent third parties. The total purchase consideration was RMB33,420,000 in aggregate (equivalent to approximately HK\$41,875,000).

Orange Sky
ENTERTAINMENT GROUP



Golden Harvest

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

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

(Stock Code 股份代號: 1132)