

Report of the Directors

董事會報告

- (iv) the spouse has confirmed that the performance and further amendment or termination of the Contractual Arrangements by such Relevant Shareholder do not require his/her authorisation or consent; in the event of divorce (as the case may be), such Relevant Shareholder has sole discretion to decide how to dispose of his/her interests in the PRC Contractual Entities; and
- (v) in the event that the spouse obtains any interests in the PRC Contractual Entities, he/she will be subject to and abide by the terms of the Contractual Arrangements as if he/she was a signing party to such Contractual Arrangements, and at the request of New Talent Media he/she will sign any documents in the form and substance consistent with the Contractual Arrangements.

Revenue and Assets in relation to the Contractual Arrangement

During the year ended 31 December 2016, revenue attributable to the PRC Contractual Entities (i.e. the Contractual Arrangement) was approximately RMB75.5 million. As at 31 December 2016, the total asset and net asset attributable to the PRC Contractual Entities was approximately RMB101.7 million and RMB76.4 million respectively.

Risks Related to the Contractual Arrangement

We rely on the Contractual Arrangements with the PRC Contractual Entities for our operations in China, which may not be as effective in providing operational control as direct ownership.

We have relied and expect to continue to rely on the Contractual Arrangements with the PRC Contractual Entities to operate our program production business in China. The Contractual Arrangements may not be as effective in providing us with control over the PRC Contractual Entities as direct ownership. If we had direct ownership of the PRC Contractual Entities, we would be able to exercise our rights as a shareholder to effect changes in the board of directors of those entities, which in turn could effect changes, subject to any applicable fiduciary obligations, at the management level. However, under the Contractual Arrangements, we rely on the performance by the PRC Contractual Entities and their shareholders of their obligations under the contracts to exercise control over the PRC Contractual Entities. Therefore, the Contractual Arrangements with the PRC Contractual Entities may not be as effective in ensuring our control over our operations in China as direct ownership would be.

- (iv) 該名配偶已確認，相關股東履行及進一步修訂或終止合約安排無需其授權或同意；若雙方離婚（視情況而定），則該相關股東可全權酌情決定如何處置其於中國合約實體的權益；及

- (v) 倘該名配偶獲取中國合約實體任何權益，彼將受合約安排的條款所規限並須遵從該等條款，猶如彼為有關合約安排的訂約方，且彼將按緊視文化傳媒的要求簽署在形式及內容上與合約安排一致的任何文件。

合約安排涉及之收益及資產

截至二零一六年十二月三十一日止年度，中國合約實體應佔之收益（即合約安排）約為人民幣75.5百萬元。於二零一六年十二月三十一日，中國合約實體應佔之資產總值及資產淨值（即合約安排）分別約為人民幣101.7百萬元及人民幣76.4百萬元。

與合約安排有關的風險

本公司依賴與中國合約實體的合約安排在中國經營業務，惟未必如直接所有權般有效地給予我們經營控制權。

本公司依賴與中國合約實體的合約安排在中國經營節目製作業務，並預期將繼續對此加以依賴。該等合約安排未必如直接所有權般有效地給予我們對中國合約實體的經營控制權。如我們擁有中國合約實體的直接所有權，我們將能行使股東權利，改組該等實體的董事會，因而在受限於任何適用的受信責任前提下，可行使管理層層面的變動。然而，根據合約安排，我們依賴中國合約實體及彼等的股東履行合約責任，以對中國合約實體行使控制權。因此，本公司與中國合約實體的合約安排在確保本公司控制中國業務經營上未必如直接所有權般有效。