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)
(Stock Code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

	2016	2015	**Changes**	
	HK$ million	*HK$ million*	***HK$ million***	*%*
The Group				
Revenue	**690**	675	**15**	**2%**
Gross profit	**398**	396	**2**	**1%**
(Loss)/profit before taxation	**(20)**	5	**(25)**	**(>100)%**
(Loss)/profit attributable to equity holders	**(33)**	3	**(36)**	**(>100)%**
Basic (loss)/earnings per share	**(1.21) cents**	0.11 cents		

- Revenue increased by 2% to HK$690 million
- Gross profit grew slightly from HK$396 million to HK$398 million
- Loss before taxation was HK$20 million
- Cinema admissions we served on a full and aggregated basis were close to 28 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Gearing ratio increased to 31% as at 30 June 2016 (31 December 2015: 29%)

* *For identification purposes only*

INTERIM RESULTS

The Board (the "Board") of directors (the "Directors" and each "Director") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 together with the comparative figures for the preceding six months ended 30 June 2015. The consolidated results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

	Note	**Six months ended 30 June 2016** *HK$'000* **(Unaudited)**	Six months ended 30 June 2015 *HK$'000* (Unaudited)
Revenue	*3*	**689,939**	675,141
Cost of sales		**(292,287)**	(278,960)
Gross profit		**397,652**	396,181
Other revenue		**10,700**	15,929
Other net income/(loss)		**586**	(3,143)
Selling and distribution costs		**(378,425)**	(372,895)
General and administrative expenses		**(63,619)**	(63,135)
Other operating expenses		**(169)**	(69)
Loss from operations		**(33,275)**	(27,132)
Finance costs	*5(a)*	**(31,356)**	(19,169)
Share of profits of joint ventures		**44,394**	50,998
Share of profits of associates		**193**	736
(Loss)/profit before taxation	*5*	**(20,044)**	5,433
Income tax	*6*	**(14,965)**	(1,367)
(Loss)/profit for the period		**(35,009)**	4,066
Attributable to:			
Equity holders of the Company		**(33,298)**	3,104
Non-controlling interests		**(1,711)**	962
		(35,009)	4,066
(Loss)/earnings per share	*7*		
Basic		**(1.21) cents**	0.11 cents
Diluted		**(1.21) cents**	0.11 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2016 ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2015 *HK$'000* (Unaudited)
(Loss)/profit for the period	**(35,009)**	4,066
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— subsidiaries outside Hong Kong	**(6,890)**	(401)
— joint ventures outside Hong Kong	**5,744**	4,911
— associates outside Hong Kong	**(98)**	(31)
	(1,244)	4,479
Total comprehensive income for the period	**(36,253)**	8,545
Total comprehensive income attributable to:		
Equity holders of the Company	**(34,445)**	7,562
Non-controlling interests	**(1,808)**	983
Total comprehensive income for the period	**(36,253)**	8,545

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30 June 2016 HK$'000 (Unaudited)	As at 31 December 2015 HK$'000 (Audited)
Non-current assets			
Investment properties		**138,325**	139,159
Other property, plant and equipment		**1,259,554**	1,255,487
Leasehold land		**124,316**	124,882
		1,522,195	1,519,528
Interests in joint ventures		**262,040**	263,290
Interests in associates		**11,486**	11,269
Available-for-sale equity security		**6,318**	6,372
Other receivables, deposits and prepayments		**95,986**	96,652
Club memberships		**2,490**	2,490
Trademarks		**80,524**	80,524
Goodwill		**76,650**	75,203
Deferred tax assets		**41,177**	44,001
Pledged bank deposits		**33,455**	33,570
		2,132,321	2,132,899
Current assets			
Inventories		**9,144**	6,596
Film rights		**46,592**	50,195
Trade receivables	*8*	**148,216**	125,496
Other receivables, deposits and prepayments		**219,629**	287,037
Pledged bank deposits		**73,940**	67,850
Deposits and cash		**287,893**	195,120
		785,414	732,294
Current liabilities			
Bank loans		**346,587**	432,901
Convertible bonds		**9,533**	–
Trade payables	*9*	**95,793**	89,535
Other payables and accrued charges		**181,128**	192,511
Deferred revenue		**130,448**	147,197
Obligations under finance leases		**14,376**	15,702
Taxation payable		**12,393**	7,404
		790,258	885,250

	Note	As at 30 June 2016 HK$'000 (Unaudited)	As at 31 December 2015 HK$'000 (Audited)
Net current liabilities		**(4,844)**	(152,956)
Total assets less current liabilities		**2,127,477**	1,979,943
Non-current liabilities			
Bank loans		**317,424**	336,977
Convertible bonds		**162,693**	–
Obligations under finance leases		**42,638**	37,332
Deferred tax liabilities		**7,367**	12,419
		530,122	386,728
NET ASSETS		**1,597,355**	1,593,215
Capital and reserves			
Share capital		**274,252**	274,252
Reserves		**1,311,533**	1,305,585
Total equity attributable to equity holders of the Company		**1,585,785**	1,579,837
Non-controlling interests		**11,570**	13,378
TOTAL EQUITY		**1,597,355**	1,593,215

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

This interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 August 2016.

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the interim financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial statements are unaudited, but have been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

— *Annual Improvements to HKFRSs 2012–2014 Cycle*

— Amendments to HKAS 1, *Presentation of financials statements: Disclosure initiative.*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to HKFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, HKAS 34, *Interim financial reporting*, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial statements as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to HKAS 1, Presentation of financial statements: Disclosure initiative

The amendments to HKAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial statements.

3 REVENUE

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

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

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

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

Management evaluates performance primarily based on 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.

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

	Six months ended 30 June (unaudited)									
	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue from external customers										
— Exhibition	**123,299**	128,375	**554,431**	543,629	**223,765**	260,614	**204,888**	201,600	**1,106,383**	1,134,218
— Distribution and production	**21,742**	12,647	**946**	608	**1,855**	1,139	**2,508**	5,321	**27,051**	19,715
— Corporate	**696**	552	**2,087**	–	**–**	–	**–**	–	**2,783**	552
Reportable segment revenue	**145,737**	141,574	**557,464**	544,237	**225,620**	261,753	**207,396**	206,921	**1,136,217**	1,154,485
Reportable segment profit/(loss) after taxation	**8,433**	16,967	**(29,005)**	(24,079)	**9,757**	19,881	**34,561**	29,249	**23,746**	42,018
Reconciliation — Revenue										
Reportable segment revenue									**1,136,217**	1,154,485
Share of revenue from joint ventures in Taiwan and Singapore									**(433,016)**	(468,674)
Elimination of intra-segment revenue									**(5)**	(929)
Others									**(13,257)**	(9,741)
									689,939	675,141
Reconciliation — (Loss)/profit before taxation										
Reportable profit after taxation from external customers									**23,746**	42,018
Unallocated operating expenses, net									**(57,044)**	(38,914)
Non-controlling interests									**(1,711)**	962
Income tax									**14,965**	1,367
(Loss)/profit before taxation									**(20,044)**	5,433

5 (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2016 *HK$'000* **(Unaudited)**	Six months ended 30 June 2015 *HK$'000* (Unaudited)
(a) Finance costs		
Interest on bank loans	**16,431**	19,342
Interest on convertible bonds	**12,619**	–
Finance charges on obligations under finance leases	**1,627**	1,085
Other ancillary borrowing costs	**679**	1,242
Total finance costs on financial liabilities not at fair value through profit or loss	**31,356**	21,669
Less: finance costs capitalised into leasehold improvements*	**–**	(2,500)
	31,356	19,169

* No finance costs have been capitalised for the six months ended 30 June 2016 (six months ended 30 June 2015: finance costs were capitalised at rates ranging from 5.94% to 6.75%).

	Six months ended 30 June 2016 *HK$'000* **(Unaudited)**	Six months ended 30 June 2015 *HK$'000* (Unaudited)
(b) Other items		
Cost of inventories	**15,921**	16,884
Cost of services provided	**267,305**	257,980
Depreciation of property, plant and equipment	**85,583**	78,361
Amortisation of film rights	**9,061**	4,096
Compensation income from landlord for early termination of lease	**(9,913)**	–
Loss on disposals of property, plant and equipment	**5,954**	67
Exchange loss, net	**3,980**	3,629
Interest income from bank deposits	**(1,836)**	(3,609)

6 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2016 *HK$'000* **(Unaudited)**	Six months ended 30 June 2015 *HK$'000* (Unaudited)
Group		
Current income tax		
Provision for Hong Kong tax	**1,631**	–
Provision for overseas tax	**15,945**	16,676
Over provision in respect of prior periods	**(128)**	(1,026)
	17,448	15,650
Deferred tax — overseas		
Origination and reversal of temporary differences	**(2,483)**	(14,283)
	14,965	1,367

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2015: 16.5%) to the six months ended 30 June 2016.

Taxation for subsidiaries outside Hong Kong is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK$33,298,000 (six months ended 30 June 2015: profit of HK$3,104,000) and the weighted average number of ordinary shares of 2,742,519,248 (2015: 2,742,519,248 shares) in issue during the period.

Weighted average number of ordinary shares (basic)

	2016 ***Number of shares*** **(Unaudited)**	2015 *Number of shares* (Unaudited)
Weighted average number of ordinary shares and issued ordinary shares as at 30 June	**2,742,519,248**	2,742,519,248

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two (2015: one) categories of dilutive potential ordinary shares: share options and convertible bonds (2015: share options). The convertible bonds are assumed to have been converted into ordinary shares and the net (loss)/profit is adjusted to eliminate the interest expense less the tax effect. The calculation for share options is determined by the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options.

For the six months ended 30 June 2016, the potential ordinary shares arising from the assumed conversion of convertible bonds and share options are not included in the calculation of adjusted loss per share as they were anti-dilutive.

For the six months ended 30 June 2015, the potential ordinary shares arising from the assumed conversion of share options were not included in the calculation of diluted earnings per share as they had no dilutive effect on earnings per share.

8 TRADE RECEIVABLES

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.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	As at 30 June 2016 *HK$'000* **(Unaudited)**	As at 31 December 2015 *HK$'000* (Audited)
Within 1 month	**90,275**	94,247
1 to 2 months	**7,222**	1,835
2 to 3 months	**9,383**	2,352
Over 3 months	**41,336**	27,062
	148,216	125,496

At 30 June 2016, trade receivables of the Group included amounts totalling HK$38,475,000 (31 December 2015: HK$34,909,000) due from related companies and an amount of HK$1,145,000 (31 December 2015: HK$3,822,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year.

9 TRADE PAYABLES

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

	As at 30 June 2016 *HK$'000* **(Unaudited)**	As at 31 December 2015 *HK$'000* (Audited)
Current to 3 months	**81,091**	71,034
Within 4 to 6 months	**269**	258
Within 7 to 12 months	**1,441**	5,239
Over 1 year	**12,992**	13,004
	95,793	89,535

As at 30 June 2016, the trade payables of the Group included amounts totalling HK$31,160,000 (31 December 2015: HK$36,844,000) due to related companies which are unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation and Financial Review

During the period under review, the Group recorded revenue of HK$690 million, representing an increase of 2% from HK$675 million for the corresponding period last year. The gross profit margin remained stable at 58% (30 June 2015: 59%) for the reporting period. Net loss attributable to equity holders amounted to HK$33.3 million, representing a decrease from the net profit of HK$3.1 million for the corresponding period last year. The increase in revenue in the first half of the year was attributable to several audience drawing films were released in Mainland China region in the first quarter as well as an addition of 9 new multiplexes with 54 screens compared to the same period last year. The Gateway, located in Hong Kong, was closed in February 2016 due to expiry of the tenancy agreement. The closure of The Gateway slightly affected the revenue performance of Hong Kong region. The majority of our cinemas operating in Hong Kong and Mainland China remained stable and the Group's operating EBITDA has improved compared to the same period last year. However, due to the additional finance costs and expenses incurred due to the issuance of convertible bonds and depreciation of the Renminbi, the Group recorded a net loss attributable to equity holders of HK$33.3 million in the first half of 2016.

As at 30 June 2016, cash and cash equivalents of the Group amounted to HK$283 million (31 December 2015: HK$187 million). The Group's gearing ratio stood at 31% (31 December 2015: 29%). This minor increase was mainly due to the convertible bonds issued in February 2016.

Business Review

Film Exhibition

During the six months ended 30 June 2016, the Group operated 100 cinemas with 737 screens across Mainland China, Hong Kong, Taiwan and Singapore, an increase of 7.5% and 6.8% respectively from 93 cinemas with 690 screens for the corresponding period last year. The Group's cinemas served close to 28 million guests during the period, a slight increase of 3% as compared with the last reporting period. The major Hollywood blockbusters released during this period were *Deadpool (死侍: 不死現身), Captain America 3: Civil War (美國隊長3: 英雄內戰), Zootopia (優獸大都會), Batman v Superman: Dawn of Justice (蝙蝠俠對超人: 正義曙光), Warcraft: The Beginning (魔獸爭霸: 戰雄崛起), X-Men: Apocalypse (變種特攻: 天啟滅世戰)*. The major Chinese language blockbusters were *The Mermaid (美人魚), From Vegas to Macau III (賭城風雲3), Ip Man 3 (葉問3)* in Hong Kong and Mainland China and *The Monkey King 2 (西遊記之孫悟空三打白骨精)* in Mainland China; *The M Riders Finding Pangu* (*萌學園: 尋找磐古*) in Taiwan and *Young & Fabulous (最佳伙扮)* as well as *Long Long Time Ago (我們的故事)* in Singapore.

Operating Statistics of the Group's Cinemas

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	71*(note)*	5	13	11
Number of screens*	498	21	127	91
Admissions *(million)*	13.7	1.2	7.8	4.9
Net average ticket price *(HK$)*	35	87	57	57

* as at 30 June 2016

Note: Five more cinemas in Mainland China are under construction or are awaiting license applications and are expected to be opened before December 2016. The Fanling cinema in Hong Kong and Mitsui Outlet Park in Linkou Taipei were under construction as at 30 June 2016.

The Group is committed to pursue visual and audio effect perfection to bring a new movie-going experience for our audiences. Currently, all screens in Mainland China, Hong Kong, Taiwan and Singapore are fully installed with digital projection equipment and the majority of the Group's screens are 3D compatible. Apart from digital IMAX® screens and ultra-high resolution Sony 4K Projection System, the Group also has 4DX™ and D-Box Motion Chairs and the advanced panorama Dolby Atmos, DTS:X sound systems are installed in some of our theatres in the different regions.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	June 2016	June 2015
Number of cinemas*	**71*(note)***	63
Number of screens*	**498**	447
Admissions *(million)*	**13.7**	12.0
Net average ticket price *(RMB)*	**30**	31
Gross box office receipts *(RMB million)*#	**438**	407

* as at 30 June 2016

\# before deduction of government taxes and charges

Note: Five more cinemas in Mainland China are under construction or are awaiting license applications and are expected to be opened before December 2016.

During the six months ended 30 June 2016, the market gross box office receipts of urban areas in Mainland China increased by 21% to RMB24.6 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 8% as compared with the corresponding period last year. During the first half of 2016, the Group opened 3 new cinemas with 19 screens in the cities of Shenzhen and Tianjin and acquired 1 cinema with 5 screens in Wuhan. The Group's multiplexes in Mainland China served approximately 13.7 million patrons, representing 14% growth compared with the corresponding period last year. The net average ticket price decreased from RMB31 to RMB30 due to marketing campaigns launched to drive admissions in some areas which have keen competition. The major blockbuster for the period was the record-breaking film *The Mermaid (美人魚)*. Other blockbusters during the period included *Ip Man 3(葉問3), Warcraft: The Beginning (魔獸爭霸: 戰雄崛起), X-Men: Apocalypse (變種特攻: 天啟滅世戰), Song of the Phoenix (百鳥朝鳳)* and *Mr. Six (老炮兒)*. To attract and retain our valuable audiences, the Group shall further enrich our food and beverage selections and offer a better movie-going experience to our customers. A new concept store at Mission Hills, the first standalone IMAX building in Southern China comprising seven 3D theatres with 4K digital technology, was opened in January 2016. This concept store consists of a mega book store and a restaurant which creates a comprehensive and relaxing entertainment environment for our customers. This new concept will be extended to some of our existing cinemas and new sites located in the Beijing, Shenzhen and Guangzhou regions by difference phases over 2016 and 2017.

The earnings before interest, tax and depreciation of our exhibition business in Mainland China increased by RMB11 million compared to the same period last year. Most of our cinemas secured a steady flow of audience and loyal members helped contribute to a stable growth of box office income. Net contribution to the Group is still under pressure due to the incubation period of newly-opened cinemas and the effects of additional depreciation and finance costs. The Group will continue to maintain our market share by organic growth and focus our new cinema development in tier 1 and 2 cities which are densely populated with higher income levels to drive the fill rate and average ticket price. During the reporting period, the Group acquired 1 cinema from a local operator in Wuhan and 2 more cinemas with 12 screens are expected to be handed over to us by 2017.

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	June 2016	June 2015
Number of cinemas*	**5*(note)***	6
Number of screens*	**21**	24
Admissions *(million)*	**1.2**	1.4
Net average ticket price *(HK$)*	**87**	80
Gross box office receipts *(HK$ million)*	**106**	110

* as at 30 June 2016

Note: Fanling cinema was under construction as at 30 June 2016 and commenced operation in July 2016.

During the period under review, the Hong Kong market as a whole recorded box office receipts of HK$1,023 million, an increase of 4% from HK$985 million for the corresponding period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK$106 million (30 June 2015: HK$110 million), representing a decrease of 4%. Excluding the effect of the closure of The Gateway cinema in February 2016, box office income increased by 4% which is the same as the general market growth in the region. The major blockbusters for the period were *Deadpool (死侍: 不死現身), Zootopia (優獸大都會), Batman v Superman: Dawn of Justice (蝙蝠俠對超人: 正義曙光), X-Men: Apocalypse (變種特攻: 天啟滅世戰)*. The major Chinese language blockbusters were *The Mermaid (美人魚)*, *From Vegas to Macau III (賭城風雲3)* and *Ip Man 3 (葉問3)*. Average ticket price grew from HK$80 to HK$87 during the period since more 3D films were released during the period and ticket prices increased for newly renovated cinemas. The Fanling cinema with two houses which commenced operations in July 2016 has been highly welcomed by the nearby residents. The Group will continue looking for potential sites in both Hong Kong and Macau and will actively participate in all bidding invitations from landlords.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	June 2016	June 2015
Number of cinemas*	**13*(note)***	13
Number of screens*	**127**	127
Admissions *(million)*	**7.8**	8.8
Net average ticket price *(NTD)*	**239**	246
Gross box office receipts *(NTD billion)*	**1.9**	2.2

* as of 30 June 2016

Note: Mitsui Outlet Park in Linkou Taipei was under construction as at 30 June 2016 and is expected to commence operations in September 2016.

During the six months ended 30 June 2016, Taipei City's market box office receipts amounted to NTD1.90 billion (30 June 2015: NTD2.11 billion), a decrease of 10% compared to the corresponding period last year. The Group's 35.71%-owned Vie Show cinema circuit ("Vie Show") recorded total box office receipts of NTD1,869 million, which represented a 13.8% decrease compared to the same period last year. The decrease was mainly due to the lack of record breaking blockbusters like last year to drive both box office income and average ticket price in the first half of 2016. The major blockbusters for the period includes *Deadpool (死侍: 不死現身), Captain America 3: Civil War (美國隊長3: 英雄內戰), Zootopia (優獸大都會), Batman v Superman: Dawn of Justice (蝙蝠俠對超人: 正義曙光), Now You See Me 2 (非常盜 2), The M Riders Finding Pangu (萌學園: 尋找磐古)*. Nevertheless, Vie Show still continues to maintain its leading position with a market share of 43%.

The Group's share of net profit from Vie Show decreased from HK$20.2 million to HK$9.4 million compared to the corresponding period last year. Apart from investing in new cinemas to expand the market share as well as box office income, Vie Show is also focused on staff cost control and developing e-voucher ticketing system to reduce operating costs. In order to provide the greatest variety of cinematic experiences, Vie Show has presented an innovative project — National Theatre Live (NT Live) starting from April 2016 which has had a positive feedback from the market.

For the distribution business, Vie Vision Pictures Co. Ltd recorded significant revenue growth by distributing *Ip Man 3 (葉問3)* compared to the corresponding period in 2015.

For non box office income, Gold-class multiplex served by a dedicated catering team with a full kitchen helped continue to attract an affluent middle-class audience and contributed considerable profit for Vie Show. The "UNICORN" popcorn brand business also expanded its retail business from the Xinyi cinema circuit to QSquare, BanQiao, Hsinchu, Taichung, Tainan and Kaohsiung this year. In addition, Vie Show's catering team operated our first self-operated restaurant — "MAGO" at QSquare in February, providing a variety of Spanish fusion cuisine which was welcomed by the market.

Singapore

Operating Statistics of the Group's Cinemas in Singapore

	June 2016	June 2015
Number of cinemas*#	**11**	11
Number of screens*#	**91**	92
Admissions *(million)*	**4.9**	4.7
Net average ticket price *(S$)*	**10.2**	10.2
Gross box office receipts *(S$ million)*	**50.1**	47.5

* as at 30 June 2016

\# Tiong Bahru with 5 screens was renovated and reopened in May 2016.

During the six months ended 30 June 2016, the Singapore market's box office receipts totalled S$118 million, up from S$114 million for the corresponding period last year. The Group's 50%-owned Golden Village cinema circuit ("GV") maintained its leading position with a market share of 42.4% by reporting box office receipts of S$50.1 million for the period, an increase of 5.5% over the corresponding period last year. The increase in box office receipts was contributed by the reopened Tiong Bahru cinema after a year of closure for renovation. The new GV Tiong Bahru consists of 800-seats with the latest cinema designs, new technological capabilities such as Quick tix™, automated ticketing machines and auto-gates giving patrons an easy, fast and efficient cinematic experience like none other. Besides, a number of Hollywood summer blockbusters arrived early this year, namely *Deadpool (死侍: 不死現身), Captain America 3: Civil War (美國隊長3: 英雄內戰), Batman v Superman: Dawn of Justice (蝙蝠俠對超人: 正義曙光)* and *X-Men: Apocalypse (變種特攻: 天啟滅世戰)* and as well as animation titles such as *Zootopia (優獸大都會)* and *The Jungle Book (與森林共舞),* all of which were well-received as usual in the Singapore market. To further expand the exhibition business, GV started to operate "Capitol" which is a refurbished theatre hosting Broadway musicals and Hollywood blockbusters, touted as South-east Asia's largest single screen cinema.

During the reporting period, the Group's share of net profit increased by 24% to HK$34.5 million compared to HK$27.9 million for the corresponding period last year.

Film & TV Programme Distribution and Production

During the six months ended 30 June 2016, the Group's film distribution and production business recorded revenue of HK$27 million (30 June 2015: HK$20 million), an increase of 35% compared to the same period last year. The distribution revenue was mainly generated by distributing *Selfless (幻體: 續命遊戲)* in Mainland China and few local releases *From Vegas to Macau 3 (賭城風雲3)*, *Anniversary (紀念日)* and *House of Wolves (惡人谷)* in Hong Kong region. The Group will continue to produce movies and TV series as well as Intellectual Property redevelopment in the coming years by means of both self-investment and co-production with local and overseas studios and TV producers. The Group's film library with perpetual distribution rights continued generating steady licensing income to the Group.

PROSPECTS

Looking ahead, the Group will continue our cinema network expansion strategy. Our high calibre team in different regions will keep analysing potential sites, acquisition targets and cooperation opportunities in the market. The Group is expected to operate 76 cinemas with 531 screens in various cities in Mainland China by the end of 2016 based on lease agreements signed as at 29 August 2016. The captioned numbers above may vary due to the actual handover dates, the progress of internal renovations, applications for relevant licenses and the entering into of new lease agreements. The Fanling cinema in Hong Kong with 2 screens commenced operations in July 2016 and Mitsui Outlet Park in Linkou Taipei with 9 screens is currently under construction and is expected to be opened in September. In Singapore, GV Tiong Bahru was renovated into a 800-seat theatre with the latest cinema designs and equipped with new technological capabilities such as Quick tix™, automated ticketing machines and auto-gates. Through organic growth in different regions as well as potential acquisitions, plus the improvement of efficiency of mature cinemas and cost control strategies, the profitability of the Group is expected to improve.

For non box office income, the Group shall further enrich our food and beverage selections and continue to offer a better movie-going experience to our customers. A new concept store at Mission Hills Shenzhen was opened in January this year, which consists of a mega book store and a restaurant providing a comprehensive and relaxing entertainment environment to our customers. This new concept will be extended to some of our existing cinemas and new sites located in the Beijing, Shenzhen and Guangzhou regions by different phases over the period of 2016 and 2017. In addition, Vie Show will continue to launch new fusion restaurants "MAGO" Spanish fusion restaurant in Xinyi and brand "MAPPA", a conceptual restaurant which consists of a book store to meet the market's demands. One themed restaurant with a well-known cartoon character will be opened together with the Grand Opening of cinema at Mitsui Outlet Park in September. The Group will continue to invest in this segment and put significant effort into developing the non box office business and drive the growth of spending per person in every region.

In recent years, more outstanding young film directors have emerged in the movie industry, bringing new elements to movie production. As such, the Group will continue to support these innovative and reputable films. In addition, we continue to endeavour to source a variety of entertainment from abroad to offer a diversified choice for consumers in the next few years, thereby increasing our market share and increasing our foothold in the entertainment industry. In first half of 2016, 22 alternative contents have already been shown in the Hong Kong region which were all well-received by audiences.

The economic slowdown has clouded the Group's operations but the Group has maintained a robust financial condition with adequate liquidity and diversified our funding sources by issuing of convertible bonds and by disposing of part of our PRC exhibition business to strategic investors later this year. The Group will remain responsive to the price-sensitive entertainment market with a stable price adjusting pace. Adhering to not only our passion for movie production and distribution, but also the delivery of differentiated experiences that resonate with consumers, we are always committed to the provision of prime entertainment in our business regions and upgrade continuously both software and hardware to reinforce the Group's core competitiveness within the industry across the Asia.

FINANCIAL RESOURCES AND LIQUIDITY

As of 30 June 2016, the Group had cash and cash equivalents amounting to HK$283 million (31 December 2015: HK$187 million). The Group's outstanding loans amounted to HK$836 million, representing convertible bonds of HK$172 million (31 December 2015: Nil) and bank borrowings of HK$664 million (31 December 2015: HK$770 million). The Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 31% (31 December 2015: 29%) and our cash to debt ratio at 44% (31 December 2015: 36%). As of 30 June 2016, the Group had HK$107 million of pledged bank deposits to secure its bank borrowings. In order to minimise potential risks for the Group's development and economic status, management will keep supervising gearing and will make relative adjustments if necessary. The Group at this moment has reasonable financial leverage. Meanwhile, the Group will take advantage of equity financing together with available financial facilities to aid the cinema projects, potential acquisitions in Mainland China and other business opportunities so as to act in concert with its expansion plan. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 30 June 2016 (31 December 2015: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group employed 1,721 (31 December 2015: 1,566) permanent employees. The Group remunerates its employees mainly by reference to industry practice. In addition to salaries, commissions and discretionary bonuses, share options will be granted to employees based on individual performance and contribution to the Group. The Group also operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and, as at 30 June 2016, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the period ended 30 June 2016 (30 June 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the period ended 30 June 2016. Neither the Company nor any of its subsidiaries has repurchased or sold any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the period.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the Directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's Code for the period ended 30 June 2016.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE CODE

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

For the period ended 30 June 2016, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1 and E.1.2.

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

Code provision E.1.2 requires the chairman of the Board to attend the annual general meeting of the Company held on 3 June 2016 (the "AGM"). Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. Mr. Li Pei Sen, who took the chair of the AGM, together with other members of the Board who attended the AGM were of sufficient calibre and knowledge for answering questions at the AGM.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in accordance with the CG Code. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to perform the duties, including reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor. The Audit Committee has reviewed the systems of internal control and the financial statements for the period ended 30 June 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company and the Stock Exchange. The interim report of the Company for the period ended 30 June 2016 will be dispatched to the shareholders and made available on the same websites in due course.

APPRECIATION

Finally, the board of directors would like to take this opportunity to express their gratitude to the diligence and contribution of the management and all our employees of the Group and trust and support from the shareholders, customers and business partners to the Group's development.

By order of the Board
Orange Sky Golden Harvest
Entertainment (Holdings) Limited
Leung Wing Chong
Company Secretary

Hong Kong, 29 August 2016

List of all directors of the Company as of the time issuing this announcement:

Chairman and Executive Director:
Mr. Wu Kebo

Executive Directors:
Mr. Mao Yimin
Mr. Li Pei Sen
Ms. Wu Keyan
Ms. Chow Sau Fong, Fiona

Independent Non-executive Directors:
Mr. Leung Man Kit
Ms. Wong Sze Wing
Mr. Fung Chi Man, Henry