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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)

**FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

	2014 <i>HK\$ million</i>	2013 <i>HK\$ million</i>	Changes <i>HK\$ million</i>	%
The Group				
Turnover	1,083	929	+154	+16%
Gross profit	641	565	+76	+13%
Profit before taxation	23	116	-93	-80%
Profit attributable to equity holders	13	115	-102	-89%
Basic earnings per share	0.47 cents	4.29 cents		

- Turnover increased by 16% to HK\$1,083 million
- Gross profit grew from HK\$565 million to HK\$641 million
- Profit before taxation decreased to HK\$23 million from HK\$116 million
- Cinema admissions we served on a full and aggregated basis were close to 42.4 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Gearing ratio decreased to 26% from 30%

* For identification purposes only

RESULTS

The Board (the “Board”) of directors (the “Directors” and each a “Director”) of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31 December 2014 together with the comparative figures. The consolidated results have been reviewed by the auditors and the audit committee of the Company (the “Audit Committee”) and the figures have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s consolidated financial statements for the year and the amounts were found to be in agreement.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Note</i>	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Turnover	3	1,082,791	929,334
Cost of sales		<u>(441,837)</u>	<u>(364,740)</u>
Gross profit		640,954	564,594
Other revenue		75,903	42,097
Other net (loss)/income		(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		2,700	51,492
(Loss)/profit from operations		(7,956)	72,104
Finance costs	5(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	5	23,128	116,407
Income tax	6	(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	7		
Basic		0.47 cents	4.29 cents
Diluted		0.47 cents	4.29 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	<u>13,661</u>	<u>115,177</u>
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
	<u>(26,749)</u>	<u>5,803</u>
Total comprehensive income for the year	<u>(13,088)</u>	<u>120,980</u>
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	<u>(13,088)</u>	<u>120,980</u>

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

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

	As at 31 December 2014 <i>HK\$'000</i>	As at 31 December 2013 <i>HK\$'000</i>
Net current assets	<u>192,163</u>	<u>111,403</u>
Total assets less current liabilities	<u>2,281,539</u>	<u>2,407,291</u>
Non-current liabilities		
Bank loans	473,991	611,576
Obligations under finance leases	16,183	18,045
Deferred tax liabilities	<u>10,718</u>	<u>12,338</u>
	<u>500,892</u>	<u>641,959</u>
NET ASSETS	<u>1,780,647</u>	<u>1,765,332</u>
Capital and reserves		
Share capital	274,252	267,982
Reserves	<u>1,494,948</u>	<u>1,486,689</u>
Total equity attributable to equity holders of the Company	<u>1,769,200</u>	<u>1,754,671</u>
Non-controlling interests	<u>11,447</u>	<u>10,661</u>
TOTAL EQUITY	<u>1,780,647</u>	<u>1,765,332</u>

NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The financial results set out in the announcement do not constitute the Group's statutory financial statements for the year ended 31 December 2014, but are extracted from those financial statements.

The 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. The 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").

2 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 cash generating unit 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.

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.

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.

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

	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	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-segment 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

5 PROFIT BEFORE TAXATION

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
(a) Finance costs		
Interest on bank loans wholly repayable		
— within five years	14,566	16,346
— after five years	30,957	30,222
	<u>45,523</u>	<u>46,568</u>
Finance charges on obligations under finance leases	2,772	2,136
Other ancillary borrowing costs	4,922	6,174
	<u>7,694</u>	<u>8,310</u>
Total finance costs on financial liabilities not at fair value through profit or loss	53,217	54,878
Less: finance costs capitalised into leasehold improvements*	(8,500)	(7,500)
	<u>44,717</u>	<u>47,378</u>

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

(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 (<i>note (ii)</i>)	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.

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2014 <i>HK\$'000</i>	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)
	<u>13,782</u>	<u>7,498</u>
<i>Deferred tax — Overseas</i>		
Reversal of temporary differences	<u>(4,315)</u>	<u>(6,268)</u>
	<u>9,467</u>	<u>1,230</u>

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.

7 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	—
	<u>2,698,145,823</u>	<u>2,679,819,248</u>
Weighted average number of ordinary shares (basic) at 31 December	<u>2,698,145,823</u>	<u>2,679,819,248</u>

(b) Diluted earnings per share

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

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 (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 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
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
	<u>92,027</u>	<u>126,586</u>

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.

9 TRADE PAYABLES

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

The Group

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
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
	<u>88,794</u>	<u>101,137</u>

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 expectation. 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 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 when compared to 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?*(爸爸去那兒), *Breakup Guru* (分手大師) in Mainland China, *From Vegas to Macau I* (賭城風雲1) in Hong Kong, *KANO* in Taiwan and *Filial Party* (我是孝子) in Singapore.

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 equipments and 3D compatible. The Group has installed one more digital IMAX® screens 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 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 by early November with 11 screens and 1,386 seats. It also operates 3 gold class theatres with private lounges and plush electronic recliner seats installed for our VIPs and members.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	2014	2013
Number of cinemas*	59 (note)	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 to RMB29.6 billion by 36% 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.

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 system 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 offer for advertisement and promotion. Meanwhile, the Group will continue to install advanced advertising facilities like LED panels to achieve the best promotion effect to our customers.

The earnings before interest, tax and depreciation of our exhibition business in Mainland China increased RMB41 million compared to 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 effect of significant depreciation expenses and finance costs as well as keen competition from domestic operators.

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 (<i>million</i>)	2.4	2.0
Net average ticket price (<i>HK\$</i>)	72	69
Gross box office receipts ticket price (<i>HK\$ million</i>)	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.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	2014	2013
Number of cinemas*	11	11
Number of screens*	109	109
Admissions (<i>million</i>)	14.4	15.3
Net average ticket price (<i>NTD</i>)	245	238
Gross box office receipts ticket price (<i>NTD billion</i>)	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 to (31 December 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 market share of 34% in 2014. The decrease in box office receipts was mainly due to the closure of 2 theatres in Hsinchu for renovation to Gold Class and conversion to 4DK theatres during the year. In addition, declining popularity of 3D films in 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 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.

For non-box office income, the Gold Class multiplex served by a dedicated catering team with full kitchen was introduced during the year and management are expecting such concept can be expanded to other multiplexes to attract more affordable 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 (<i>million</i>)	9.1	9.7
Net average ticket price (<i>S\$</i>)	9.9	9.3
Gross box office receipts ticket price (<i>S\$ million</i>)	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 by 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 to HK\$52 million by 1.7% 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.

Film & TV Programme Distribution and Production

The performance of our production and distribution business 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). 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 young emerging Mainland China director, filmed by world-class Korean photographer and stars well-known Taiwanese and Mainland actors and actresses. The movie has already finished shooting and 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 61 cinemas with 436 screens in Mainland China and 6 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 already 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 of 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.

Outlook for 2015, the Group will continue to expand the scale of 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 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 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 balance 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 plan 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 requirement.

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 currency 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.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2014 (31 December 2013: Nil).

PURCHASE, SALE OR 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 repurchase or sold any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year.

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 year ended 31 December 2014.

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 whole.

For the year ended 31 December 2014, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1, A.6.7 and E.1.2.

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

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.

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 year ended 31 December 2014.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company and the Stock Exchange. The annual report of the Company for the year ended 31 December 2014 will be dispatched to the shareholders and made available on the same websites in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow Directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

By order of the Board
**Orange Sky Golden Harvest
Entertainment (Holdings) Limited**
Wong Kwan Lai
Company Secretary

Hong Kong, 31 March 2015

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

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing