Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2014

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

	2014	2013	**Changes**	
	HK$ million	*HK$ million*	***HK$ million***	**%**
The Group				
Turnover	**514**	456	**+58**	**+13%**
Gross profit	**308**	268	**+40**	**+15%**
Profit before taxation	**22**	42	**-20**	**-48%**
Profit attributable to equity holders	**12**	50	**-38**	**-76%**
Basic earnings per share	**0.45 cents**	1.87 cents		

- Turnover increased by 13% to HK$514 million
- Gross profit grew from HK$268 million to HK$308 million
- Profit before taxation decreased to HK$22 million from HK$42 million
- Cinema admissions we served on a full and aggregated basis were over 20 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Gearing ratio decreased to 27% from 30%

* *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 2014 together with the comparative figures for the preceding six months ended 30 June 2013. The consolidated results have been reviewed by the auditors and the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

	Note	**Six months ended 30 June 2014** *HK$'000* **(Unaudited)**	Six months ended 30 June 2013 *HK$'000* (Unaudited)
Turnover	*3*	**514,495**	455,592
Cost of sales		**(206,320)**	(187,787)
Gross profit		**308,175**	267,805
Other revenue		**35,132**	19,062
Other net (loss)/income	*5(c)*	**(201)**	12,604
Selling and distribution costs		**(290,506)**	(238,748)
General and administrative expenses		**(49,274)**	(50,103)
Other operating expenses		**(180)**	(1,319)
Profit from operations		**3,146**	9,301
Finance costs	*5(a)*	**(23,541)**	(22,323)
Share of profits of joint ventures		**41,845**	55,472
Share of profits/(losses) of associates		**592**	(928)
Profit before taxation	*5*	**22,042**	41,522
Income tax	*6*	**(8,847)**	9,311
Profit for the period		**13,195**	50,833
Attributable to:			
Equity holders of the Company		**12,139**	50,202
Non-controlling interests		**1,056**	631
		13,195	50,833
Earnings per share	*7*		
Basic		**0.45 cents**	1.87 cents
Diluted		**0.45 cents**	1.87 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2014 *HK$'000* **(Unaudited)**	Six months ended 30 June 2013 *HK$'000* (Unaudited)
Profit for the period	**13,195**	50,833
Other comprehensive income for the period:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— overseas subsidiaries	**(6,319)**	11,128
— overseas joint ventures	**2,214**	(13,803)
— overseas associates	**(109)**	116
	(4,214)	(2,559)
Total comprehensive income for the period	**8,981**	48,274
Total comprehensive income attributable to:		
Equity holders of the Company	**8,007**	47,506
Non-controlling interests	**974**	768
Total comprehensive income for the period	**8,981**	48,274

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 2014** *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
Non-current assets			
Fixed assets			
— Investment properties		**148,401**	149,264
— Property, plant and equipment		**1,356,250**	1,345,280
		1,504,651	1,494,544
Interests in joint ventures		**307,988**	344,619
Interests in associates		**11,749**	13,713
Other receivables, deposits and prepayments		**232,530**	210,662
Club memberships		**2,490**	2,490
Trademark		**79,785**	79,785
Goodwill		**73,658**	73,658
Deferred tax assets		**29,075**	29,512
Pledged bank deposits		**46,890**	46,905
		2,288,816	2,295,888
Current assets			
Inventories		**6,096**	4,977
Film rights		**50,510**	46,741
Trade receivables	*8*	**99,637**	126,586
Other receivables, deposits and prepayments		**192,953**	160,532
Deposits and cash		**336,738**	534,536
		685,934	873,372
Current liabilities			
Bank loans		**222,024**	323,581
Trade payables	*9*	**92,498**	101,137
Other payables and accrued charges		**128,445**	155,634
Deferred revenue		**150,244**	162,758
Obligations under finance leases		**4,860**	8,988
Taxation payable		**10,676**	9,871
		608,747	761,969

	Note	As at 30 June 2014 HK$'000 (Unaudited)	As at 31 December 2013 HK$'000 (Audited)
Net current assets		**77,187**	111,403
Total assets less current liabilities		**2,366,003**	2,407,291
Non-current liabilities			
Bank loans		**550,814**	611,576
Obligations under finance leases		**26,736**	18,045
Deferred tax liabilities		**14,140**	12,338
		591,690	641,959
NET ASSETS		**1,774,313**	1,765,332
Capital and reserves			
Share capital		**267,982**	267,982
Reserves		**1,494,696**	1,486,689
Total equity attributable to equity holders of the Company		**1,762,678**	1,754,671
Non-controlling interests		**11,635**	10,661
TOTAL EQUITY		**1,774,313**	1,765,332

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

These 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 (the "Listing Rules"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They were authorised for issue on 28 August 2014.

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policies changes that are expected to be reflected in the 2014 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of these 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.

These 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 2013 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").

These interim financial statements are unaudited, but have been reviewed by the auditor of the Company, 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.

The financial information relating to the financial year ended 31 December 2013 that is included in these interim financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 14 August 2014.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments and new interpretation to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

— 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 interim financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting 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 proceeds from the sale of audio visual products.

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, 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:

	Six months ended 30 June (unaudited)									
	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	**105,284**	79,391	**405,646**	319,900	**217,908**	234,213	**202,083**	200,069	**930,921**	833,573
— Distribution and production	**17,661**	49,931	**6,678**	22,713	**2,909**	1,099	**4,710**	4,628	**31,958**	78,371
— Corporate	**690**	1,022	**–**	–	**–**	–	**–**	–	**690**	1,022
Reportable segment revenue	**123,635**	130,344	**412,324**	342,613	**220,817**	235,312	**206,793**	204,697	**963,569**	912,966
Reportable segment (loss)/profit after taxation	**3,518**	19,496	**(3,799)**	1,638	**12,321**	24,232	**28,702**	27,797	**40,742**	73,163

Reconciliation — Revenue

Reportable segment revenue	**963,569**	912,966
Share of revenue from joint ventures in Taiwan and Singapore	**(427,610)**	(440,009)
Elimination of intra-segment revenue	**(668)**	(5,950)
Others	**(20,796)**	(11,415)
	514,495	455,592

Reconciliation — Profit before taxation

Reportable profit after taxation from external customers	**40,742**	73,163
Unallocated operating expenses, net	**(28,603)**	(22,961)
Non-controlling interests	**1,056**	631
Income tax	**8,847**	(9,311)
Profit before taxation	**22,042**	41,522

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2014 *HK$'000* **(Unaudited)**	Six months ended 30 June 2013 *HK$'000* (Unaudited)
(a) Finance costs		
Interest on bank loans wholly repayable		
— within five years	**8,610**	8,377
— after five years	**15,351**	13,425
Finance charges on obligations under finance leases	**1,417**	901
Other ancillary borrowing costs	**3,363**	2,820
Total finance costs on financial liabilities not at fair value through profit or loss	**28,741**	25,523
Less: finance costs capitalised into leasehold improvements*	**(5,200)**	(3,200)
	23,541	22,323

* The finance costs have been capitalised at rates ranging from 3.44% to 8.19% per annum (six months ended 30 June 2013: 6.53% to 8.46%).

(b) Other items

Cost of inventories	**13,641**	12,386
Cost of services provided	**188,441**	162,292
Depreciation of fixed assets	**66,275**	49,911
Amortisation of film rights	**4,238**	13,109
Gain on disposal of an available-for-sale equity security	**–**	(150)
(Gain)/loss on disposals of property, plant and equipment	**(181)**	1,189
Exchange loss/(gain), net	**5,684**	(12,578)
Interest income from bank deposits	**(5,636)**	(5,880)
Other interest income *(note)*	**(13,230)**	–

Note: 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 period ended 30 June 2014, an amount of HK$13,230,000 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 announcement published on the website of The Stock Exchange of Hong Kong Limited on 25 June 2014.

(c) Other net (loss)/income

Included in other net (loss)/income for the six months ended 30 June 2014 was an amount of HK$3,594,000 (six months ended 30 June 2013: HK$Nil) representing compensation from a contractor for delays in construction progress on opening together with punitive damages relating to certain new cinemas in Mainland China.

6 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2014 *HK$'000* **(Unaudited)**	Six months ended 30 June 2013 *HK$'000* (Unaudited)
Group		
Current income tax		
Provision for overseas tax	**7,572**	9,557
Over provision in respect of prior periods*	**(751)**	(6,017)
	6,821	3,540
Deferred tax — overseas		
Origination and reversal of temporary differences	**2,026**	(12,851)
	8,847	(9,311)

* The tax credit for the six months ended 30 June 2013 principally related to the reversal of a provision made in prior periods by a subsidiary in Mainland China upon the finalisation of the related tax computation.

The provision for Hong Kong Profits Tax for 2014 is calculated at 16.5% (2013: 16.5%) of the estimated assessable profits for the period.

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$12,139,000 (six months ended 30 June 2013: HK$50,202,000) and the weighted average number of ordinary shares of 2,679,819,248 (2013: 2,679,819,248 shares) in issue during the period.

Weighted average number of ordinary shares

	2014 ***Number of shares*** **(Unaudited)**	2013 *Number of shares* (Unaudited)
Weighted average number of ordinary shares and issued ordinary shares as at 1 January and 30 June	**2,679,819,248**	2,679,819,248

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of HK$12,139,000 (six months ended 30 June 2013: HK$50,202,000) and the weighted average number of 2,685,806,266 ordinary shares (six months ended 30 June 2013: 2,679,819,248 shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option schemes, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2014	2013
	Number of shares	*Number of shares*
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares at 30 June	**2,679,819,248**	2,679,819,248
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	**5,987,018**	–
Weighted average number of ordinary shares (diluted) at 30 June	**2,685,806,266**	2,679,819,248

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 2014	As at 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**81,187**	107,178
1 to 2 months	**4,997**	4,405
2 to 3 months	**6,019**	3,559
Over 3 months	**7,434**	11,444
	99,637	126,586

At 30 June 2014, trade receivables of the Group included amounts totalling HK$19,464,000 (31 December 2013: HK$25,464,000) due from related companies and amounts totalling HK$4,898,000 (31 December 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:

	As at 30 June 2014 *HK$'000* **(Unaudited)**	As at 31 December 2013 *HK$'000* (Audited)
Current to 3 months	**70,060**	75,545
Within 4 to 6 months	**3,493**	7,599
Within 7 to 12 months	**2,782**	1,591
Over 1 year	**16,163**	16,402
	92,498	101,137

As at 30 June 2014, the trade payables of the Group included amounts totalling HK$26,169,000 (31 December 2013: HK$16,679,000) 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 turnover of HK$514 million, representing an increase of 13% from HK$456 million in the corresponding period last year. Net profit attributable to equity holders was HK$12.1 million, representing a decrease of 76% from HK$50.2 million compared to the corresponding period last year.

The increase in turnover in the first half of the year was attributed to the new cinema "the sky" in Hong Kong which was opened last December as well as 7 new multiplexes with 47 screens in Mainland China. The majority of our cinemas operating in both Hong Kong and Mainland China recorded steady growth compared to the same period last year. However, due to Renminbi depreciation during the period, the Group suffered from an exchange loss of HK$5.7 million for the first six months, as compared to an exchange gain of HK$12.6 million for the corresponding period last year. Coupled with fewer audience drawing films distributed in Hong Kong and Mainland China during the reporting period and decreased TV drama sales business contributed to a drop in net profit during the reporting period.

As of 30 June 2014, the cash and cash equivalents of the Group amounted to HK$337 million (31 December 2013: HK$535 million). The Group's gearing ratio decreased to 27% as at 30 June 2014 (31 December 2013: 30%). It was mainly due to the repayment of bank borrowings by the Group during the period.

Business Review

Film Exhibition

During the six months ended 30 June 2014, the Group operated 80 cinemas with 592 screens across Mainland China, Hong Kong, Taiwan and Singapore, an increase of 11% and 10% respectively from 72 cinemas with 539 screens from the corresponding period last year. The Group's cinemas served over 20 million guests during the period, representing an increase of 3% as compared to the corresponding period last year. Gross box office receipts on a full and aggregated basis, were registered at HK$1,147 million, representing growth of 4% from the corresponding period last year. The major Hollywood blockbusters released during this period were *Captain America: The Winter Soldier, The Amazing Spider-Man 2: Rise of Electro, X-Men: Days of Future Past, The Wolf of Wall Street* and *Transformers: Age of Extinction*. The major Chinese language blockbusters were *From Vegas to Macau (賭城風雲)* and *The Monkey King (西遊記之大鬧天宮)* as well as *Dad, Where Are We Going? (爸爸去那兒)* and *The Breakup Guru (分手大師)* in Mainland China*, KANO* in Taiwan and *Filial Party (我是孝子)* in Singapore.

Operating Statistics of the Group's Cinemas
(For the six months ended 30 June 2014)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	52	6	11	11
Number of screens*	372	24	109	87
Admissions *(million)*	7.6	1.2	7.0	4.6
Net average ticket price *(HK$)*	41	73	63	61

* as of 30 June 2014

The Group is committed to pursue visual and audio effect perfection to bring in a new movie-going experience for our audiences. Currently, all screens in Mainland China, Hong Kong, Taiwan and Singapore have been 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 Systems, the Group will install our very first 4DX™ theatre equipped with motion chairs by renovating one of our cinemas in Southern China in the second half of 2014. In Hong Kong, the Group opened "the sky" cinema in December last year and introduced a giant screen at Grand Ocean. Both cinemas are equipped with the most advanced panorama Dolby Atmos sound systems and D-Box Motion Chairs. Most of our cinemas in Hong Kong are equipped with D-BOX Motion Chairs and the number has substantially increased from 93 for the corresponding period last year to 204 by June 2014. In Taiwan, the Group is the exclusive digital IMAX® operator with 6 digital IMAX® screens installed. During the period, one newly converted 4DX™ theatre was introduced in Taiwan. In addition, a new business-class multiplex served by a dedicated catering team was also introduced. In Singapore, the Group continues to operate 6 Gold Class multiplexes with private lounges and plush electronic recliner seats are installed to accommodate our VIPs and members.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

During the six months ended 30 June 2014, the market gross box office receipts of urban areas in Mainland China increased by 26% to RMB13.6 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 28% compared to the corresponding period last year. During the period under review, the Group opened 3 new cinemas with 18 screens in the cities of Shenyang and Chengdu. Thanks to strong Hollywood blockbusters' and Chinese films' lineup during the period, national box office receipts recorded a historic high during the Chinese New Year holidays in 2014 which shows growing demand for a high quality entertainment experience from the general public. In addition to favourable policies implemented by the PRC government, the Group's multiplexes in Mainland China served 7.6 million patrons, representing a growth of 24% from the corresponding period last year. Advertising income also recorded a remarkable growth compared to last year. Earnings before interest, tax and depreciation of our exhibition business increased RMB27 million compared to same period of last year, representing growth of 66%. More and more of our cinemas secured a steady flow of audiences and loyal members helps contribute to steady growth of box office income.

The average ticket price slightly increased from RMB31.5 to RMB32.1, representing an increase of 2% as compared to the corresponding period last year. In order to attract and retain our valuable audiences, the Group shall further refine and upgrade our cinema service by offering a better value for money experience to drive the growth of the average ticket price and provide more special promotion activities to retain our members and VIPs.

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

During the period under review, the Hong Kong market as a whole recorded box office receipts of HK$862 million, up by 13% from HK$764 million for the corresponding period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK$89 million (30 June 2013: HK$67 million), representing a substantial increase of 33% which was partially due to the opening of "the sky" cinema at Olympian City by the end of last year. In addition to box office receipts, concession sales receipts also recorded a 36% growth. Earnings before interest, tax and depreciation of our exhibition business increased by HK$2.2 million compared to the same period last year, representing growth of 23%. To bring an enjoyable entertainment experience for our audiences, our flagship "the sky" cinema not only provides the best visual and audio experience to our audiences but also offers excellent catering choices. A brand new high quality coffee corner with the cooperation of "WHY n.o.T." was opened in July at "the sky". Due to high rentals in Hong Kong and the incubation period of the newly opened cinema, the contribution from the exhibition business in Hong Kong is slightly under pressure.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

During the six months ended 30 June 2014, Taipei City as a whole recorded box office receipts of NTD1.79 billion (30 June 2013: NTD1.92 billion), a decrease of 7% compared to the first six months last year. The Group's 35.71%-owned Vie Show cinema circuit recorded total box office receipts of NTD1,695 million, representing an 8% decrease compared to the same period last year. The market share of Vie Show maintained at about 41%. The decrease in box office receipts was mainly due to the closure of 2 theatres in Hsinchu for renovation to Gold Class theatres while 1 theatre has been closed for conversion to a 4DX™ theatre. In addition, fewer 3D films were released and discount coupons were offered to banks for joint promotion campaigns and thus certain pressures were exerted on box office receipts. The Group's share of net profit from Vie Show declined to HK$12.2 million from HK$24.3 million for the corresponding period last year. Apart from the decrease in box office income, the decrease in share of net profit was also due to an increase in film rentals, rise in theatre rentals and staff costs during the period. Management of Vie Show has been adjusting the number of employees and negotiating with landlords to reduce rental costs. With an aim to increase box office receipts, Vie Show will continue to focus on driving income through popular blockbusters including *Step Up Five All In* in August, romantic movies such as *Café.*

Waiting. Love (等一個人咖啡) and *A Choo (打噴嚏)* produced by Mr. Giddens and *The Crossing (太平輪)* directed by Mr. John Woo in the second half of 2014. In addition, the four titles above are also sub-distributed by Vie Vision in the Taiwan region. It is expected that such blockbusters will generate considerable box office receipts and distribution income for the Vie Show Group.

For non-box office receipts, the business-class multiplex served by a dedicated catering team was introduced and management expect that such concept can be expanded to other multiplexes and become future driver of non-box office income in the region. In addition, Vie Show Taipei QSquare recently introduced special popcorn "UNICORN" in July, which has been well received by the market. Different flavours of special handmade popcorn will be offered from time to time bringing unprecedented texture and taste to the customers. Other than cash sales, Vie Show also plans to sell "UNICORN" online and offers special seasonal gift sets of branded "UNICORN" as a trendy gift product.

Singapore

Operating Statistics of the Group's Cinemas in Singapore

During the six months ended 30 June 2014, the Singapore market's box office receipts totalled S$106 million, mildly up from S$103 million for the corresponding 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$46 million for the period, which was approximately the same as the corresponding period last year. During the reporting period, the Group's share of net profit increased by 7% from HK$26.4 million for the corresponding period last year to HK$28.2 million. This was mainly attributable to the major blockbusters, including *Captain America*: *The Winter Soldier, X-Men: Days of Future Past* and *Transformers: Age of Extinction*, released by Golden Village during the period.

Film & TV Programme Distribution and Production

During the six months ended 30 June 2014, the Group's film distribution and production business recorded revenue of HK$32 million (30 June 2013: HK$78 million). The distribution revenue for the corresponding period last year was mainly contributed from Chinese TV drama series and distribution income of overseas films in Mainland China. However, no contribution from sales of new TV dramas was recorded by the Group in the first half of the year. Apart from distribution revenue from *From Vegas to Macau (賭城風雲)* and a few local releases, an unexpected unfavourable distribution performance was recorded. By adjusting the Group's film distribution strategies to focus on high quality films, together with the Group's film library of more than 140 films and TV titles with perpetual distribution rights, it is expected that steady income can be generated in second half of 2014. As the Group will officially prepare and shoot *Fly me to Venus (星語心願)*, which is expected to be released either in Christmas 2014 or in the first quarter of 2015, management anticipates that this movie will contribute positive returns to the Group.

PROSPECTS

Looking ahead, the Group will keep expanding its cinema networks by organic growth and acquisition, both at home and abroad. The Group will identify merger and acquisition opportunities in Mainland China and other Asian markets, strengthen the movie production and distribution business, enhance the brand awareness of Orange Sky Golden Harvest as a premier Chinese movie brand and eventually achieve the goal of becoming a leading integrator of the movie entertainment industry across Asia.

As at 28 August 2014, the Group operated 52 cinemas with 372 screens in Mainland China and 7 cinemas with 50 screens are in various stages of internal renovation and are in the pipeline for opening. By the end of 2015, the Group expects to operate 71 cinemas with 508 screens in various cities in Mainland China based on lease agreements signed as at 28 August 2014. In Taiwan, the Vie Show Group plans to open one new cinema at Dream Mall in Tainan in the second half of the year; and renovate a cinema at Shang Shun Plaza in Miaoli City in September, which is scheduled to commence operation in February 2015. The captioned numbers above may vary due to the actual handover date, the progress of internal renovation, application for relevant licences and the entering of new lease agreements during the period.

In view of the growing demand for Chinese-language films, the Group will continue to expand its distribution and production business through seeking opportunities in different platforms to co-operate with film and TV series production houses and looking for good scripts for Chinese language film and TV drama series co-production. In the second half of the year, the Group will officially shoot the *Fly me to Venus (星語心願)*, with new production crews using pioneer Sony 4K digital filming techniques. It is expected that this movie will be released either in Christmas 2014 or in the first quarter of 2015.

Currently, the Group has strong liquidity and reasonable financial leverage. In order to cope with the rapid expansion, the Group will utilise the available bank loan facilities to finance the cinema projects in Mainland China and other investment opportunities.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a stable balance sheet throughout the period. It financed its operations from internal funding, bank borrowings and accumulated retained earnings. As at 30 June 2014, the Group had cash and cash equivalents amounting to HK$337 million (31 December 2013: HK$535 million). The Group's outstanding bank loans totalled HK$773 million (31 December 2013: HK$935 million). The decrease in bank loans was mainly due to the repayment of certain bank borrowings during the period. As at 30 June 2014, the Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at approximately 27% (31 December 2013: 30%). As at 30 June 2014, the Group has HK$47 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. The Group believes that its current cash holding and available banking facilities will be sufficient to fund its working capital requirement and its financial position remains sound for continuous expansion.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. Due to the volatility of the currency markets, management decided to maintain a higher level of deposits in Renminbi, thus lowering the exposure to 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 2014 (31 December 2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group employed 1,536 (31 December 2013: 1,426) permanent employees. The Group remunerates its employees mainly by reference to industry practice. In addition to salaries, commissions and discretionary bonuses, incentive share options may be granted to certain employees subject to individual performance. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at 30 June 2014, there were no forfeited contributions arising from employees leaving the retirement benefit scheme.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 30 June 2014.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (30 June 2013: Nil).

COMPLIANCE WITH 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 six months ended 30 June 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 (the "AGM") owing to another important engagement.

Code provision E.1.2 requires the chairman of the Board to attend the AGM. Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2014, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 to 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 six months ended 30 June 2014.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information of the Group for the six months ended 30 June 2014 required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. An interim report for the six months ended 30 June 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and made available on the same websites in due course.

APPRECIATION

The Board would like to take this opportunity to thank 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, 28 August 2014

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