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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 2023

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

	2023	2022	**Changes - Increase/(decrease)**	
	HK$ million	*HK$ million*	***HK$ million***	**%**
The Group				
Revenue	**800**	696	**104**	**15%**
Gross profit	**518**	449	**69**	**15%**
Loss before taxation	**(83)**	(47)	**36**	**77%**
Loss attributable to equity holders	**(90)**	(46)	**44**	**96%**
Loss per share	**(3.23) cents**	(1.65) cents		

- Revenue increased by 15% from HK$696.0 million in 2022 to HK$799.8 million in 2023, resulting from the recovery of cinemas operations in Hong Kong and Singapore along with the relaxation in social distancing measures during the year.

- Gross profit increased by 15% from HK$449.1 million to HK$518.3 million along with the 15% increase in revenue and the gross profit margin remained stable at 65%.

- Loss attributable to equity holders increased from HK$46.1 million in 2022 to HK$90.4 million in 2023. The increase in loss was mainly due to (i) a non-recurring net gain of HK$56 million during the year ended 31 December 2022 on disposal of the Group's Hong Kong office property and no such gain has been recorded for the year ended 31 December 2023; (ii) impairment losses of HK$18.1 million (2022: HK$1.1 million) on non-financial assets for the year ended 31 December 2023, offset by (iii) the reduction in exchange losses of HK$34.1 million for the year ended 31 December 2023.

- Gearing ratio, calculated on the basis of bank borrowings over total assets, has improved to 12.8% (31 December 2022: 14.4%).

* *For identification purposes only*

RESULTS

The Board (the "Board") of directors (the "Directors" and each "Director") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2023 together with the comparative figures. The consolidated results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

	Note	**2023** *HK$'000*	2022 *HK$'000*
Revenue	*4*	**799,757**	695,997
Cost of sales		**(281,443)**	(246,927)
Gross profit		**518,314**	449,070
Other revenue		**47,379**	35,784
Other net (loss)/income		**(9,702)**	12,327
Selling and distribution costs		**(517,830)**	(407,001)
General and administrative expenses		**(65,626)**	(69,708)
Other operating expenses		**(18,095)**	(1,852)
(Loss)/profit from operations		**(45,560)**	18,620
Finance costs	*6(a)*	**(39,363)**	(42,520)
Share of profit/(loss) of a joint venture		**2,315**	(22,785)
Loss before taxation	*6*	**(82,608)**	(46,685)
Income tax (expense)/credit	*7*	**(7,793)**	537
Loss for the year		**(90,401)**	(46,148)
Attributable to:			
Equity holders of the Company		**(90,398)**	(46,146)
Non-controlling interests		**(3)**	(2)
Loss for the year		**(90,401)**	(46,148)
Loss per share (HK cent)	*8*		
Basic and diluted		**(3.23)**	(1.65)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(90,401)**	(46,148)
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— subsidiaries outside Hong Kong	**34,103**	25,034
— a joint venture outside Hong Kong	**112**	(5,877)
	34,215	19,157
Total comprehensive income for the year	**(56,186)**	(26,991)
Total comprehensive income attributable to:		
Equity holders of the Company	**(56,206)**	(27,102)
Non-controlling interests	**20**	111
Total comprehensive income for the year	**(56,186)**	(26,991)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Non-current assets			
Other property, plant and equipment		**440,525**	392,187
Right-of-use assets		**1,438,157**	1,457,853
		1,878,682	1,850,040
Interest in a joint venture		**20,063**	46,564
Intangible assets		**627,205**	523,214
Goodwill		**589,848**	576,917
Other receivables, deposits and prepayments		**41,478**	35,967
		3,157,276	3,032,702
Current assets			
Inventories		**6,744**	4,136
Film rights		**15,400**	95,939
Trade receivables	*9*	**18,562**	18,624
Other receivables, deposits and prepayments		**69,006**	89,042
Pledged bank deposits		**35,507**	7,912
Deposits and cash		**124,773**	283,553
		269,992	499,206
Current liabilities			
Bank loans		**104,306**	508,589
Trade payables	*10*	**73,582**	73,745
Other payables and accrued charges		**166,278**	143,555
Deferred revenue		**81,352**	72,160
Lease liabilities		**123,578**	104,440
Taxation payable		**5,849**	2,160
		554,945	904,649
Net current liabilities		**(284,953)**	(405,443)

	Note	2023 HK$'000	2022 HK$'000
Total assets less current liabilities		**2,872,323**	2,627,259
Non-current liabilities			
Bank loans		**335,078**	–
Lease liabilities		**431,036**	433,766
Deferred revenue		**502,704**	535,323
Deferred tax liabilities		**142,199**	140,678
		1,411,017	1,109,767
NET ASSETS		**1,461,306**	1,517,492
CAPITAL AND RESERVES			
Share capital		**279,967**	279,967
Reserves		**1,182,585**	1,238,791
Total equity attributable to equity holders of the Company		**1,462,552**	1,518,758
Non-controlling interests		**(1,246)**	(1,266)
TOTAL EQUITY		**1,461,306**	1,517,492

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE

The financial results set out in the announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2023 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") and the disclosure requirements of the Hong Kong Companies 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"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

2 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2023 comprise the Group and the Group's interest in a joint venture.

During the year ended 31 December 2023, the Group incurred a loss of HK$90,401,000. As at 31 December 2023, the Group had net current liabilities of HK$284,953,000, including HK$104,306,000 of bank loans repayable within 12 months from the reporting period. The Group had cash and cash equivalents and pledged bank deposits totalling HK$160,280,000 as at 31 December 2023, which may not be sufficient to finance its future working capital, capital expenditure and financing requirements in full unless the Group is able to generate sufficient net cash inflows from its operations and/or other sources.

These facts and circumstances indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have been taking various actions to improve the Group's operating cash flows, which include:

— implementing various strategies to improve the Group's exhibition, distribution and production income to generate additional operating cash inflows;

— dispose of the Group's properties.

Based on the directors' intentions and the cash flow forecast, assuming the success of the above measures, the directors are of the opinion that the Group is able to meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the Group's financial statements for the year ended 31 December 2023 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in theses financial statements.

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

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

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

3 CHANGES IN ACCOUNTING POLICIES

(i) New and amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

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

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS 12.

(ii) New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism").

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has changed its accounting policy in connection with its LSP liability and has applied the above HKICPA guidance retrospectively. This change in accounting policy did not have any material impact on the Group's consolidated financial statements.

4 REVENUE

Revenue, which are from contracts within the scope of HKFRS 15, represents income from the sale of film, video and television rights, film and television drama distribution, theatre and stage operations, promotion and advertising services and agency services.

The Group's customer base is diversified and there is no customer with whom transactions have exceeded 10% of the Group's revenue.

5 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

— Singapore

— Taiwan

The results of the Group's revenue from external customers for entities located in Hong Kong, Mainland China, Singapore and Taiwan 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, theatre and stage operation and the provision of advertising services. 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 reportable 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 results is adjusted operating result after taxation where net finance costs, exchange differences and extraordinary items are excluded, and the effect of HKFRS 16, *Leases* is adjusted as if the rentals had been recognised under HKAS 17, *Leases*. To arrive at adjusted operating result after taxation, the Group's result 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 result after taxation, management is provided with segment information concerning revenue.

Management evaluates performance primarily based on operating result including the share of result of a joint venture. 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		Singapore		Taiwan		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue										
— Exhibition	**176,285**	171,946	**–**	–	**614,978**	539,300	**397,490**	325,892	**1,188,753**	1,037,138
— Distribution and production	**9,426**	12,949	**5,236**	191	**22,020**	21,375	**2,452**	1,836	**39,134**	36,351
— 360 Stage	**–**	–	**7,227**	–	**–**	–	**–**	–	**7,227**	–
— Corporate	**1,019**	2,017	**–**	35	**–**	–	**–**	–	**1,019**	2,052
Reportable segment revenue	**186,730**	186,912	**12,463**	226	**636,998**	560,675	**399,942**	327,728	**1,236,133**	1,075,541
Reportable segment profit/(loss) after taxation	**(24,088)**	(12,155)	**(37,149)**	(6,150)	**48,948**	31,221	**15,658**	(13,152)	**3,369**	(236)
Reconciliation — Revenue										
Reportable segment revenue									**1,236,133**	1,075,541
Share of revenue from a joint venture in Taiwan									**(399,942)**	(327,728)
Elimination of intra-segmental revenue									**(15,568)**	(16,247)
Others									**(20,866)**	(35,569)
Consolidated revenue									**799,757**	695,997
Reconciliation — Loss before taxation										
Reportable profit/(loss) after taxation from external customers									**3,369**	(236)
Unallocated operating expenses, net									**(93,767)**	(45,910)
Non-controlling interests									**(3)**	(2)
Income tax expenses/(credit)									**7,793**	(537)
Consolidated loss before tax									**(82,608)**	(46,685)

6 LOSS BEFORE TAXATION

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

	2023	2022
	HK$'000	*HK$'000*
(a) Finance costs		
Interest on bank loans	**29,778**	20,511
Interest on lease liabilities	**19,427**	23,294
Other ancillary borrowing costs	**3,795**	4,849
Total finance costs on financial liabilities not at fair value through profit or loss	**53,000**	48,654
Less: finance cost capitalised into construction in progress*	**(13,637)**	(6,134)
	39,363	42,520

* *The finance costs have been capitalised at rates ranging from 4.77% to 7.52% (2022: 1.81% to 6.13%) per annum for the year ended 31 December 2023.*

(b) Staff costs (excluding directors' emoluments)

	2023	2022
	HK$'000	*HK$'000*
Salaries, wages and other benefits *(note (i))*	**121,975**	98,849
Contributions to defined contribution retirement plans	**10,072**	9,167
	132,047	108,016

(c) Other items

	2023	2022
Cost of inventories	**38,740**	33,571
Cost of services provided	**234,129**	212,351
Depreciation charge		
— owned property, plant and equipment	**48,241**	42,158
— right-of-use assets	**133,336**	113,692
Amortisation of intangible assets		
— development cost of 360 Stage *(note (ii))*	**6,945**	–
— customer relationships	**–**	741
Amortisation of film rights *(note (ii))*	**1,629**	1,005
Auditors' remuneration	**3,393**	3,300
Loss on disposals of property, plant and equipment	**256**	137
Impairment losses on non-financial assets		
— cinema-related assets	**10,281**	–
— film rights	**7,814**	1,111
Exchange loss, net	**9,446**	43,549
Interest income from bank deposits	**(1,523)**	(3,090)
Gain on disposal of non-current asset held for sale *(note (iii))*	**–**	(56,013)

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

(ii) The amortisation of film rights and development cost of 360 Stage for the year are included in "Cost of sales" in the consolidated income statement.

(iii) On 7 December 2021, the Group entered into the sale and purchase agreement with an independent third party to dispose of its Hong Kong office property (the "Property") for total consideration of HK$225,000,000, with completion scheduled on or before 29 April 2022. Accordingly, the Property has been reclassified as a non-current asset held for sale as at 31 December 2021. The transaction was completed on 29 April 2022 and a gain on disposal of HK$56,013,000 was recognised for the year ended 31 December 2022.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

Taxation in the consolidated income statement represents:

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
Provision for Hong Kong tax	**99**	160
Provision for overseas tax	**9,372**	2,107
Over provision in respect of prior years	**(50)**	(86)
	9,421	2,181
Deferred tax — overseas		
Reversal of temporary differences	**(1,628)**	(2,718)
Actual tax expenses/(credit)	**7,793**	(537)

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for the year.

No provision for Mainland China Corporate Income Tax has been made in the consolidated financial statements as the Group sustained a loss for calculation of Mainland China Corporate Income Tax for both years.

The provision for Singapore Corporate Income Tax of the subsidiaries established in Singapore is calculated at 17% (2022: 17%) of the estimated taxable profits for the year.

Taxation for oversea subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

8 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$90,398,000 (2022: HK$46,146,000) and the weighted average number of ordinary shares of 2,799,669,050 (2022: 2,799,669,050 shares) in issue during the year, calculated as follows:

	2023 Number of shares	2022 Number of shares
Issued ordinary share and weighted average number of ordinary shares as at 31 December	**2,799,669,050**	2,799,669,050

(b) Diluted loss per share

The Company does not have any dilutive potential ordinary shares at 31 December 2023 and 2022. Diluted loss per share for the years ended 31 December 2023 and 2022 is the same as the basic loss per share.

9 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 loss allowance, is as follows:

	2023 *HK$'000*	2022 *HK$'000*
Within 1 month	**13,718**	14,737
Over 1 month but within 2 months	**2,364**	1,640
Over 2 months but within 3 months	**761**	733
Over 3 months	**1,719**	1,514
	18,562	18,624

10 TRADE PAYABLES

The ageing analysis of trade payables, based on the invoice date, as of the end of the reporting period is as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 3 months	**55,509**	54,828
4 to 6 months	**230**	4,915
7 to 12 months	**7,214**	2,139
Over 1 year	**10,629**	11,863
	73,582	73,745

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Founded in 1970, Orange Sky Golden Harvest Group has been a world-class Chinese language film and entertainment company primarily engaged in film exhibition, film and TV programme production, and film distribution businesses.

The Group has played a vital role in the development of the Chinese language film industry. Since its inception, the Group has produced and financed over 600 movies and is currently a cinema chain that operates across Hong Kong, Singapore and Taiwan. To date, the Group owns a movie library of over 140 movies.

With the pandemic outbreak gradually subsiding in an increasingly stabilised international macro environment, the Group believes that the cinema industry worldwide is rebounding toward a brighter future. During the year, the Group's results continued to show a recovery with the revenue up by 15% to HK$799.8 million (2022: HK$696.0 million).

During the year, the Group has closed 1 cinema with 2 screens in Hong Kong, opened 2 cinemas with 10 screens in Singapore and opened 1 cinema with 14 screens in Taiwan. Over the course of 2024 and 2025, the Group expects to open 2 cinemas with 33 screens in Taiwan. At the same time, the Group will expand cinemas from a single-use movie-viewing theatre to become an integrated entertainment hub featuring other lifestyle offerings such as live music, e-sports, collectibles, and food and beverages.

The Group's first 360 stage in Suzhou was opened in the second half of 2023. The Group's 360 stages all feature an advanced rotating auditorium surrounded by projection panels capable of opening up to 180 degrees and panoramic stages, coupled with local Chinese stories recreated in live performance format will provide audiences with a stunning theatrical experience.

Film Exhibition

The Group's film exhibition business remained the key revenue driver, which accounted for 96% of the Group's total segment revenue for the year ended 31 December 2023.

As of 31 December 2023, the Group maintained its network of 43 cinemas and 356 screens across Hong Kong, Singapore, and Taiwan. During the year, the Group's Singapore Golden Village Cinemas and Taiwan Vie Show Cinemas remained as the undisputed market leader locally with 49% and 44% share in the local box office respectively.

Film exhibition segment revenue has increased by 15% to HK$1,188.8 million during 2023. The increase was primarily contributed by 20% increase in total admissions from 15.7 million in 2022 to 18.8 million in 2023 resulted from a continued recovery of cinema industry post-COVID in Hong Kong, Singapore and Taiwan. Average ticket price for the three regions has decreased from HK$69 to HK$68 during the year.

The major Hollywood blockbusters released during the year ended 31 December 2023 were *Ant-Man and the Wasp: Quantumania (蟻俠與黃蜂女: 量子狂熱)*, *John Wick: Chapter 4 (殺神John Wick 4)*, *The Super Mario Bros. Movie (超級瑪利歐兄弟大電影)*, *Guardians of the Galaxy Volume 3 (銀河守護隊3)*, *Spider-Man: Across The Spider-Verse (蜘蛛俠: 飛躍蜘蛛宇宙)*, *Transformers: Rise of the Beasts (變形金剛: 狂獸崛起)*, *The Flash (閃電俠)*, *Mission: Impossible — Dead Reckoning Part One (職業特工隊: 死亡清算上集)*, *Oppenheimer (奧本海默)*, *Barbie (Barbie芭比)*, *Wonka (旺卡) and Aquaman And The Lost Kingdom (水行俠與失落王國) . The major Chinese language blockbusters for the year were A Guilty Conscience (毒舌大狀)*, *In Broad Daylight (白日之下)* and *Time Still Turns the Pages (年少日記)* from Hong Kong, *The King of Musang King (貓山王中王)* from Singapore, *Marry My Dead Body (關於我和鬼變成家人的那件事)* and *Someday Or One Day (想見你)* from Taiwan.

Operating Statistics of the Group's Cinemas
(For the year ended 31 December 2023)

	Hong Kong	Singapore	Taiwan
Number of cinemas*	9	16	18
Number of screens*	35	122	196
Admissions *(million)*	2.1	5.0	11.8
Net average ticket price *(HK$)*	69	73	66

* at 31 December 2023

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong
(For the year ended 31 December 2023)

	2023	2022
Number of cinemas*	**9**	10
Number of screens*	**35**	37
Admissions *(million)*	**2.1**	1.7
Net average ticket price *(HK$)*	**69**	72
Box office receipts *(HK$ million)*	**143**	124

* at 31 December 2023

The Group has closed 1 cinema with 2 screens during the year. Our Hong Kong operations branded under Golden Harvest Cinemas operated 9 cinemas and 35 screens as of 31 December 2023.

Amidst the gradual relaxation of social activities and recovery of cinema industry, Hong Kong business has witnessed a recovery, resulting in an improvement in admissions increased by 24% from 1.7 million in 2022 to 2.1 million in 2023. Successful local titles released during the year *A Guilty Conscience (毒舌大狀)* has helped boost cinemas admissions. Resulting from higher admissions, box office receipts increased by 16% from HK$123.5 million in 2022 to HK$143.1 million in 2023, making up for the lower average ticket price at HK$69 (2022: HK$72) where the decrease of average ticket price was to attract patrons to return to cinemas. Nevertheless, since Hong Kong operations continue to suffer from high rental and related premises costs, Hong Kong operations record a segmental loss of HK$24.1 million (2022: HK$12.2 million) during the year.

Singapore

Operating Statistics of the Group's Cinemas in Singapore
(For the year ended 31 December 2023)

	2023	2022
Number of cinemas*	**16**	14
Number of screens*	**122**	112
Admissions *(million)*	**5.0**	4.7
Net average ticket price *(S$)*	**12.4**	12.0
Net box office receipts *(S$ million)*	**61**	56

* at 31 December 2023

Singapore has been the main revenue contributor to the Group, attributing to 51% and 52% of the Group's total segment revenue in 2023 and 2022 respectively. The Group's Singapore operations branded under Golden Village Cinemas ("Golden Village") remained as the local market leader. During the year, the Group has opened 2 cinemas with 10 screens in Singapore. As of 31 December 2023, Golden Village operated a network of 16 cinemas and 122 screens, attributing to 46% of the total installed screens in the country, but represented 49% of the country's total box office during the year. The high market share by box office has shown that Golden Village is the cinema of choice in Singapore and the absolute market leader locally.

For the year ended 31 December 2023, Golden Village reported net box office receipts of S$61.4 million (2022: S$56.2 million), representing a 9% increase compared with 2022. The improvement arose primarily from the relaxation of social activities and the increase in the number of blockbusters releases during the year which resulted in 6% higher admissions amounting 5.0 million (2022: 4.7 million). Golden Village concessions income also increased by 7% from S$24.8 million in 2022 to S$26.6 million in 2023 along with the increase in admissions and net box office receipts. Singapore operations recorded a segmental profit of HK$48.9 million (2022: HK$31.2 million) for the year ended 31 December 2023.

Golden Village will expand cinemas from a single-use movie-viewing theatre to become an integrated entertainment hub featuring other lifestyle offerings such as live music, e-sports, collectibles, and food and beverages. It opened a new concept six-house cinema with an event space that features live music, art showcases and interactive screenings to provide customised unique experience to our patrons through collaboration with a local boutique cinema circuit. Furthermore, Golden Village is gradually expanding its Gold Class premium cinemas and dining options in response to the increasing demand for space and privacy, such expansion is to cater to consumers' evolving preferences after the pandemic.

To mitigate the risk of any further delay in Hollywood blockbuster release, Golden Village is committed to introduce more alternative contents, live streaming, and special movie screenings. Golden Village also offered movie vouchers and gift cards, unique merchandise items, promotions in partnership with landlords, and launched e-commerce websites to add in more variety of our revenues. There had also been an improvement in net average ticket price by 3% to S$12.4 in 2023 from S$12.0 in 2022. In the meantime, Golden Village continued to source quality independent movies for distributions in Singapore to position the chain for exclusive screenings.

Golden Village is a household name in Singapore with a considerable larger scale of operations compared with local competitors. We remain confident in Golden Village business prospects, and will continue to expand Golden Village market leadership in Singapore going forward.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan
(For the year ended 31 December 2023)

	2023	2022
Number of cinemas*	**18**	17
Number of screens*	**196**	182
Admissions *(million)*	**11.8**	9.3
Net average ticket price *(NTD)*	**264**	266
Net box office receipts *(NTD billion)*	**3.1**	2.5

* at 31 December 2023

The Group's 35.71% owned Vie Show Cinemas is the largest cinema chain in Taiwan operating a total of 18 cinemas, comprising of 196 screens as of 31 December 2023. Vie Show has opened 1 cinema with 14 screens in Taiwan during the year. Vie Show remained as the market leader with 44% share of Taiwan total box office during 2023.

Vie Show's 2023 net box office amounted to NTD3.1 billion, representing an increase of 27.2% from NTD2.5 billion recorded last year. The improvement is mainly due to higher admissions of 11.8 million (2022: 9.3 million)

Vie Show understood the importance of securing quality contents for its cinemas during COVID, in which its business was impacted primarily by the delay of Hollywood blockbusters. To fully leverage on the market leadership in cinema operations locally, Vie Show has incorporated a new film production and film distribution associate Bole Film Co., Ltd (伯樂影業股份有限公司) with the Taiwan Ministry of Culture and other leading cinema chains in 2021 and started production and distribution in 2022.

The Group remained committed in Vie Show and will continue to develop Vie Show into a leading comprehensive entertainment operator in Taiwan. In particular, Vie Show is expected to open 2 new cinemas with 33 screens in 2024 to 2025, which will further increase Vie Show market shares locally in Taiwan.

Film & TV Programme Distribution and Production

The Group's film library carried perpetual distribution rights for over 140 self-owned titles, which contributed steady licensing income to the Group. One of the Group's key initiatives is to work with external studios for redevelopment of the Group's existing classical Chinese movies intellectual property into online movies, and film derivative arts.

Riding on the Group's leading position and long tradition in film distribution and production, the Group is one of the largest independent film distributors in Hong Kong, Singapore, and Taiwan. On an aggregated basis the Group's film distribution and production business recorded revenue of HK$39.1 million in 2023 (2022: HK$36.4 million). representing an increase of 7% compared to same period last year. Key titles distributed by the Group included *Marry My Dead Body (關於我和鬼變成家人的那件事)* in Hong Kong, Taiwan and Singapore and *Where The Wind Blows (風再起時)* in Hong Kong. The famous releases outside Hong Kong was *U Motherbaker (我的婆婆怎麼把OO搞丟了)* in Taiwan and *John Wick 4 (殺神 John Wick 4)* in Singapore.

For the production sector, the Group continued to remain prudent in investment decisions in film productions but is keen to work with external studios for redevelopment of the Group's classical Chinese film library into online moves and other film derivative arts. The Group remained active in seeking opportunities to work with local and overseas studios to produce movies and TV programmes of high quality.

FINANCIAL REVIEW

Profit and Loss

Benefiting from the recovery of the operations during the year, the Group's consolidated revenue increased by 15% to HK$799.8 million (2022: HK$696.0 million) along with 20% higher total admission in the year. Along with the rise in revenue and steady margin, gross profit for the year amounted to HK$518.3 million, compared with HK$449.1 million in 2022, representing a 15% increase over the year.

Other revenue of HK$47.4 million represents primarily subsidies from governments of HK$26.5 million. Interest income during the year reduced to HK$1.5 million from HK$3.1 million in 2022 since the Group has partly repaid its bank loans during the year amidst rising interest rate since 2022.

The Group's finance costs consisted of interest expense on bank loans and interest on lease liabilities. Interest expense on bank loans amounted to HK$29.8 million, compared with HK$20.5 million in last year, the increase is mainly due to the higher interest rate.

The Group's joint venture in Taiwan recorded a net profit during the year, in which the Group's share of profit amounted to HK$2.3 million (2022: share of loss of HK$22.8 million).

Depreciation expense for the year amounted to HK$181.6 million (2022: HK$155.9 million). The Group has made impairment losses on non-financial assets of HK$18.1 million (2022: HK$1.1 million) for the year ended 31 December 2023.

As a result, loss attributable to equity holders was HK$90.4 million, compared with a loss of HK$46.1 million in the last year.

FINANCIAL RESOURCES AND LIQUIDITY

The Group's financial position remained healthy with net assets of HK$1,461.3 million as of 31 December 2023.

As of 31 December 2023, the Group has total cash and bank balances amounted to HK$160.3 million (2022: HK$291.5 million), within which pledged bank balances amounted to HK$35.5 million (2022: HK$7.9 million). The reduction in cash on hand arouse from the repayment of bank borrowings by HK$77.5 million during the year. From a net debt angle, (total bank borrowing less total cash and bank balances), the Group's net debt has increased from HK$217.1 million as of 31 December 2022 to HK$279.1 million as of 31 December 2023.

The Group's gearing ratio, calculated on the basis of bank borrowings over total assets stood at a healthy level of 12.8% (31 December 2022: 14.4%). Net gearing ratio calculated on the basis of net borrowings over total assets stood at a healthy level of 8.1% (31 December 2022: 6.1%) and our cash to bank borrowings ratio at 36.5% (31 December 2022: 57.3%). The Group at this moment has reasonable financial leverage. Meanwhile, the Group believes that its current cash holding along with its disposal plan of properties in Singapore and available financial facilities shall provide sufficient resources for its working capital requirements.

The Group's assets and liabilities are principally denominated in United States dollars, Hong Kong dollars, Renminbi and Singapore dollars, except for certain assets and liabilities associated with the investments in Taiwan. The Group's bank borrowings are denominated in Hong Kong dollars, Renminbi and Singapore dollars in line with the Group's main operating currencies. Each of the Group's overseas operations were operating in their local currencies and are subject to minimal exchange risk. The Group 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 2023 (31 December 2022: Nil).

OUTLOOK

COVID-19 has been an unprecedented challenge to the worldwide economy since 2020, and particularly the film and cinema industry has been one of the worst hit segments. With interest rates hikes in 2023 and the impact of The Russia-Ukraine war and Israeli-Palestinian conflict, these have affected market sentiment and consumer spending. The Group will therefore take a conservative approach on its future expansion plan albeit the increased revenue during the year indicating a recovery trend of the business.

In Hong Kong, the Group will be prudent on investing new cinema site given the interest rate hikes, sustained inflation and global conflict are still creating uncertainties to the economy, making consumers cautious with their spending. For its distribution business, the Group will look for investment opportunities in quality film distribution projects in the territory with a conservative approach. In order to increase revenue, the Group will gradually increase frequency of live Japanese and Korean mini-concerts live broadcasting to maximise average ticket price.

In Singapore, the Group will continue to look for other expansion opportunities only when the return is attractive whilst balancing the investment risk. The Group will gradually convert its existing cinemas into integrated lifestyle hubs and introduce creative product offerings such as toys merchandise to its customers.

In Taiwan, Vie Show will continue its signed projects and expand its cinema network accordingly. Vie Show expects to open 2 new cinemas with 33 screens from 2024 to 2025 and expects these new cinemas will further increase its market leadership across Taiwan. Supplemented by diversification into film productions and distributions, as well as shopping mall operations, and food and beverage businesses, Vie Show performance is expected continue to be satisfactory.

In Mainland China, the Group has signed cooperation agreements with local PRC governments in Suzhou and Xian to operate 4 stages and bring in unique live performances that marries advanced stage technology from Europe, local Chinese stories, created by renowned talents from all over the world, dedicated to providing a stunning theatrical experience to local audience. The first stage has opened in Suzhou during second half of 2023 and the Group expects the next stage will open from 2024 onwards.

The Group believes that cinemas is a unique form of immersive experience and that development of cinemas into integrated lifestyle hubs featuring blockbuster movies, pop culture merchandise, food and beverage, and live events to improve the immersive experience will further enhance cinemas competitiveness in the future.

Looking ahead, the Group will continue to seek investment opportunities in the regional media, entertainment, technology and lifestyle sectors that are creating synergies to the Group's existing businesses and add values to the shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed 441 (2022: 374) 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 31 December 2023, 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 2023 (31 December 2022: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the year ended 31 December 2023. 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").

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 2023.

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 year ended 31 December 2023, the Company has complied with the code provisions of CG Code, with the exception of code provision F.2.2.

Code provision F.2.2 requires the chairman of the Board to attend the annual general meeting of the Company held on 28 June 2023 (the "AGM"). Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. Ms. Chow Sau Fong, Fiona, 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 year ended 31 December 2023.

SCOPE OF WORK OF KPMG

The financial figures in respect of Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

EXTRACT OF DRAFT INDEPENDENT AUDITOR'S REPORT

As disclosed in Note 2 to the consolidated financial statements reported in this announcement, during the year ended 31 December 2023, the Group recorded a loss for the year of HK$90,401,000. As at 31 December 2023, the Group had net current liabilities of HK$284,953,000, including HK$104,306,000 of bank loans repayable within 12 months from the reporting period. The Group had cash and cash equivalents and pledged deposits totalling HK$160,280,000 as at 31 December 2023, which may not be sufficient to finance its future working capital, capital expenditure and financing requirements in full unless it is able to generate sufficient net cash inflows from future operations and/or other sources. This indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The Company's auditor has indicated to the Company that, if the conditions at that time continue to indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, then it expects to draw attention to this matter in the auditor's report in the form set out below:

"Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2(b) to the consolidated financial statements which describes that the Group incurred a loss of HK$90,401,000 for the year ended 31 December 2023 and as at that date, had net current liabilities of HK$284,953,000, including current bank loans amounting to HK$104,306,000. The Group had cash and cash equivalents and pledged deposits totalling HK$160,280,000 as at 31 December 2023, which may not be sufficient to finance its future working capital, capital expenditure and financing requirements in full unless it is able to generate sufficient net cash inflows from future operations and/or other sources. As stated in note 2(b), these facts and circumstances, along with other matters set forth in note 2(b), indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

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 2023 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
Cheung Hei Ming
Company Secretary

Hong Kong, 27 March 2024

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

Chairman and Executive Director:
Mr. Wu Kebo

Executive Directors:
Mr. Li Pei Sen
Ms. Chow Sau Fong, Fiona
Ms. Go Misaki
Mr. Peng Bolun

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