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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 2015**

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

	2015	2014	Changes	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>%</i>
The Group				
Revenue	1,277	1,083	194	18%
Gross profit	729	641	88	14%
(Loss)/profit before taxation	(186)	23	-209	>100%
(Loss)/profit attributable to equity holders	(180)	13	-193	>100%
Basic (loss)/earnings per share	(6.58) cents	0.47 cents		

- Revenue increased by 18% to HK\$1,277 million
- Gross profit grew from HK\$641 million to HK\$729 million
- Loss before taxation was HK\$186 million
- Cinema admissions we served on a full and aggregated basis were close to 51 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Gearing ratio increased to 29% from 26%.

* 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 2015 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 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	3	1,277,132	1,082,791
Cost of sales		<u>(548,204)</u>	<u>(441,837)</u>
Gross profit		728,928	640,954
Other revenue		54,518	75,903
Other net loss		(41,964)	(4,043)
Selling and distribution costs		(775,424)	(619,284)
General and administrative expenses		(160,024)	(104,019)
Other operating expenses		(52,415)	(167)
Valuation (losses)/gains on investment properties		(5,141)	2,700
Loss from operations		(251,522)	(7,956)
Finance costs	5(a)	(39,635)	(44,717)
Share of profits of joint ventures		103,398	74,374
Share of profits of associates		1,580	1,427
(Loss)/profit before taxation	5	(186,179)	23,128
Income tax	6	4,961	(9,467)
(Loss)/profit for the year		<u>(181,218)</u>	<u>13,661</u>
Attributable to:			
Equity holders of the Company		(180,471)	12,731
Non-controlling interests		(747)	930
(Loss)/profit for the year		<u>(181,218)</u>	<u>13,661</u>
(Loss)/earnings per share	7		
Basic		<u>(6.58) cents</u>	<u>0.47 cents</u>
Diluted		<u>(6.58) cents</u>	<u>0.47 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
(Loss)/profit for the year	(181,218)	13,661
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	(31,999)	(9,040)
— overseas joint ventures	(6,275)	(17,533)
— overseas associates	(706)	(176)
	(38,980)	(26,749)
Total comprehensive income for the year	(220,198)	(13,088)
Total comprehensive income attributable to:		
Equity holders of the Company	(218,686)	(13,874)
Non-controlling interests	(1,512)	786
Total comprehensive income for the year	(220,198)	(13,088)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Non-current assets			
Investment properties		139,159	150,488
Other property, plant and equipment		1,255,487	1,251,925
Leasehold land		124,882	126,015
		1,519,528	1,528,428
Interests in joint ventures		263,290	243,271
Interests in associates		11,269	12,415
Other receivables, deposits and prepayments		96,652	94,928
Available-for-sale investment		6,372	–
Club memberships		2,490	2,490
Trademarks		80,524	80,524
Goodwill		75,203	73,658
Deferred tax assets		44,001	31,782
Pledged bank deposits		33,570	21,880
		2,132,899	2,089,376
Current assets			
Inventories		6,596	6,513
Film rights		50,195	74,289
Trade receivables	8	125,496	92,027
Other receivables, deposits and prepayments		287,037	237,211
Pledged bank deposits		67,850	25,000
Deposits and cash		195,120	406,488
		732,294	841,528
Current liabilities			
Bank loans		432,901	250,268
Trade payables	9	89,535	88,794
Other payables and accrued charges		192,511	113,798
Deferred revenue		147,197	169,198
Obligations under finance leases		15,702	14,552
Taxation payable		7,404	12,755
		885,250	649,365
Net current (liabilities)/assets		(152,956)	192,163

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Total assets less current liabilities		1,979,943	2,281,539
Non-current liabilities			
Bank loans		336,977	473,991
Obligations under finance leases		37,332	16,183
Deferred tax liabilities		12,419	10,718
		386,728	500,892
NET ASSETS		1,593,215	1,780,647
CAPITAL AND RESERVES			
Share capital		274,252	274,252
Reserves		1,305,585	1,494,948
Total equity attributable to equity holders of the Company		1,579,837	1,769,200
Non-controlling interests		13,378	11,447
TOTAL EQUITY		1,593,215	1,780,647

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 2015, 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. 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. Of these, the following developments are relevant to the Group's financial statements:

- Annual Improvements to HKFRSs 2010–2012 Cycle
- Annual Improvements to HKFRSs 2011–2013 Cycle

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:

Annual Improvements to HKFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

3 REVENUE

Revenue represents income from the sale of film, video and television rights, film and TV drama distribution, theatre operation, promotion and advertising services, agency and consultancy services 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 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 profit is adjusted operating profit after taxation where net finance costs, exchange differences and extraordinary items are excluded. To arrive at adjusted operating profit after taxation, the Group's profit is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and head office or corporate administration costs.

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

Management evaluates performance primarily based on the 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	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	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	257,274	214,893	1,020,710	859,104	496,601	447,028	389,311	397,550	2,163,896	1,918,575
— Distribution and production	28,973	47,917	14,915	11,864	5,771	16,305	7,762	10,739	57,421	86,825
— Corporate	1,211	4,566	4,351	—	—	—	—	—	5,562	4,566
Reportable segment revenue	287,458	267,376	1,039,976	870,968	502,372	463,333	397,073	408,289	2,226,879	2,009,966
Reportable segment profit/(loss)	30,280	21,829	(120,905)	(15,698)	38,222	20,743	61,212	52,356	8,809	79,230
Reconciliation — Revenue										
Reportable segment revenue									2,226,879	2,009,966
Share of revenue from joint ventures in Taiwan and Singapore									(899,445)	(871,622)
Elimination of intra-segment revenue									(1,862)	(4,012)
Others									(48,440)	(51,541)
Consolidated revenue									<u>1,277,132</u>	<u>1,082,791</u>
Reconciliation — (Loss)/profit before taxation										
Reportable profit from external customers									8,809	79,230
Unallocated operating expenses, net									(189,280)	(66,499)
Non-controlling interests									(747)	930
Income tax									(4,961)	9,467
Consolidated (loss)/profit before taxation									<u>(186,179)</u>	<u>23,128</u>

5 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Interest on bank loans	36,275	45,523
Finance charges on obligations under finance leases	3,305	2,772
Other ancillary borrowing costs	2,555	4,922
	<u> </u>	<u> </u>
Total finance costs on financial liabilities not at fair value through profit or loss	42,135	53,217
Less: finance costs capitalised into leasehold improvements*	(2,500)	(8,500)
	<u> </u>	<u> </u>
	<u>39,635</u>	<u>44,717</u>

* The finance costs have been capitalised at rates ranging from 5.39% to 6.13% per annum (2014: 3.44% to 8.19% per annum).

(b) Staff costs (excluding directors' emoluments)

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Salaries, wages and other benefits (<i>note (i)</i>)	211,623	179,513
Contributions to defined contribution retirement plans	1,394	1,315
Equity-settled share-based payment expenses	17,375	–
	<u> </u>	<u> </u>
	<u>230,392</u>	<u>180,828</u>

(c) Other items

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Cost of inventories	34,001	33,929
Cost of services provided	472,276	390,290
Depreciation of property, plant and equipment	159,696	136,964
Amortisation of film rights (<i>note (ii)</i>)	41,927	17,618
Impairment of property, plant and equipment	14,122	–
Impairment of goodwill	16,425	–
Impairment of film rights	5,119	–
Write-off of trade receivables	13,782	–
Auditors' remuneration	3,811	3,011
Operating lease charges in respect of land and buildings		
— minimum lease payments	183,664	152,053
— contingent rentals	44,107	22,439
Rental income less direct outgoings	(14,604)	(14,045)
	<u> </u>	<u> </u>

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:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
The Group		
<i>Current income tax</i>		
Provision for Hong Kong tax	1,724	915
Provision for overseas tax	7,579	12,375
(Over)/under provision in respect of prior years	<u>(1,191)</u>	<u>492</u>
	<u>8,112</u>	<u>13,782</u>
<i>Deferred tax — Overseas</i>		
Reversal of temporary differences	<u>(13,073)</u>	<u>(4,315)</u>
	<u>(4,961)</u>	<u>9,467</u>

Notes:

- (i) The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year.
- (ii) The provision for the People's Republic of China Corporate Income Tax of the subsidiaries established in Mainland China is calculated at 25% (2014: 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.
- (iv) During the year ended 31 December 2015, the Group paid HK\$3,860,000 (2014: HK\$4,616,000) for income taxes on distributed earnings from its joint venture in Taiwan.

During the year ended 31 December 2015, the Group provided HK\$5,561,000 (2014: HK\$2,996,000) for income taxes on accumulated earnings generated by its joint venture in Taiwan which will be distributed to the Group in the foreseeable future.

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to equity holders of the Company of HK\$180,471,000 (2014: profit of HK\$12,731,000) and the weighted average number of ordinary shares of 2,742,519,248 (2014: 2,698,145,823), in issue during the year, calculated as follows:

Weighted average number of ordinary shares (basic and diluted)

	2015	2014
Issued ordinary shares at 1 January	2,742,519,248	2,679,819,248
Effect of share options exercised	—	18,326,575
	<u>2,742,519,248</u>	<u>2,698,145,823</u>
Weighted average number of ordinary shares at 31 December	<u>2,742,519,248</u>	<u>2,698,145,823</u>

(b) Diluted (loss)/earnings per share

There were no diluted potential shares in existence during the years ended 31 December 2015 and 2014.

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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Within 1 month	94,247	68,900
1 to 2 months	1,835	2,909
2 to 3 months	2,352	1,530
Over 3 months	27,062	18,688
	<u>125,496</u>	<u>92,027</u>

At 31 December 2015, trade receivables of the Group included amounts totalling HK\$34,909,000 (2014: HK\$21,161,000) due from related companies and an amount of HK\$3,822,000 (2014: HK\$5,150,000) 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

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current to 3 months	71,034	57,884
Within 4 to 6 months	258	1,382
Within 7 to 12 months	5,239	7,265
Over 1 year	13,004	22,263
	<u>89,535</u>	<u>88,794</u>

At 31 December 2015, trade payables of the Group included the amounts totalling HK\$36,844,000 (2014: HK\$23,480,000) due to related companies which were unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Operation and Financial Review

As the production and operating costs of the movie industry were more challenging than before, during the year under review, the Group reported a net loss of HK\$180 million. The Group's revenue increased by 18% to HK\$1,277 million and the gross profit margin decreased 2% to 57% compared with the same period last year.

The revenue of the Group's cinemas slightly increased in different regions. The operations in Hong Kong recorded a steady growth in revenue in line with the market compared with the same period last year. As a result of the Renminbi depreciation during the year, the Group suffered from an exchange loss of HK\$41 million for the year. In addition, loss on an invested film of approximately HK\$14 million; a fair value loss relating to Mainland China's investment property of HK\$5 million and increased operating costs of newly opened cinemas for the year and other operating cost in Mainland China resulted in a net loss for the year.

As of 31 December 2015, the cash and cash equivalents of the Group amounted to HK\$187 million (2014: HK\$406 million). The Group's gearing ratio increased to 29% (2014: 26%). This was mainly due to bank borrowings increasing in the second half of the year.

Business Review

Film Exhibition

During the year, the Group opened 11 cinemas with 75 screens. As of 31 December 2015, the Group operated 97 cinemas with 716 screens in total across Mainland China, Hong Kong, Taiwan and Singapore. Our cinemas served close to 51 million guests compared with 42 million guests for the same period last year. Gross box office receipts on a full and aggregated basis, were registered at HK\$2,670 million, representing a growth of 13% from last year. The major Hollywood blockbusters released this year were *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元), *Jurassic World* (侏羅紀世界), *Fast & Furious 7* (狂野時速7), *Mission Impossible: Rogue Nation* (職業特工隊: 叛逆帝國), *Ant-Man* (蟻俠) and *The Martian* (火星任務). The major Chinese-language blockbusters were *Goodbye Mr Loser* (夏洛特煩惱) and *Monster Hunt* (捉妖記) in Mainland China, *Little Big Master* (五個小孩的校長) and *From Vegas To Macau II* (賭城風雲II) in Hong Kong, *Our Times* (我的少女時代) and *The wonderful wedding* (大囍臨門) in Taiwan and *Ah Boys To Men 3: Frogmen* (新兵正傳3: 蛙人傳) in Singapore.

Operating Statistics of the Group's Cinemas

(For the year ended 31 December 2015)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	67	6	13	11
Number of screens*	474	24	127	91
Admissions (<i>million</i>)	21.3	2.7	17.4	9.3
Net average ticket price (<i>HK\$</i>)	40	78	58	57

* as of 31 December 2015

The Group is committed to provide a high-class and high-quality visual and audio effect for our audiences. All screens in the Group's operating regions have been fully installed with digital equipment and are 3D compatible. The Group added one digital IMAX screen in Taiwan this year and ultra-high resolution SONY 4K Projection Systems are installed in most of our Mainland China multiplexes.

Meanwhile, all of our cinemas in Hong Kong are equipped with D-Box Motion Chairs and continue to own the exclusive right to operate D-Box Motion Chairs in the region. In Taiwan, the Group operates 7 digital IMAX screens, business-class theatres served by a dedicated catering team and new concessionary counters branded "CHEF JOHN" and "WOOD CASE" were launched this year to meet rapidly changing consumer expectations for the ancillary movie-watching experience. In Singapore, the Group has revamped the shopping mall in Tiong Bahru Plaza 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

	2015	2014
Number of cinemas*	67	59
Number of screens*	474	420
Admissions (<i>million</i>)	21.3	16.5
Net average ticket price (<i>RMB</i>)	33	32
Gross box office receipts (<i>RMB million</i>)#	752	581

* as of 31 December 2015

before deduction of government taxes and charges

In 2015, the market gross box office receipts of urban areas in Mainland China increased by 48% to RMB44 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 30% compared with the same period last year. During the year under review, the Group opened 3 new cinemas with 25 screens in the cities of Shenyang, Wuhan and Changsha and acquired 6 cinemas with 32 screens from local operators in the cities of Shenzhen, Shanghai, Changchun and Fushun. The Group's multiplexes in Mainland China served approximately 21 million patrons, representing 29% growth from the same period last year. A new concept store at Mission Hill, the first standalone IMAX building in southern China comprising 7 three dimensional theatres with 4K digital technology, commenced trial operation in December 2015 and successfully opened in January 2016. The concept store consists of a book store, food and beverage sections, creating a comprehensive and relaxing entertainment environment for our customers. The average ticket price slightly increased from RMB32 to RMB33 because more 3D films with higher ticket prices were released and because of our price adjusting policy launched in third quarter of the year.

A lot of popular films released during the year like *Monster Hunt (捉妖記)*, *Goodbye Mr. Loser (夏洛特煩惱)*, and *Fast & Furious 7 (狂野時速7)*, successfully attracted a lot of supporters. Local home made movies accounted for 62% of the national box office revenue this year. The Group still offers special discount promotions for our newly opened multiplexes to attract traffics and membership. To attract and retain our audiences, the Group will continue to offer discount promotions, membership privilege programs and activities as well as on-line and app ticket purchasing to drive the growth of the average ticket price and watching frequency of our customers and members and at the same time provide a better value for money experience and better service to our audiences.

The net loss of our exhibition business in Mainland China was HK\$96.8 million this year. In response to the price-sensitive consumers, the Group will review its ticket pricing strategy enhancement to optimise our profitability. We will increase our average ticket price at a stable pace next year and at the same time improve and strengthen our price adjusting system to react quickly to market responses. More importantly, the Group will improve the performance efficiency of existing mature cinemas by boosting box and non box office revenue as well as implementing cost controls. In order to diversify the Group's business, the Group will continue to identify investment opportunities in entertainment and other business sectors with potential to further diversify its business and broaden the income sources to maximise the return to its shareholders.

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	2015	2014
Number of cinemas*	6	6
Number of screens*	24	24
Admissions (<i>million</i>)	2.7	2.4
Net average ticket price (<i>HK\$</i>)	78	72
Gross box office receipts (<i>HK\$ million</i>)	212	174

* as of 31 December 2015

During the year under review, the Hong Kong market as a whole recorded box office receipts of HK\$1.98 billion, substantially up by 20% from HK\$1.65 billion for the same period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$212 million this year (31 December 2014: HK\$174 million), representing an increase of 21.8% over the same period last year, slightly better than the general growth in the market. GH Whampoa cinema was revamped in late 2015 with new stadium seating which offers better sightline and a higher level of comfortableness to audiences. The advance DTS:X sound system also provides an audio chilling experience. The GH Whampoa high concept design is also getting very good word of mouth comments from both customers and landlords. In 2016, we shall revamp our GH Citywalk to provide a more comfy and stylish environment. Also we shall continue our negotiation with potential landlords, hoping to secure 1 to 2 more cinema sites. In addition, concession-wise, we pumped up our product variety and pushed the sales of movie themed combo sets, successfully increasing our spending per person by over 11%. Our Coffee Corner "Why n.O.T", with professional baristas preparing handcrafted coffee is a new try out in the cinema industry and was very well received. In 2016, we shall expand "Why n.O.T" to more locations.

During the year, we showed 21 alternative contents including a live concert in our circuit, a big jump from 2014 by more than 50%. Among all these, the Live Broadcast of *Love Live Concert* sold out over 2000 tickets within 1 hour. We successfully cultivated a big group of alternative content fans, making our cinema a real entertainment hub. In 2016, we foresee more than 40 alternative contents will be shown.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	2015	2014
Number of cinemas*	13	11
Number of screens*	127	109
Admissions (<i>million</i>)	17.4	14.4
Net average ticket price (<i>NTD</i>)	240	245
Gross box office receipts (<i>NTD billion</i>)	4.2	3.5

* as of 31 December 2015

During the year, Taipei City's market box office receipts amounted to NTD4.21 billion (2014: NTD3.71 billion), representing an increase of 13% over the previous year. The Group's 35.71% owned Vie Show cinema circuit recorded total box office receipts of NTD4,177 million (2014: NTD3,526 million), representing an increase of 18.5% compared to last year. Vie Show continued to maintain its leading position with a market share of 33%. To date, Vie Show owns 13 cinemas and 127 screens in Taiwan. The newest cinema with 9 houses and 1,749 seats is expected to have its grand opening at the MITSUI OULET PARK in Linkou of Taipei in mid-2016. During the year, box office receipts recorded an increase partially due to the opening of 2 new cinema multiplexes in Tainan and Miaoli. A digital IMAX® screen was installed in the new theatre in Tainan Dream Mall to bring a new visual experience to the audience. Meanwhile, record-breaking 3D Hollywood blockbusters released in the first half of 2015 raised both box office income and average ticket prices. The Group's share of net profit

from Vie Show increased from HK\$20.7 million to HK\$38.2 million compared to the corresponding period last year. In addition, Vie Vision recorded considerable profit from distribution of *The Last Witch Hunter* (獵巫行動: 大滅絕) and *The Tag-Along* (紅衣小女孩) during the year.

In order to upgrade service quality and efficiency, the Group adopted a comprehensive business strategy. Vie Show Cinema not only developed cinemas, but also actively developed IMAX screens and created its own restaurant brand as well as entertainment center related industry. The non-box-office revenue for the year was NTD1,617 million (2014: NTD1,289 million), representing an increase of 25% over the previous year. The Group has established “Gold-class Multiplexes” to deliver high-quality and diversified products to our customers. This attracted middle-class audiences who spent an average of NTD350 to NTD400 per person. Meanwhile, the “UNICORN” popcorn brand received a popular response from customers and has expanded its business counters to 6 cinema circuits. Vie Show will continue to launch new brands such as “CHEF JOHN” potato bar and “WOOD CASE” slow-cook fruit juice and milkshake bar to fulfil the market’s demand. The Group will continue to invest in this segment and put significant effort into developing the non-box-office business and drive the growth of spending per person.

Singapore

Operating Statistics of the Group’s Cinemas in Singapore

	2015	2014
Number of cinemas*	11	11
Number of screens*	91	92
Admissions (million)	9.3	9.1
Net average ticket price (S\$)	10.1	9.9
Gross box office receipts (S\$ million)	94	90

* as of 31 December 2015

During the year, the Singapore market’s box office receipts amounted to S\$221 million (2014: S\$208 million), representing an increase of 6.5% over the previous year. The Group’s 50% owned Golden Village cinema circuit maintained its leading position with a market share of 43% by reported box office receipts of S\$94 million (2014: S\$90 million), representing an increase of 4% compared with the corresponding period last year. The increase in box office receipts was mainly due to the new cinema at the Suntec City Complex comprising 11 screens with Gold Class which opened last November. The performance of this new cinema was exceptional and able to achieve break-even during its first year of operation. Our operating cinemas continue to perform well despite renovations of Tiong Bahru sites during the year. In Singapore, GV will actively bid for potential cinema sites and expects to open 2 to 3 new cinemas in the next 2 years. Hollywood blockbusters are always popular in Singapore and bring stable profit contribution to the Group. Hollywood blockbusters released last year included *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元), *Jurassic World* (侏羅紀世界), *Fast & Furious 7* (狂野時速7), *Mission Impossible: Rogue Nation* (職業特工隊: 叛逆帝國), *Kingsman: the Secret Service* (金牌特務) and *Taken 3* (即刻救援3). During the Year, the Group’s share of net profit increased by 17% from HK\$52 million for the corresponding period last year to HK\$61 million.

Film & TV Programme Distribution and Production

During the Year, the Group's film distribution and production business recorded revenue of HK\$57 million (2014: HK\$87 million), representing a decrease of 34% compared to last year. The distribution revenue was mainly generated from *Little Big Master* (五個小孩的校長), *From Vegas to Macau II* (賭城風雲II), *Full Strike* (全力扣殺), and a number of local releases in Hong Kong. For the production sector, the Group will continue to invest independently and cooperatively with local and overseas studios to produce movies and TV programmes of high quality and carry out intellectual property redevelopment in the next few years. The Group's film library with perpetual distribution rights kept on bringing steady licensing income to the Group.

PROSPECTS

Looking forward to 2016, the Group will continue our cinema networks expansion strategy. Our high calibre team in different regions will keep analysing potential sites, acquisition targets and cooperation opportunities in the market. The Group is expected to operate 79 cinemas with 530 screens in various cities in Mainland China by the end of 2016 based on lease agreements signed as at 30 March 2016. The captioned numbers above may vary due to the actual handover dates, the progress of internal renovations, applications for relevant licenses and the entering into of new lease agreements. Furthermore, a new cinema with 9 screens is expected to open in June 2016 in Taipei. Vie Show targets to develop 10 to 15 new cinemas in the coming 5 years. With regards to the cinema networks in Hong Kong, the Group will maintain a steady growth pace. We will revamp GH Citywalk to provide a more comfy and stylish environment in 2016. At the same time, we will continue our negotiation with potential landlords, hoping to secure 1 to 2 more sites. Meanwhile, we will expand the well-received coffee corner, "Why n.O.T" to more locations in order to provide customers a cosy environment to tie in with movie watching. In Singapore, GV will actively bid for potential cinema sites and expects to open 2 to 3 new cinemas in the next 2 years. GV Tiong Bahru has been entertaining movie goers for the past 22 years and was renovated to bring GV Tiong Bahru up to speed with the latest developments in cinematic infrastructure with new levels of comfort. GV Tiong Bahru will re-open in 2016 with an 800-seat theatre, with the latest cinema designs, offering a wide variety of movies and alternative content. New technological capabilities such as Quick tix™, automated ticketing machine and auto-gates are key features, giving patrons an easy, fast and efficient cinematic experience like none other. Through organic growth as well as potential acquisitions, plus the improvement of efficiency of mature cinemas, the profitability of the Group is expected to improve.

In recent years, more outstanding young film directors emerge in the movie industry, bringing new elements to movie production, as such, the Group will continue to support these innovative and reputable films. In addition, we continue to endeavour to source a variety of entertainments from abroad to offer a diversified choice for consumers' demand in the next few years, thereby increasing our market share and increasing our foothold in the entertainment industry. In 2016, we foresee more than 40 alternative contents will be shown in Hong Kong.

The economic slowdown clouded the Group's operations but the Group maintains a robust financial condition with adequate liquidity and will diversify our funding sources through equity financing to back our substantial development in the future. The Group will remain responsive to the price-sensitive entertainment market with a stable price adjusting pace. Adhering to not only our passion for movie production and distribution, but also the delivery of differentiated experiences that resonate with consumers, we are committed to the provision of prime entertainment in our business regions and upgrade continuously both software and hardware to reinforce the Group's core competitiveness and to rebuild the Group's recognition as the industry leader across Asia.

FINANCIAL RESOURCES AND LIQUIDITY

As of 31 December 2015, the Group had cash and cash equivalents amounting to HK\$187 million (2014: HK\$406 million). The Group's outstanding bank loans totalled HK\$770 million (2014: HK\$724 million). The Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 29% (2014: 26%) and our cash to debt ratio at 36% (2014: 60%). As of 31 December 2015, the Group has HK\$101 million pledged cash balances to secure its banking facilities. In order to minimise potential risks for the Group's development and economic status, management will keep supervising gearing and will make relative adjustments if necessary. The Group at this moment has reasonable financial leverage. Meanwhile, the Group will take advantage of equity financing together with available bank loan facilities to aid the cinema projects, potential acquisitions in Mainland China and other business opportunities so as to act in concert with its expansion plan. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital requirements.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 31 December 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 1,566 (2014: 1,565) permanent employees. The Group remunerates its employees mainly by reference to industry practice. The Group also operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and as at 31 December 2015, there were no forfeited contributions 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 2015 (31 December 2014: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of its listed securities during the year ended 31 December 2015. Neither the Company nor any of its subsidiaries has repurchased or sold any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the 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 of 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 2015.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE CODE

The Board recognises the importance of good corporate governance to maintain the Group's competitiveness and 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 enhance corporate governance practices of the Group as whole.

For the year ended 31 December 2015, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1 and E.1.2.

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

According to code provision E.1.2, Mr. Wu Kebo, the Chairman of the Board, should have attended the annual general meeting of the Company held on 5 June 2015. However, Mr. Wu Kebo was unable to attend the abovementioned annual general meeting due to other business commitments. Mr. Li Pei Sen, who took the chair of the said annual general meeting and together with other members of the Board who attended the general meeting were of sufficient calibre and knowledge to answer 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 2015.

SCOPE OF WORK OF KPMG

The financial figures in this announcement have been compared by the Group's independent auditor, KPMG, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2015 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 KPMG on this announcement.

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 2015 will be dispatched to the shareholders and made available on the same websites in due course.

APPRECIATION

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

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

Hong Kong, 30 March 2016

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

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Mao Yimin

Mr. Li Pei Sen

Ms. Wu Keyan

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing