ORANGE SKY GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED
橙天嘉禾娛樂(集團)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

HIGHLIGHTS

	2013	2012	**Changes**	
	HK$ million	*HK$ million* (Restated)	***HK$ million***	%
The Group				
Turnover	**456**	366	**+90**	+25%
Gross profit	**268**	215	**+53**	+25%
Profit before taxation	**42**	38	**+4**	+11%
Profit attributable to equity holders	**50**	40	**+10**	+25%
Basic earnings per share	**1.87 cents**	1.50 cents		

- Turnover increased by 25% to HK$456 million
- Gross profit grew by HK$53 million to HK$268 million
- Profit before taxation increased to HK$42 million from HK$38 million
- Cinema admissions we served on a full and aggregated basis were close to 20 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Cash on hand was HK$584 million

* *For identification purposes only*

INTERIM 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 unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with the comparative figures for the preceding six months ended 30 June 2012. The comparative figures are restated upon adoption of Hong Kong Financial Reporting Standard 11, *Joint Arrangements*, which is effective for annual periods beginning on or after 1 January 2013. Details of the changes are set out in note 2. The consolidated results have been reviewed by the auditors and the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT — UNAUDITED

	Note	**Six months ended 30 June 2013** *HK$'000*	Six months ended 30 June 2012 *HK$'000* (Restated)
Turnover	*3*	**455,592**	365,876
Cost of sales		**(187,787)**	(150,410)
Gross profit		**267,805**	215,466
Other revenue		**19,062**	16,538
Other net income	*4(c)*	**12,604**	8,150
Selling and distribution costs		**(238,748)**	(199,535)
General and administrative expenses		**(50,103)**	(41,116)
Other operating expenses		**(1,319)**	(539)
Profit from operations		**9,301**	(1,036)
Finance costs	*4(a)*	**(22,323)**	(11,322)
Share of profits of joint ventures		**55,472**	50,527
Share of loss of an associate		**(928)**	–
Profit before taxation	*4*	**41,522**	38,169
Income tax	*5*	**9,311**	1,755
Profit for the period		**50,833**	39,924
Attributable to:			
Equity holders of the Company		**50,202**	40,095
Non-controlling interests		**631**	(171)
		50,833	39,924
Earnings per share	*6*		
Basic		**1.87 cents**	1.50 cents
Diluted		**1.87 cents**	1.50 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME — UNAUDITED

	Six months ended 30 June 2013 *HK$'000*	Six months ended 30 June 2012 *HK$'000* (Restated)
Profit for the period	**50,833**	39,924
Other comprehensive income for the period (after tax):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— overseas subsidiaries	**11,128**	(3,730)
— overseas joint ventures	**(13,803)**	2,749
— an overseas associate	**116**	–
	(2,559)	(981)
Total comprehensive income for the period	**48,274**	38,943
Total comprehensive income attributable to:		
Equity holders of the Company	**47,506**	39,167
Non-controlling interests	**768**	(224)
Total comprehensive income for the period	**48,274**	38,943

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION — UNAUDITED

	Note	As at 30 June 2013 HK$'000	As at 31 December 2012 HK$'000 (Restated)
Non-current assets			
Fixed assets			
— Investment property		**36,570**	–
— Property, plant and equipment		**1,241,126**	1,043,912
		1,277,696	1,043,912
Interests in joint ventures		**375,616**	371,132
Interest in an associate		**5,995**	6,876
Other receivables, deposits and prepayments		**195,334**	144,232
Club memberships		**2,490**	2,490
Trademark		**79,785**	79,785
Goodwill		**73,658**	73,658
Deferred tax assets		**34,484**	22,235
Pledged bank deposits		**46,884**	46,850
		2,091,942	1,791,170
Current assets			
Inventories		**4,167**	3,626
Film rights		**50,885**	58,071
Trade receivables	*7*	**99,844**	83,056
Other receivables, deposits and prepayments		**105,045**	142,248
Deposits and cash		**584,374**	575,031
		844,315	862,032
Current liabilities			
Bank loans		**354,739**	285,098
Trade payables	*8*	**99,480**	95,275
Other payables and accrued charges		**108,502**	162,246
Deferred revenue		**123,575**	106,717
Obligations under finance leases		**7,402**	4,905
Taxation payable		**6,521**	7,899
		700,219	662,140

	Note	As at 30 June 2013 HK$'000	As at 31 December 2012 HK$'000 (Restated)
Net current assets		**144,096**	199,892
Total assets less current liabilities		**2,236,038**	1,991,062
Non-current liabilities			
Bank loans		**523,033**	325,354
Obligations under finance leases		**12,554**	12,356
Deferred tax liabilities		**10,937**	12,112
		546,524	349,822
NET ASSETS		**1,689,514**	1,641,240
Capital and reserves			
Share capital		**267,982**	267,982
Reserves		**1,413,617**	1,366,111
Total equity attributable to equity holders of the Company		**1,681,599**	1,634,093
Non-controlling interests		**7,915**	7,147
TOTAL EQUITY		**1,689,514**	1,641,240

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

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

These interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policies changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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

These interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for the full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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

The financial information relating to the financial year ended 31 December 2012 that is included in these interim financial statements as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2012 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2013.

2 CHANGES IN ACCOUNTING POLICIES

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

— Amendments to HKAS 1, *Presentation of financial statements — Presentation of items of other comprehensive income*

— HKFRS 10, *Consolidated financial statements*

— HKFRS 11, *Joint arrangements*

— HKFRS 13, *Fair value measurement*

— HKFRS 12, *Disclosure of interests in other entities*

— *Annual Improvements to HKFRSs 2009–2011 Cycle*

— Amendments to HKFRS 7, *Financial instruments: Disclosures — Disclosures — Offsetting financial assets and financial liabilities*

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

The impacts of these developments are discussed below:

HKFRS 11, Joint arrangements

HKFRS 11, which replaces HKAS 31, *Interests in joint ventures*, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements.

The Group has reclassified the investments from jointly controlled entities to joint ventures. The investments which were previously accounted for using the proportionate consolidation method are now required to be accounted for using the equity method of accounting as the joint arrangements are considered to be joint ventures under HKFRS 11. The new accounting policy was adopted in accordance with the relevant transition provisions. This change in accounting policy has been applied retrospectively by restating the balances at 31 December 2012 and the results for the six months ended 30 June 2012 as follows:

	Impact on the results for the six months ended 30 June 2012		
	As previously reported for the six months ended 30 June 2012	**Retrospective effect of change in accounting policy in 2013**	**Restated results for the six months ended 30 June 2012**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	740,836	(374,960)	365,876
Cost of sales	(304,645)	154,235	(150,410)
Gross profit	436,191	(220,725)	215,466
Other revenue	18,731	(2,193)	16,538
Other net income	8,150	–	8,150
Selling and distribution costs	(359,318)	159,783	(199,535)
General and administrative expenses	(50,195)	9,079	(41,116)
Other operating expenses	(2,275)	1,736	(539)
Profit from operations	51,284	(52,320)	(1,036)
Finance costs	(12,520)	1,198	(11,322)
Share of profits of joint ventures	–	50,527	50,527
Profit before taxation	38,764	(595)	38,169
Income tax	1,584	171	1,755
Profit for the period	40,348	(424)	39,924
Attributable to:			
Equity holders of the Company	40,095	–	40,095
Non-controlling interests	253	(424)	(171)
	40,348	(424)	39,924
Earnings per share			
Basic	1.50 cents	–	1.50 cents
Diluted	1.50 cents	–	1.50 cents

	Impact on the results for the six months ended 30 June 2012		
	As previously reported for the six months ended 30 June 2012	**Retrospective effect of change in accounting policy in 2013**	**Restated results for the six months ended 30 June 2012**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the period	40,348	(424)	39,924
Other comprehensive income for the period (after tax):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of:			
— overseas subsidiaries	(3,730)	–	(3,730)
— overseas joint ventures	2,856	(107)	2,749
	(874)	(107)	(981)
Total comprehensive income for the period	39,474	(531)	38,943
Total comprehensive income attributable to:			
Equity holders of the Company	39,274	(107)	39,167
Non-controlling interests	200	(424)	(224)
Total comprehensive income for the period	39,474	(531)	38,943

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012	**Retrospective effect of change in accounting policy in 2013**	**Restated balance as at 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Fixed assets	1,413,351	(369,439)	1,043,912
Interests in joint ventures	–	371,132	371,132
Interest in an associate	6,876	–	6,876
Other receivables, deposits and prepayments	193,886	(49,654)	144,232
Club memberships	2,490	–	2,490
Trademarks	79,785	–	79,785
Goodwill	73,658	–	73,658
Deferred tax assets	22,547	(312)	22,235
Pledged bank deposits	69,296	(22,446)	46,850
	1,861,889	(70,719)	1,791,170
Current assets			
Inventories	5,789	(2,163)	3,626
Film rights	59,081	(1,010)	58,071
Trade receivables	112,120	(29,064)	83,056
Other receivables, deposits and prepayments	156,576	(14,328)	142,248
Deposits and cash	729,261	(154,230)	575,031
	1,062,827	(200,795)	862,032
Current liabilities			
Bank loans	323,204	(38,106)	285,098
Trade payables	165,647	(70,372)	95,275
Other payables and accrued charges	211,671	(49,425)	162,246
Deferred revenue	178,439	(71,722)	106,717
Obligations under finance leases	4,905	–	4,905
Taxation payable	21,221	(13,322)	7,899
	905,087	(242,947)	662,140
Net current assets	157,740	42,152	199,892
Total assets less current liabilities	2,019,629	(28,567)	1,991,062

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012	**Retrospective effect of change in accounting policy in 2013**	**Restated balance as at 31 December 2012**
	HK$'000	*HK$'000*	*HK$'000*
Non-current liabilities			
Bank loans	325,354	–	325,354
Deposits received	8,830	(8,830)	–
Obligations under finance leases	12,356	–	12,356
Deferred tax liabilities	28,478	(16,366)	12,112
	375,018	(25,196)	349,822
NET ASSETS	1,644,611	(3,371)	1,641,240
Capital and reserves			
Share capital	267,982	–	267,982
Reserves	1,366,111	–	1,366,111
Total equity attributable to equity holders of the Company	1,634,093	–	1,634,093
Non-controlling interests	10,518	(3,371)	7,147
TOTAL EQUITY	1,644,611	(3,371)	1,641,240

Other developments have had no material impact on the Group's interim financial statements.

3 SEGMENT REPORTING

The Group manages its businesses by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the reportable segments, which are as follows:

— Hong Kong

— Mainland China

— Taiwan

— Singapore

The results of the Group's revenue from external customers for entities located in Hong Kong, Mainland China, Taiwan and Singapore are set out in the table below.

Each of the above reportable segments primarily derives its revenue from film exhibition, film and video distribution, film and television programme production, provision of advertising and consultancy services. The reportable segments, Taiwan and Singapore, represent the performance of the joint ventures operating in Taiwan and Singapore, respectively. For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the revenue and results attributable to each reportable segment on the following bases:

Segment revenue and results

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

The measure used for reporting segment profit is operating profit after taxation.

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

Management evaluates performance primarily based on operating profit including the share of results of joint ventures. Intra-segment pricing is generally determined on an arm's length basis.

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

	Six months ended 30 June (unaudited)									
	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (Restated)
Segment revenue:										
Revenue from external customers										
— Exhibition	**79,391**	106,916	**319,900**	232,251	**234,213**	203,955	**200,069**	168,888	**833,573**	712,010
— Distribution and production	**49,931**	33,066	**22,713**	3,483	**1,099**	777	**4,628**	8,336	**78,371**	45,662
— Corporate	**1,022**	1,539	**–**	–	**–**	–	**–**	–	**1,022**	1,539
Reportable segment revenue	**130,344**	141,521	**342,613**	235,734	**235,312**	204,732	**204,697**	177,224	**912,966**	759,211
Reportable segment profit/(loss)	**19,496**	18,188	**1,638**	(7,411)	**24,232**	21,302	**27,797**	27,419	**73,163**	59,498
Reconciliation — Revenue										
Reportable segment revenue									**912,966**	759,211
Share of revenue from joint ventures in Taiwan and Singapore									**(440,009)**	(381,956)
Elimination of intra-segment revenue									**(5,950)**	(1,474)
Others									**(11,415)**	(9,905)
									455,592	365,876
Reconciliation — Profit before taxation										
Reportable profit from external customers									**73,163**	59,498
Unallocated operating expenses, net									**(22,961)**	(19,403)
Non-controlling interests									**631**	(171)
Income tax									**(9,311)**	(1,755)
Profit before taxation									**41,522**	38,169

4 PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2013 *HK$'000* (Unaudited)	Six months ended 30 June 2012 *HK$'000* (Unaudited) (Restated)
(a) Finance costs		
Interest on bank loans wholly repayable		
— within five years	**8,377**	9,009
— after five years	**13,425**	6,846
Finance charges on obligations under finance leases	**901**	94
Other ancillary borrowing costs	**2,820**	2,173
Total finance costs on financial liabilities not at fair value through profit or loss	**25,523**	18,122
Less: finance costs capitalised into leasehold improvements*	**(3,200)**	(6,800)
	22,323	11,322

* The finance costs have been capitalised at rates ranging from 6.53% to 8.46% per annum (six months ended 30 June 2012: 5.25% to 8.46%).

(b) Other items

Cost of inventories	**12,386**	7,991
Cost of services provided	**162,292**	126,871
Depreciation of fixed assets	**49,911**	37,689
Amortisation of film rights	**13,109**	15,548
Gain on disposal of an available-for-sale equity security	**(150)**	(7,911)
Loss on disposals of property, plant and equipment	**1,189**	56
Exchange (gain)/loss, net	**(12,578)**	6,305
Interest income from bank deposits	**(5,880)**	(5,354)
Dividend income from a listed investment	**–**	(566)

(c) Other net income

Included in other net income for the six months ended 30 June 2012 was an amount of HK$6,089,000 representing the net settlement sum received by the Group in respect of a claim for damages against a landlord in Mainland China.

5 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2013 *HK$'000* **(Unaudited)**	Six months ended 30 June 2012 *HK$'000* (Unaudited) (Restated)
Group		
Current income tax		
Provision for overseas tax	**9,557**	7,204
Over provision in respect of prior periods*	**(6,017)**	(47)
	3,540	7,157
Deferred tax — overseas		
Origination and reversal of temporary differences	**(12,851)**	(8,912)
	(9,311)	(1,755)

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

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 16.5%) of the estimated assessable profits for the period.

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

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$50,202,000 (six months ended 30 June 2012: HK$40,095,000) and the weighted average number of ordinary shares of 2,679,819,248 (2012: 2,680,931,116 shares) in issue during the period.

(b) Weighted average number of ordinary shares (basic and diluted)

	2013 Number of shares (Unaudited)	2012 Number of shares (Unaudited)
Shares		
Issued ordinary shares as at 1 January	**2,679,819,248**	2,684,194,248
Effect of shares repurchased	**–**	(3,263,132)
Weighted average number of ordinary shares (basic and diluted) at 30 June	**2,679,819,248**	2,680,931,116

(c) Diluted earnings per share

There were no diluted potential shares in existence during the six months ended 30 June 2013 and 2012.

7 TRADE RECEIVABLES

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management. As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	As at 30 June 2013 *HK\$'000* **(Unaudited)**	As at 31 December 2012 *HK\$'000* (Unaudited) (Restated)
Within 1 month	**81,195**	27,751
1 to 2 months	**6,004**	45,545
2 to 3 months	**6,014**	1,817
Over 3 months	**6,631**	7,943
	99,844	83,056

At 30 June 2013, trade receivables of the Group included amounts totalling HK\$8,462,000 (31 December 2012: HK\$5,137,000) due from related companies and amounts totalling HK\$2,013,000 (31 December 2012: HK\$1,090,000) due from a joint venture, which were unsecured, interest-free and recoverable within one year.

8 TRADE PAYABLES

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

	As at 30 June 2013 *HK\$'000* **(Unaudited)**	As at 31 December 2012 *HK\$'000* (Unaudited) (Restated)
Current to 3 months	**72,875**	64,029
Within 4 to 6 months	**6,948**	14,185
Within 7 to 12 months	**2,819**	1,760
Over 1 year	**16,838**	15,301
	99,480	95,275

As at 30 June 2013, the trade payables of the Group included amounts totalling HK\$8,558,000 (31 December 2012: HK\$233,000) due to related companies which were unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Accounting Policy

Starting from 2013, the application of new accounting standard HKFRS 11, *Joint arrangements*, has changed the Group's accounting for the jointly controlled entities in Taiwan and Singapore, which were accounted for using the proportionate consolidation method in prior periods, to the equity method. Accordingly, the comparative figures are restated and the financial impact on the interim financial statements has been disclosed in note 2.

Operation and Financial Review

The Group reported a net profit attributable to equity holders of HK$50.2 million for the six months ended 30 June 2013, increased from HK$40.1 million reported for the corresponding period last year by 25%. Riding on steady recovery of the global economy and favourable market conditions as well as satisfactory performance of mature cinemas in our operating territories during the period, the Group showed an impressive growth in the first half of 2013.

The Group's turnover rose by 25% to HK$456 million this period. During the period, box office receipts of the Group's multiplexes in Mainland China increased by 49%. However, box office receipts of Hong Kong's cinemas recorded a decline of 27% due to the closure of GH Mongkok in February 2013. Gross margin maintained at about 59%. The Group's EBITD (including share of profits of joint ventures and loss of an associate) for the period amounted to HK$108 million, representing an increase of 32% from HK$82 million for the same period last year.

As of 30 June 2013, the cash and cash equivalents of the Group amounted to HK$584 million (31 December 2012: HK$575 million). The Group's gearing ratio increased to 30.6% as at 30 June 2013 (31 December 2012: 23.7%). It was mainly due to the increase in the bank borrowings for the Group's development of cinema networks in Mainland China and purchase of office premise in Hong Kong during the period.

Business Review

Film Exhibition

During the six months ended 30 June 2013, the Group opened 3 cinemas with 19 screens in Mainland China. As of 30 June 2013, the Group operated 72 cinemas with 539 screens across Mainland China, Hong Kong, Taiwan and Singapore, significantly increased from 59 cinemas with 451 screens a year ago. The Group's cinemas served 20 million guests during the period, compared to 16 million guests for the same period last year. Gross box office receipts on a full and aggregated basis, were registered at HK$1,099 million, representing an impressive growth of 18% from same period last year. The major Hollywood blockbusters released this period were *Iron Man 3*, *Fast & Furious 6*, *G.I. Joe: Retaliation* and *Man of Steel*. The major Chinese-language blockbusters were *Journey to the West (西遊：降魔篇), So Young (致我們終將逝去的青春)* in Mainland China, *David Loman (大尾鱸鰻)* in Taiwan and *Ah Boys to Men: Part 2 (新兵正傳2)* in Singapore.

Operating Statistics of the Group's Cinemas
(For the six months ended 30 June 2013)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	45 *(note)*	5	11	11
Number of screens*	325	18	109	87
Admissions (million)	6.2	1.0	7.7	4.9
Net average ticket price (HK$)	39	69	62	58

* as of 30 June 2013

Note: 4 more cinemas in Mainland China have completed construction and are applying for licenses, which are all expected to be opened in September/October 2013.

The Group is committed to pursue visual and audio effect perfection to bring in a new movie-going experience for our audiences. Currently, all screens in Mainland China, Hong Kong, Taiwan and Singapore have been fully installed with digital equipments and over 60% of the Group's screens are 3D compatible. The Group has installed over 110 sets of unprecedented and ultra-high resolution SONY 4K Projection System in our Mainland China multiplexes. The Group has 2 digital IMAX® screens separately installed in a Tianjin and Changzhou multiplex and plans to establish more IMAX® theatres in Mainland China. In Hong Kong, three cinemas have been equipped with a total of 93 D-Box Motion Chairs delivering immersive cinematic experience to audiences through its authentic motion effects synchronised with onscreen actions. In Taiwan, the Group is the exclusive digital IMAX® operator and has 6 digital IMAX® screens. During the period, Taiwan has converted 1 traditional screen to a 4DX theatre equipped with motion seats plus special effects such as wind, fog, lightning and scents which can enhance and cater to rapid-changing customer expectations on movie viewing experience.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

For the six months ended 30 June 2013, the market gross box office receipts of urban areas in Mainland China increased to RMB11 billion by 36% while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 49% compared with same period last year. During the period, the Group opened 3 new cinemas with 19 screens in the cities of Beijing, Dongguang, and Maanshan. Thanks to strong Chinese films line-up during the period, growing demand of high quality of entertainment experience and favourable policies implemented by the Chinese government, the Group's multiplexes in Mainland China served approximately 6.2 million patrons during the period, representing 68% growth from same period last year. The average ticket price dropped from RMB36 to RMB32 because less 3D films with higher ticket price were released and more discounted promotions were offered to maintain our competitiveness with other cinema operators. We shall further refine and upgrade our cinema service by offering a better value for money experience to drive the growth of the average ticket price. The contribution from the exhibition business in Mainland China to the Group is still under pressure due to the incubation period of newly opened cinemas.

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

During the period, the Hong Kong market as a whole recorded box office receipts of HK$764 million, slightly up by 1% from HK$754 million same period last year. The Group's cinemas in Hong Kong recorded lower box office receipts of HK$67 million this year (30 June 2012: HK$93 million) due to the closure of GH Mongkok in February 2013 and partial closure of GH Tsing Yi for renovation from April to June 2013. The Group has further installed 19 D-Box Motion Chairs in GH Tsing Yi adding up to 93 D-Box Motion Chairs. Excluding GH Mongkok, the total box office receipts of the other five cinemas increased by approximately 10%, which indeed outperformed the general market growth.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

Taipei City as a whole recorded market box office receipts of NTD1.92 billion for the six months ended 30 June 2013 (30 June 2012: NTD1.76 billion). The Group's 35.71%-owned Vie Show cinema circuit recorded 13% and 16% growth in box office receipts and admissions respectively as compared with the same period last year. The growth was mainly due to remarkable performance of Hsinchu Big City opened in April last year. The market share of Vie Show in Taiwan maintained at about 42%. During the period, Vie Show has converted 1 traditional screen to the first 4DX theatre in Taiwan. It is well-received by the market with an occupancy rate over 80%. The Group's share of net profit for the period from Vie Show increased to HK$24 million, up by 14% from last period's HK$21 million.

Singapore

Operating Statistics of the Group's Cinemas in Singapore

The Singapore market's box office receipts totalled S$103 million for the six months ended 30 June 2013, mildly up from S$95 million for the same period last year. The Group's 50%-owned Golden Village cinema circuit maintained its leading position with a market share of 45% by reporting box office receipts of S$46 million for the period (30 June 2012: S$39 million). GV City Square opened in November 2012 and newly renovated GV Jurong Point performed well and contributed satisfactory results to the Group. Excluding the impact of tax credit resulted from settlement of a tax dispute and reversal of tax provisions due to the retrospective application of new tax legislation amounting to about HK$6 million in aggregate for the same period last year, the Group's share of net profit for the period from Golden Village increased by 40% to HK$26 million as compared with the same period last year.

Film & TV Programmes Distribution and Production

For the six months ended 30 June 2013, the Group's film distribution and production business recorded revenue of HK$78 million (30 June 2012: HK$46 million) and distributed over 60 films in Mainland China, Hong Kong, Singapore and Taiwan, of which two foreign films were licensed and distributed in Mainland China with gross box office receipts over RMB56 million. Moreover, the Chinese TV drama series *諜戰深海* contributed pleasant returns to the Group during the period. The Group's film library of more than 140 films and TV titles with perpetual distribution rights continued contributing steady licensing income to the Group.

Prospects

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

As of 30 August 2013, the Group operated 45 cinemas with 325 screens in Mainland China and 6 cinemas with 41 screens were in various stages of interior decoration and are in the pipeline for opening. By end of 2014, the Group expects to operate 73 cinemas with 526 screens in various cities in Mainland China based on lease agreements signed as of 30 August 2013. The captioned numbers above may vary due to the actual handover date, the progress of internal decoration, application of relevant licenses and the entering into of new lease agreements during the period. In Taiwan and Singapore, the Group also plans to renovate 2 existing cinemas with a total of 17 screens in the second half of 2013.

In view of the growing demand for Chinese-language films, the Group will continue to expand its distribution and production business through seeking opportunities in different platforms to co-operate with Hollywood studios in film production activities and looking for good scripts for Chinese language film and TV drama series co-production. The Group will be back in small-mid scale Chinese language film production in the second half of 2013 in order to diversify our business stream for integration. In the meantime, the Group continues to source the PRC distribution rights of foreign blockbusters.

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

Financial Resources and Liquidity

The Group had maintained a stable balance sheet throughout the period. It financed its operations from internal funding, bank borrowings and accumulated retained earnings. As of 30 June 2013, the Group had cash and cash equivalents amounting to HK$584 million (31 December 2012: HK$575 million). The Group's outstanding bank loans totalled HK$878 million (31 December 2012: HK$610 million). The increase in bank loans is mainly for financing various cinema projects in Mainland China and office premise purchased in Hong Kong. As of 30 June 2013, the Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at 30.6% (31 December 2012: 23.7%). As of 30 June 2013, the group has HK$47 million pledged cash balance to secure its banking facilities. Management will continue to monitor the gearing structure and make necessary adjustments in light of changes in the Group's development plan and economic conditions to limit the potential risk. The Group believes that its current cash holding and available banking facilities will be sufficient to fund its working capital requirement and its financial position remains sound for continuous expansion.

The Group's assets and liabilities are principally denominated in Hong Kong dollar and Renminbi, except for certain assets and liabilities associated with the investments in Taiwan and Singapore. The overseas joint ventures of the Group are operating in their local currencies and subject to minimal exchange risk on their own. Due to the volatility of the currency market, management decided to maintain higher level of deposits in Renminbi, thus lowering the exposure to exchange risk. The Directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 30 June 2013 (31 December 2012: Nil).

Employees and Remuneration Policies

As at 30 June 2013, the Group had 1,398 (31 December 2012: 1,395) permanent employees. The Group remunerates its employees mainly by reference to industry practice. In addition to salaries, commissions and discretionary bonuses, incentive share options may be granted to certain employees subjected to individual performance. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at 30 June 2013, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 30 June 2013.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

For the six months ended 30 June 2013, the Company has complied with the code provisions of CG Code except that 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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of its shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the Directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's Code for the six months ended 30 June 2013.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information of the Group for the six months ended 30 June 2013 required by the Listing Rules will be published on the websites of the Stock Exchange and the Company in due course. An interim report for the six months ended 30 June 2013 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

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

By Order of the Board
Orange Sky Golden Harvest
Entertainment (Holdings) Limited
Wu Kebo
Chairman

Hong Kong, 30 August 2013

List of all Directors as of the time issuing this announcement:

Chairman and Executive Director:
Mr. Wu Kebo

Executive Directors:
Mr. Mao Yimin
Mr. Li Pei Sen
Mr. Tan Boon Pin Simon
Ms. Wu Keyan

Independent Non-executive Directors:
Mr. Leung Man Kit
Mr. Huang Shao-Hua George
Ms. Wong Sze Wing