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)
(於百慕達註冊成立之有限公司)
(Stock Code 股份代號: 1132)

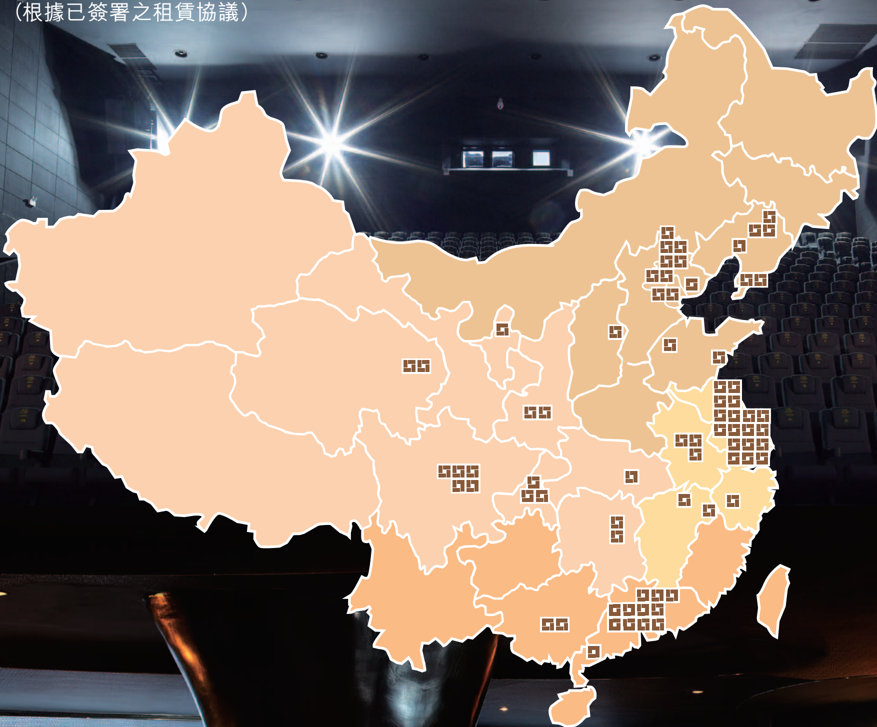
Interim Report 2013
中期報告

OSGH's Cinema Network in

Mainland China by the end of 2014

橙天嘉禾於二零一四年年底在中國內地之影城網點

(Based on signed contracts)
（根據已簽署之租賃協議）



Northern China Region 華北區	Eastern China Region 華東區	Southern China Region 華南區	Central / Western China Region 中西區
19 Cinemas / 影城	24 Cinemas / 影城	14 Cinemas / 影城	16 Cinemas / 影城
127 Screens / 銀幕	169 Screens / 銀幕	105 Screens / 銀幕	125 Screens / 銀幕

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS
WU Kebo *(Chairman)*
MAO Yimin
LI Pei Sen
TAN Boon Pin Simon
WU Keyan

INDEPENDENT NON-EXECUTIVE DIRECTORS
LEUNG Man Kit
HUANG Shao-Hua George
WONG Sze Wing

CHIEF EXECUTIVE OFFICER
MAO Yimin

COMPANY SECRETARY
WONG Kwan Lai

REGISTERED OFFICE
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS
24th Floor
AXA Centre
151 Gloucester Road
Wan Chai
Hong Kong

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

AUDITORS
KPMG
Certified Public Accountants
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE
Tricor Tengis Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

WEBSITE
http://www.osgh.com.hk

STOCK CODE
1132

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 to the interim financial report.

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 the 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 the 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 the 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 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 interior 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. Details of the bank loans including the terms of the loans, interest rates, currencies and securities are disclosed in note 12 to the interim financial report. 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 bank deposits 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 dollars 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 markets, management decided to maintain a higher level of deposits in Renminbi, thus lowering the exposure to exchange risk. The Directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 30 June 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 REPORT TO THE BOARD OF DIRECTORS

Review report to the Board of Directors of Orange Sky Golden Harvest Entertainment (Holdings) Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 10 to 37 which comprises the consolidated statement of financial position of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group") as of 30 June 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 ("HKSRE 2410"), *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2013 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

30 August 2013

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2013 — 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

The notes on pages 17 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2013 — 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.

The notes on pages 17 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013 — Unaudited

	Note	As at 30 June 2013 HK$'000	As at 31 December 2012 HK$'000 (Restated)
Non-current assets			
Fixed assets	7		
— Investment property		**36,570**	–
— Property, plant and equipment		**1,241,126**	1,043,912
		1,277,696	1,043,912
Interests in joint ventures	8	**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	11	**46,884**	46,850
		2,091,942	1,791,170
Current assets			
Inventories		**4,167**	3,626
Film rights	9	**50,885**	58,071
Trade receivables	10	**99,844**	83,056
Other receivables, deposits and prepayments		**105,045**	142,248
Deposits and cash	11	**584,374**	575,031
		844,315	862,032
Current liabilities			
Bank loans	12	**354,739**	285,098
Trade payables	13	**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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(CONTINUED)*

As at 30 June 2013 — Unaudited

	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	12	**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	14	**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

The notes on pages 17 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013 — Unaudited

	Note	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	*Reserve funds HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2013		**267,982**	**664,835**	**7,771**	**8,833**	**80,000**	**17,966**	**62,396**	**524,310**	**1,634,093**	**10,518**	**1,644,611**
Impact of change in accounting policy	2	**–**	**–**	**–**	**–**	**–**	**(9,113)**	**–**	**9,113**	**–**	**(3,371)**	**(3,371)**
Restated balance at 1 January 2013		**267,982**	**664,835**	**7,771**	**8,833**	**80,000**	**8,853**	**62,396**	**533,423**	**1,634,093**	**7,147**	**1,641,240**
Changes in equity for the six months ended 30 June 2013:												
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**50,202**	**50,202**	**631**	**50,833**
Other comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(2,696)**	**–**	**(2,696)**	**137**	**(2,559)**
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**(2,696)**	**50,202**	**47,506**	**768**	**48,274**
Transfer to retained profits on lapse of share options	14(i)	**–**	**–**	**(52)**	**–**	**–**	**–**	**–**	**52**	**–**	**–**	**–**
Transfer to/(from) reserves		**–**	**–**	**–**	**–**	**–**	**2**	**–**	**(2)**	**–**	**–**	**–**
Balance at 30 June 2013		**267,982**	**664,835**	**7,719**	**8,833**	**80,000**	**8,855**	**59,700**	**583,675**	**1,681,599**	**7,915**	**1,689,514**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(CONTINUED)*

For the six months ended 30 June 2013 — Unaudited

	Note	Share capital HK$'000	Share premium HK$'000	Share option reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	*Reserve funds HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2012		268,419	665,625	5,934	8,396	80,000	13,430	38,744	433,296	1,513,844	9,739	1,523,583
Impact of change in accounting policy		–	–	–	–	–	(5,033)	107	5,033	107	(2,850)	(2,743)
Restated balance at 1 January 2012		268,419	665,625	5,934	8,396	80,000	8,397	38,851	438,329	1,513,951	6,889	1,520,840
Changes in equity for the six months ended 30 June 2012:												
Profit for the period (restated)		–	–	–	–	–	–	–	40,095	40,095	(171)	39,924
Other comprehensive income (restated)		–	–	–	–	–	–	(928)	–	(928)	(53)	(981)
Total comprehensive income (restated)		–	–	–	–	–	–	(928)	40,095	39,167	(224)	38,943
Equity-settled share-based transactions	14(i)	–	–	1,224	–	–	–	–	–	1,224	–	1,224
Shares repurchased	14(ii)	(437)	(790)	–	437	–	–	–	(437)	(1,227)	–	(1,227)
Transfer to/(from) reserves (restated)		–	–	–	–	–	467	–	(467)	–	–	–
Restated balance at 30 June 2012		267,982	664,835	7,158	8,833	80,000	8,864	37,923	477,520	1,553,115	6,665	1,559,780

* In accordance with the relevant regulations in Mainland China, the Company's subsidiaries established therein are required to transfer a certain percentage of their profits after taxation to the reserve funds until the balances reach 50% of the registered capital. Subject to certain restrictions set out in the relevant Mainland China regulations, the reserve funds may be used either to offset losses, or for capitalisation by way of paid-up capital.

The notes on pages 17 to 37 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013 — Unaudited

	Six months ended 30 June 2013 HK$'000	Six months ended 30 June 2012 HK$'000 (Restated)
Net cash used in operating activities	**(34,561)**	(14,411)
Net cash used in investing activities	**(222,426)**	(26,026)
Net cash generated from financing activities	**257,708**	124,989
Net increase in cash and cash equivalents	**721**	84,552
Cash and cash equivalents at 1 January	**575,031**	606,888
Effect of foreign exchange rates changes	**8,622**	(1,576)
Cash and cash equivalents at 30 June	**584,374**	689,864
Analysis of balances of cash and cash equivalents		
Non-pledged short term bank deposits	**373,317**	298,563
Non-pledged cash and bank balances	**211,057**	391,301
Cash and cash equivalents at 30 June	**584,374**	689,864

The notes on pages 17 to 37 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Basis of preparation

This interim financial report has 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").

The interim financial report has 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 to the interim financial report.

The preparation of this interim financial report 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.

This interim financial report contains 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").

The interim financial report is unaudited, but has 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. KPMG's independent review report to the Board of Directors is included on page 9.

1 Basis of preparation *(continued)*

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report 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.

2 Changes in accounting policies *(continued)*

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:

2 Changes in accounting policies *(continued)*

HKFRS 11, Joint arrangements (continued)

	Impact on the results for the six months ended 30 June 2012		
	As previously reported for the six months ended 30 June 2012 HK$'000	**Retrospective effect of change in accounting policy in 2013 HK$'000**	Restated results for the six months ended 30 June 2012 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

2 Changes in accounting policies *(continued)*

HKFRS 11, Joint arrangements (continued)

	Impact on the results for the six months ended 30 June 2012		
	As previously reported for the six months ended 30 June 2012 HK$'000	**Retrospective effect of change in accounting policy in 2013 HK$'000**	Restated results for the six months ended 30 June 2012 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

2 Changes in accounting policies *(continued)*

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012 HK$'000	**Retrospective effect of change in accounting policy in 2013 HK$'000**	Restated balance as at 31 December 2012 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

2 Changes in accounting policies *(continued)*

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012 HK$'000	**Retrospective effect of change in accounting policy in 2013 HK$'000**	Restated balance as at 31 December 2012 HK$'000
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
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

2 Changes in accounting policies *(continued)*

HKFRS 11, Joint arrangements (continued)

	Impact on the financial position as at 31 December 2012		
	As previously reported as at 31 December 2012 HK$'000	**Retrospective effect of change in accounting policy in 2013 HK$'000**	Restated balance as at 31 December 2012 HK$'000
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 report.

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

3 Segment reporting *(continued)*

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.

3 Segment reporting *(continued)*

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

	2013	2012
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%).

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited) (Restated)
(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)

4 Profit before taxation *(continued)*

(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.

5 Income tax *(continued)*

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 Fixed assets

During the six months ended 30 June 2013, the Group acquired fixed assets in the aggregate amount of HK$267,398,000, which mainly comprised payments for land and buildings, investment property, construction in progress, leasehold improvements and machinery and equipment. Included in the Group's additions to fixed assets during the period is an acquisition of office premises located in Hong Kong, which amounted to HK$171,881,000, in March 2013. Part of the Group's office premises acquired which amounted to HK$36,570,000, is held to earn rentals or for capital appreciation purposes and is classified and accounted for as investment property using the fair value model.

As the carrying amount of the investment property approximated its fair value as at 30 June 2013, no gain or loss from change in fair value during the six months ended 30 June 2013 was recognised directly in profit or loss.

8 Interests in joint ventures

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Unaudited) (Restated)
Share of net assets	**375,616**	371,132

Interests in joint ventures represent the Group's equity interests in the film exhibition and distribution businesses in Taiwan and Singapore.

9 Film rights

During the six months ended 30 June 2013, the Group incurred costs for film production of HK$5,540,000 (six month ended 30 June 2012: HK$13,825,000) and amortisation of film rights amounted to HK$13,109,000 (six month ended 30 June 2012: HK$15,548,000).

10 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.

11 Deposits and cash

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Unaudited) (Restated)
Deposits at banks	**398,317**	356,764
Cash at bank and on hand	**232,941**	265,117
	631,258	621,881
Less: Pledged bank deposits — for bank loans	**46,884**	46,850
Cash and cash equivalents	**584,374**	575,031

12 Bank loans

(a) The bank loans were repayable as follows:

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Unaudited) (Restated)
Within 1 year or on demand	**354,739**	285,098
After 1 year but within 2 years	**126,934**	130,409
After 2 years but within 5 years	**298,176**	169,074
After 5 years	**97,923**	25,871
	523,033	325,354
	877,772	610,452

12 Bank loans *(continued)*

(a) The bank loans were repayable as follows: *(continued)*

All of the non-current interest-bearing borrowings are carried at amortised cost.

All bank loans bear interest at floating interest rates which approximate market rates of interest.

(b) At 30 June 2013, the bank loans were secured by:

(i) an office property of a subsidiary located in Hong Kong;

(ii) deposits of subsidiaries of HK$46,884,000 (31 December 2012: HK$46,850,000); and

(iii) corporate guarantees from the Company and two subsidiaries.

Certain of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the consolidated statement of financial position ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand.

The Group regularly monitors its compliance with these covenants, is up to date with the scheduled repayments of the term loans and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 30 June 2013 and 31 December 2012, none of the covenants relating to drawn down facilities had been breached.

12 Bank loans *(continued)*

(c) The bank loans of the Group were denominated in the following currencies:

	As at 30 June 2013 '000 (Unaudited)	As at 31 December 2012 '000 (Unaudited) (Restated)
Renminbi	**343,756**	225,750
Hong Kong dollars	**446,015**	332,103

13 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.

14 Share capital

	Note	As at 30 June 2013 (unaudited) No. of shares	As at 30 June 2013 (unaudited) Amount HK$'000	As at 31 December 2012 (audited) No. of shares	As at 31 December 2012 (audited) Amount HK$'000
Authorised:					
Ordinary shares of HK$0.10 each		**6,000,000,000**	**600,000**	6,000,000,000	600,000
Ordinary shares, issued and fully paid:					
At 1 January		**2,679,819,248**	**267,982**	2,684,194,248	268,419
Shares repurchased	(ii)	**–**	**–**	(4,375,000)	(437)
At 30 June 2013/ 31 December 2012		**2,679,819,248**	**267,982**	2,679,819,248	267,982

Notes:

(i) *Share option scheme*

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors and other employees of the Group, shareholders of the Company, suppliers of goods or services to the Group and customers of the Group. Details of the Scheme are set out in the 2012 annual financial statements.

(ii) *Shares repurchased*

During the six months ended 30 June 2012, the Company acquired 4,375,000 shares through purchases on the open market. The total amount paid to acquire the shares during the six months ended 30 June 2012 was HK$1,227,000.

(iii) *Dividends*

No dividends were declared and distributed during the six months ended 30 June 2013 and 2012.

15 Capital commitments

	As at 30 June 2013 HK$'000 (Unaudited)	As at 31 December 2012 HK$'000 (Unaudited) (Restated)
Capital commitments in respect of the acquisition of fixed assets:		
Contracted for:		
— Hong Kong	**1,687**	–
— Mainland China	**73,591**	78,215
	75,278	78,215
Authorised but not contracted for:		
— Hong Kong	**43,434**	–
— Mainland China	**828,439**	1,167,863
	871,873	1,167,863
	947,151	1,246,078

16 Contingent liabilities

At 30 June 2013, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries amounting to HK$1,450,406,000 (31 December 2012: HK$1,012,254,000). At 30 June 2013, banking facilities of HK$887,547,000 (31 December 2012: HK$614,920,000) had been utilised by the subsidiaries.

At 30 June 2013, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The Company has not recognised any deferred income in respect of bank guarantees as their fair values cannot be reliably measured and no transaction price was incurred.

Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective businesses. Having reviewed outstanding claims and taking into account legal advice received, the directors are of the opinion that even if the claims are found to be valid, there will be no material adverse effect on the financial position of the Group.

17 Material related party transactions

(a) Key management personnel remuneration

	Six months ended 30 June 2013 HK$'000 (Unaudited)	Six months ended 30 June 2012 HK$'000 (Unaudited) (Restated)
Short-term employee benefits	**1,537**	2,003
Post-employment benefits	**50**	18
Equity-settled share-based payments	**–**	1,225
	1,587	3,246

(b) Material related party transactions

During the six months ended 30 June 2013, the Group received income of HK$8,385,000 for the provision of cinema screen advertising services from two related companies (six months ended 30 June 2012: HK$6,358,000), received income of HK$1,042,000 for leasing cinema facilities from a related company (six months ended 30 June 2012: HK$1,033,000), paid office rental expenses of HK$2,361,000 to two related companies (six months ended 30 June 2012: HK$2,117,000), prepaid rental of HK$50,240,000 for leasing of property to a related company (six months ended 30 June 2012: HK$ Nil) and paid cinema circuit management services fees to two related companies of HK$734,000 (six months ended 30 June 2012: HK$ Nil) which constituted connected transactions as defined in the Listing Rules. The connected transactions were either properly approved by the independent directors or were considered to be de minimis transactions as defined in the Listing Rules.

There were no other material related party transactions during the six months ended 30 June 2013, other than in the nature of those as disclosed in note 32 of the 2012 annual financial statements.

18 Comparative figures

As a result of the application of HKFRS 11, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2013. Further details of these developments are disclosed in note 2 to the interim financial report.

BOARD COMPOSITION

As at the date of this interim report, the composition of the Board of the Company was as follows:

Executive Directors
Wu Kebo *(Chairman)*
Mao Yimin
Li Pei Sen
Tan Boon Pin Simon
Wu Keyan

Independent Non-executive Directors
Leung Man Kit
Huang Shao-Hua George
Wong Sze Wing

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").

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2013, the interests and short positions of the directors of the Company (the "Director(s)") and chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules were as follows:

(i) Interests in shares of HK$0.10 each in the issued share capital of the Company (the "Shares"), underlying Shares and debentures of the Company

Name of Director/ Chief Executive	Capacity	Note	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company
Wu Kebo	Interest of controlled corporations	1	1,594,227,401 (L)	–	1,594,227,401 (L)	59.49%
	Beneficial owner	1	24,545,000 (L)	–	24,545,000 (L)	0.92%
		2	–	60,000,000 (L)	60,000,000 (L)	2.24%
Wu Keyan	Beneficial owner	2	–	700,000 (L)	700,000 (L)	0.026%
Li Pei Sen	Beneficial owner	2	–	200,000 (L)	200,000 (L)	0.007%
Leung Man Kit	Beneficial owner	2	–	200,000 (L)	200,000 (L)	0.007%
Huang Shao-Hua George	Beneficial owner	2	–	200,000 (L)	200,000 (L)	0.007%
Tan Boon Pin Simon	Beneficial owner	2	–	1,200,000 (L)	1,200,000 (L)	0.045%

* This percentage has been compiled based on the total number of Shares in issue (i.e. 2,679,819,248) as at 30 June 2013.

Notes:

1. By virtue of the SFO, Mr. Wu Kebo ("Mr. Wu") was deemed to be interested in a total of 1,594,227,401 Shares, of which (i) 439,791,463 Shares were held by Skyera International Limited (a company wholly-owned by Mr. Wu); (ii) 408,715,990 Shares were held by Mainway Enterprises Limited (a company wholly-owned by Mr. Wu); (iii) 565,719,948 Shares held by Orange Sky Entertainment Group (International) Holding Company Limited (a company 80% owned by Mr. Wu) and (iv) 180,000,000 Shares were held by Cyber International Limited (a company owned by an associate of Mr. Wu).

   In addition, Mr. Wu was interest in 24,545,000 Shares as at 30 June 2013 which were beneficially held in his own name.

2. These underlying Shares represented the Shares which may be issued upon the exercise of share options granted by the Company under the share option scheme adopted by the Company on 28 November 2001 (the "2001 Share Option Scheme").

Abbreviations:
"L" stands for long position
"S" stands for short position

(ii) Interests in shares of associated corporations

Mr. Wu was also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially held 114,000,000 non-voting deferred shares of Orange Sky Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

Save as disclosed above and save for the disclosure referred to under "Share Options" as at 30 June 2013, none of the Directors and chief executive of the Company had any interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The Company terminated the 2001 Share Option Scheme with effect from 11 November 2009 and adopted the new share option scheme on 11 November 2009 (the "2009 Share Option Scheme"). The 2009 Share Option Scheme enables the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and provides the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to eligible the participants.

Notwithstanding the termination of the 2001 Share Option Scheme, the outstanding options granted under the 2001 Share Option Scheme remain in full force and effect in accordance with the terms and conditions of the grant thereof.

Share options granted and lapsed during the six months ended 30 June 2013

During the six months ended 30 June 2013, no options were granted to the Directors and other employees of the Group under the 2009 Share Option Scheme.

During the six months ended 30 June 2013, no share options, which entitled the holders thereof to subscribe, under the 2001 Share Option Scheme and 2009 Share Option Scheme were exercised.

The movements of share options during the six months ended 30 June 2013 and the outstanding share options held by the Directors, chief executive and other employees of the Group as at 30 June 2013 set out in the following table:

Name or category of participant	Date of grant of share option	Exercise price per Share HK$	Exercise period	Number of share options outstanding as at 1 January 2013	Granted during the six months ended 30 June 2013	Exercised during the six months ended 30 June 2013	Lapsed during the six months ended 30 June 2013	Closing price per Share immediately before the date of grant of share option (Note) HK$	Number of share options outstanding as at 30 June 2013
Director									
Huang Shao-Hua George	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	–	–	0.451	200,000
Wu Kebo	23 September 2009	0.453	23 September 2009 to 22 September 2014	60,000,000	–	–	–	0.451	60,000,000
Wu Keyan	23 September 2009	0.453	23 September 2009 to 22 September 2014	700,000	–	–	–	0.451	700,000
Li Pei Sen	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	–	–	0.451	200,000
Leung Man Kit	23 September 2009	0.453	23 September 2009 to 22 September 2014	200,000	–	–	–	0.451	200,000
Tan Boon Pin Simon	23 September 2009	0.453	23 September 2009 to 22 September 2014	1,200,000	–	–	–	0.451	1,200,000
Other participants									
In aggregate	23 September 2009	0.453	23 September 2009 to 22 September 2014	1,050,000	–	–	(450,000)	0.451	600,000
				63,550,000	–	–	(450,000)		63,100,000

Note: Being the weighted average closing price of the Shares immediately before the dates on which the share options were granted.

Apart from the above, at no time during the six months ended 30 June 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouses or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

As at 30 June 2013, the Company had total share options outstanding entitling the holders thereof to subscribe for 63,100,000 Shares under the 2001 Share Option Scheme. The exercise in full of these outstanding share options would, under the present capital structure of the Company, result in the issue of 63,100,000 additional Shares, representing approximately 2.35% of the Shares in issue as at 30 June 2013, and additional share capital of HK$6,310,000 and share premium account of approximately HK$22,274,000 (before issue expenses).

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors, as at 30 June 2013, the following persons, other than a Director or chief executive of the Company, had the following interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Name of shareholder	Capacity	Note	Number of Shares	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of shareholding in the Company
Wu Kebo	Interest of controlled corporations	1	1,594,227,401 (L)	–	1,594,227,401 (L)	59.49%
	Beneficial owner	1	24,545,000 (L)	–	24,545,000 (L)	0.92%
		6		60,000,000 (L)	60,000,000 (L)	2.24%
Skyera International Limited ("Skyera")	Beneficial owner	2	439,791,463 (L)	–	439,791,463 (L)	16.41%
Mainway Enterprises Limited ("Mainway")	Beneficial owner	3	408,715,990 (L)	–	408,715,990 (L)	15.25%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG")	Beneficial owner	5	565,719,948 (L)	–	565,719,948 (L)	21.11%
Cyber International Limited ("Cyber")	Beneficial owner	4	180,000,000 (L)	–	180,000,000 (L)	6.72%
NEC Corporation	Beneficial owner		360,000,000 (L)	–	360,000,000 (L)	13.43%

* These percentages have been compiled based on the total number of Shares in issue (i.e. 2,679,819,248 ordinary Shares) as at 30 June 2013.

Notes:

1. By virtue of the SFO, Mr. Wu was deemed to have interest in a total of 1,594,227,401 Shares, of which (i) 439,791,463 Shares were held by Skyera; (ii) 408,715,990 Shares were held by Mainway; (iii) 565,719,948 Shares were held by OSEG (a company 80% owned by Mr. Wu) and (iv) 180,000,000 Shares were held by Cyber.

   In addition, Mr. Wu was interest in 24,545,000 Shares as at 30 June 2013 which were beneficially held in his own name.

2. Skyera is a company wholly owned by Mr. Wu, who is also a director of Skyera.

3. Mainway is a company wholly owned by Mr. Wu, who is also a director of Mainway.

4. Cyber is a company owned by an associate of Mr. Wu.

5. OSEG (a company 80% owned by Mr. Wu) was interested in 565,719,948 Shares. Mr. Wu is a director of OSEG and Mr. Li Pei Sen is the associate Chairman of OSEG.

6. These underlying Shares represented the Shares which may be issued upon the exercise of share options granted by the Company under the 2001 Share Option Scheme.

Abbreviations:
"L" stands for long position
"S" stands for short position

Save as disclosed above, as at 30 June 2013, no other person had an interest or a short position in Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

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.

MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in 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.

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.

On behalf of the Board
WU Kebo
Chairman

Hong Kong, 30 August 2013

Orange Sky Golden Harvest's
Cinema Portfolio
橙天嘉禾戲院組合

(As at 30 June, 2013　於2013年6月30日)

Orange Sky Golden Harvest Entertainment (Holdings) Limited
橙天嘉禾娛樂(集團)有限公司

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