

Orange Sky
ENTERTAINMENT GROUP



Golden Harvest

**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)

2015

Interim Report

中期報告

星語心願^{之再愛}
FLY ME TO VENUS

OSGH's Cinema Network in

Mainland China by the end of 2016

橙天嘉禾於二零一六年年尾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

19 Cinemas / 影城

122 Screens / 銀幕

**Eastern
China Region**
華東區

23 Cinemas / 影城

161 Screens / 銀幕

**Southern
China Region**
華南區

20 Cinemas / 影城

137 Screens / 銀幕

**Central / Western
China Region**
中西區

16 Cinemas / 影城

122 Screens / 銀幕

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Corporate Information

EXECUTIVE DIRECTORS

WU Kebo (*Chairman*)
MAO Yimin
LI Pei Sen
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
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Wan Chai
Hong Kong

PRINCIPAL BANKERS

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

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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WEBSITE

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STOCK CODE

1132

Management Discussion and Analysis

OPERATION AND FINANCIAL REVIEW

During the period under review, the Group recorded revenue of HK\$675 million, representing an increase of 31% from HK\$514 million for the corresponding period last year. Gross profit margin remained stable at 59% (30 June 2014: 60%) for the reporting period. Net profit attributable to equity holders amounted to HK\$3.1 million, representing a decrease of 74% from HK\$12.1 million compared to the corresponding period last year.

The increase in revenue in the first half of the year was attributable to more audience drawing films which were released in both the Hong Kong and Mainland China regions as well as the addition of 11 new multiplexes with 75 screens in Mainland China compared to the same period last year. The majority of our cinemas operating in Hong Kong and Mainland China recorded steady growth and the Group's operating profit slightly increased by 9% compared to the same period last year. However, the net profit of the Group reduced to HK\$3.1 million from HK\$12.1 million in the first half of 2015 due to one-off compensation interest income for a delay in handover of a cinema site recognised in the same period last year.

As at 30 June 2015, the cash and cash equivalents of the Group amounted to HK\$313 million (31 December 2014: HK\$406 million). The Group's gearing ratio decreased to 22% as at 30 June 2015 (31 December 2014: 26%). This was mainly due to the repayment of bank borrowings by the Group during the period.

BUSINESS REVIEW

Film Exhibition

During the six months ended 30 June 2015, the Group operated 93 cinemas with 690 screens across Mainland China, Hong Kong, Taiwan and Singapore, an increase of 16% and 17% respectively from 80 cinemas with 592 screens for the corresponding period last year. The Group's cinemas served close to 27 million guests during the period, representing an increase of 35% as compared with the last reporting period. Gross box office receipts on a full and aggregated basis, were registered at HK\$1,436 million, representing a growth of 25% over last year. The major Hollywood blockbusters released during this period were *Fast & Furious 7* (狂野時速7), *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元), *Jurassic World* (侏羅紀世界), *The Hobbit: The Battle of the Five Armies* (哈比人: 五軍之戰). The major Chinese language blockbusters were *Little Big Master* (五個小孩的校長) in Hong Kong; *From Vegas to Macau II* (賭城風雲2) in Hong Kong and Mainland China; *SPL2* (殺破狼 II) and *Dragon Blade* (天將雄獅) in Mainland China; *The Wonderful Wedding* (大囍臨門) in Taiwan and *Ah Boy to Men 3: Frogmen* (新兵正傳3之蛙人傳) in Singapore.

OPERATING STATISTICS OF THE GROUP'S CINEMAS

(For the six months ended 30 June 2015)

	Mainland China	Hong Kong	Taiwan	Singapore
Number of cinemas*	63(note)	6	13	11
Number of screens*	447	24	127	92
Admissions (million)	12	1.4	8.8	4.7
Net average ticket price (HK\$)	39	80	62	59

* as of 30 June 2015

Note: Three more cinemas in Mainland China have completed construction and are applying for licenses, of which one cinema had already commenced business in July 2015 and the remaining two cinemas are expected to be opened before December 2015. In addition, sales and purchase agreements for three cinemas were signed in July 2015 and the handover date is scheduled for October 2015.

The Group is committed to pursue visual and audio effect perfection to bring in a new movie-going experience to our audiences. Currently, all screens in Mainland China, Hong Kong, Taiwan and Singapore have been fully installed with digital projection equipment and the majority of the Group's screens are 3D compatible. In addition to digital IMAX® screens and ultra-high resolution Sony 4K Projection System, the Group also has 4DX™ and D-Box Motion Chairs as well as advanced panorama Dolby Atmos sound systems installed in some of our theatres in different regions.

Mainland China

Operating Statistics of the Group's Cinemas in Mainland China

	June 2015	June 2014
Number of cinemas*	63 <i>(note)</i>	52
Number of screens*	447	372
Admissions <i>(million)</i>	12	7.6
Net average ticket price <i>(RMB)</i>	31	32
Gross box office receipts ticket price <i>(RMB million)</i> #	407	267

* as of 30 June 2015

before deduction of government taxes and charges

Note: Three more cinemas in Mainland China have completed construction and are applying for licenses, of which one cinema had already commenced business in July 2015 and the remaining two cinemas are expected to be opened before December 2015. In addition, sales and purchase agreements for three cinemas were signed in July 2015 and handover date is scheduled for October 2015.

During the six months ended 30 June 2015, the market gross box office receipts of urban areas in Mainland China increased by 48% to RMB20.4 billion while the Group's gross box office receipts generated by multiplexes in Mainland China increased by 53% as compared with the corresponding period last year. During the period under review, the Group opened 1 new cinema with 11 screens in the city of Wuhan and acquired 3 cinemas in Shenzhen and Fushun. The Group's multiplexes in Mainland China served approximately 12 million patrons, representing 58% growth from the corresponding period last year. The average ticket price slightly decreased from RMB32 to RMB31 due to marketing activities launched to drive admissions. To attract and retain our valuable audiences, the Group shall further enrich our food and beverage selections and upgrade our overall service by improving the benefits of our membership program, improving the comfortability and excitement of the cinema environment and promoting advancement of electronic and on-line ticketing systems so as to offer better value for money experience to our audiences.

The earnings before interest, tax and depreciation of our exhibition business in Mainland China decreased by RMB2 million compared to the same period last year. Most of our cinemas secured a steady flow of audience and loyal members, which helped contribute to a stable growth of box office income. Net contribution to the Group is still under pressure due to the incubation period of newly-opened cinemas and the effects of additional depreciation and finance costs. The Group will continue to expand our market share in a cautious way by both organic growth and acquisition of potential cinemas within our existing operating provinces. During the reporting period, the Group acquired 3 cinemas from local operators in Shenzhen and Fushun and 3 more cinemas with 16 screens will be handed over to us by October 2015. We believe all these acquired cinemas will contribute stable revenue and profit to the Group in the very near future.

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong

	June 2015	June 2014
Number of cinemas*	6	6
Number of screens*	24	24
Admissions (<i>million</i>)	1.4	1.2
Net average ticket price (<i>HK\$</i>)	80	73
Gross box office receipts ticket price (<i>HK\$ million</i>)	110	89

* as of 30 June 2015

During the period under review, the Hong Kong market as a whole recorded box office receipts of HK\$985 million, up by 14% from HK\$862 million for the corresponding period last year. The Group's cinemas in Hong Kong recorded box office receipts of HK\$110 million (30 June 2014: HK\$89 million), representing a substantial increase of 24%. In addition to box office receipts, concession sales receipts also recorded a 34% growth. The increase in box office income was mainly due to several record-breaking films released during the reporting period like *Avengers: Age of Ultron* (復仇者聯盟2: 奧創紀元); *Jurassic World* (侏羅紀世界); *Little Big Master* (五個小孩的校長). Average ticket price grew from HK\$73 to HK\$80 during the period since more 3D films were released which were well received by moviegoers. The Group will continue looking for potential sites in both Hong Kong and Macau and will actively participate in all bidding invitations from landlords.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan

	June 2015	June 2014
Number of cinemas*	13	11
Number of screens*	127	109
Admissions (<i>million</i>)	8.8	7.0
Net average ticket price (<i>NTD</i>)	246	244
Gross box office receipts ticket price (<i>NTD billion</i>)	2.2	1.7

* as of 30 June 2015

During the six months ended 30 June 2015, Taipei City's market box office receipts amounted to NTD2.11 billion (30 June 2014: NTD1.79 billion), an increase of 18% compared to the corresponding period last year. The Group's 35.71%-owned Vie Show cinema circuit recorded total box office receipts of NTD2,169 million, which represented a 28% increase compared to the same period last year. Vie Show continues to maintain its leading position with market share of 45%. The increase in box office receipts was mainly due to the opening of 2 new theatres in Tainan and Miaoli with 1 digital IMAX® screen installed in Tainan Dream Mall. In addition, record-breaking 3D Hollywood blockbusters which were released in the first half of 2015 helped to drive both box office income and average ticket price. The Group's share of net profit from Vie Show increased from HK\$12.2 million to HK\$20.2 million compared to the corresponding period last year. Apart from the increase in box office income, control over staff costs and the e-voucher system also helped to reduce operating costs. For the distribution business, Vie Vision generated considerable profit from distribution of *From Vegas to Macau 2* (賭城風雲2) and *Dark Place* (暗處) during the reporting period.

For non-box office income, the Gold-class multiplex served by a dedicated catering team with a full kitchen helped to attract affordable middle-class audiences and average spending reached NTD350 to NTD400 per person. In addition, "UNICORN" popcorn brand also extended its business to the Xinyi cinema circuit early this year and was popularly received by customers. Vie Show's operating and catering team will continue to develop new products for their audiences so that they can enjoy our food not only inside cinema houses but also take away and can enjoy anywhere at anytime.

Singapore

Operating Statistics of the Group's Cinemas in Singapore

	June 2015	June 2014
Number of cinemas**	11	11
Number of screens**	92	87
Admissions (million)	4.7	4.6
Net average ticket price (S\$)	10.2	9.9
Gross box office receipts ticket price (S\$ million)	47.5	45.7

* as of 30 June 2015

Marina Square was closed in September 2014 while the Suntec City Complex was opened in early November 2014.

During the six months ended 30 June 2015, the Singapore market's box office receipts totalled S\$114 million, up from S\$106 million for the corresponding period last year. The Group's 50%-owned Golden Village cinema circuit maintained its leading position with market share of 42% by reporting box office receipts of S\$47.5 million for the period, an increase of 4% over the corresponding period last year. The increase in box office receipts was mainly due to the new cinema at the Suntec City Complex comprising 11 screens with Gold Class and a IMAX® theatre opened last November. The performance of this new cinema was beyond management expectations and has already achieved breakeven during the first six months of operation. In addition, major Hollywood blockbusters like *Jurassic World* (侏羅紀世界); *Kingsman:the Secret Service* and *Taken 3* were well-received in the Singapore market. During the reporting period, the Group's share of net profit slightly decreased by 0.7% from HK\$28.2 million for the corresponding period last year to HK\$28.0 million.

Film & TV Programme Distribution and Production

During the six months ended 30 June 2015, the Group's film distribution and production business recorded revenue of HK\$20 million (30 June 2014: HK\$32 million), a decrease of 37% compared to the same period last year. The distribution revenue was mainly generated by distributing *Little Big Master* (五個小孩的校長); *From Vegas to Macau 2* (賭城風雲2); *Full Strick* (全力扣殺) and a few local releases in the Hong Kong region. For the production business, the Group will release the Golden Harvest classic movies remake *Fly me to Venus* (星語心願之再愛) in September 2015. High accolades were received from industry players after previewing this movie. The Group will continue to produce movies and TV programmes as well as Intellectual Property redevelopment in coming years by means of both self-investment and co-production with local and overseas studios and TV producers. The Group's film library with perpetual distribution rights continued contributing steady licensing income to the Group.

PROSPECTS

Looking ahead, the Group will continue to expand its cinema networks by organic growth and acquisition. As at 28 August 2015, the Group operated 64 cinemas with 454 screens in Mainland China and 2 cinemas with 11 screens are in various stages of internal renovation and are in the pipeline for opening. By the end of 2016, the Group expects to operate 78 cinemas with 542 screens in various cities in Mainland China based on lease agreements signed as at 28 August 2015. The captioned numbers above may vary due to the actual handover date, the progress of internal renovation, application for relevant licenses and the entering into of new lease agreements. In addition, the Group will keep identifying merger and acquisition opportunities in Mainland China. As at 28 August 2015, the Group had already signed sales and purchase agreements for 3 cinemas with 16 screens which will be handed over to us by October 2015.

In view of the growing demand for Chinese-language films, the Group will continue our production business through seeking opportunities in different platforms to cooperate with film and TV series production houses and looking for good scripts for Chinese language film and TV drama series co-productions. The Group will release the Golden Harvest classic movies remake *Fly me to Venus* (星語心願之再愛) in September 2015. High accolades were received from industry players after previewing this movie and we believe this movie will bring the Group considerable revenue in the second half of 2015.

Currently, the Group maintains reasonable liquidity and financial leverage. In order to cope with our business development, the Group will utilise and refinance available bank loan facilities to finance the various cinema projects in Mainland China and other investment opportunities.

FINANCIAL RESOURCES AND LIQUIDITY

The Group maintained a stable financial position throughout the period and its operations were financed by internal funding, bank borrowings and accumulated retained earnings. As at 30 June 2015, the Group had cash and cash equivalents amounting to HK\$313 million (31 December 2014: HK\$406 million). The Group's outstanding bank loans totalled HK\$617 million (31 December 2014: HK\$724 million). The decrease in bank loans was mainly due to the repayment of certain bank borrowings during the period. Details of the bank loans including the terms of the loans, interest rates, currencies and securities are disclosed in note 13 to the interim financial report. As at 30 June 2015, the Group's gearing ratio, calculated on the basis of external borrowings over total assets stood at approximately 22% (31 December 2014: 26%). As at 30 June 2015, the Group has HK\$22 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 minimise the potential risk. Currently, the Group has reasonable financial leverage. In order to cope with the expansion, the Group will utilise and refinance the available bank loan facilities to finance the cinema projects, potential acquisitions in Mainland China as well as other investment opportunities. The Group believes that its current cash holding and available banking facilities will be sufficient to fund its working capital requirements.

The Group's assets and liabilities are principally denominated in Hong Kong dollars and Renminbi, except for certain assets and liabilities associated with the investments in Singapore and Taiwan. The overseas joint ventures of the Group are operating in their local currencies and are subject to minimal exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 30 June 2015 (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group employed 1,602 (31 December 2014: 1,565) permanent employees. The Group remunerates its employees mainly by reference to industry practice. In addition to salaries, commissions and discretionary bonuses, share options will be granted to employees based on individual performance and contribution to the Group. The Group also operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance and, as at 30 June 2015, 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 13 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 2015 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 2015 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

28 August 2015

Consolidated Income Statement

For the six months ended 30 June 2015 — Unaudited

	Note	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Revenue	3	675,141	514,495
Cost of sales		(278,960)	(206,320)
Gross profit		396,181	308,175
Other revenue		15,929	35,132
Other net loss	5(c)	(3,143)	(201)
Selling and distribution costs		(372,895)	(290,506)
General and administrative expenses		(63,135)	(49,274)
Other operating expenses		(69)	(180)
(Loss)/profit from operations		(27,132)	3,146
Finance costs	5(a)	(19,169)	(23,541)
Share of profits of joint ventures		50,998	41,845
Share of profits of associates		736	592
Profit before taxation	5	5,433	22,042
Income tax	6	(1,367)	(8,847)
Profit for the period		4,066	13,195
Attributable to:			
Equity holders of the Company		3,104	12,139
Non-controlling interests		962	1,056
		4,066	13,195
Earnings per share			
	7		
Basic		0.11 cents	0.45 cents
Diluted		0.11 cents	0.45 cents

The notes on pages 20 to 37 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015 — Unaudited

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Profit for the period	4,066	13,195
Other comprehensive income for the period		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of:		
— overseas subsidiaries	(401)	(6,319)
— overseas joint ventures	4,911	2,214
— overseas associates	(31)	(109)
	4,479	(4,214)
Total comprehensive income for the period	8,545	8,981
Total comprehensive income attributable to:		
Equity holders of the Company	7,562	8,007
Non-controlling interests	983	974
Total comprehensive income for the period	8,545	8,981

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

The notes on pages 20 to 37 form part of this interim financial report.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Non-current assets			
Investment properties	8	150,225	150,488
Property, plant and equipment	8	1,432,628	1,377,940
Interests in joint ventures	9	263,046	243,271
Interests in associates		10,759	12,415
Available-for-sale equity security		6,750	–
Other receivables, deposits and prepayments		94,748	94,928
Club memberships		2,490	2,490
Trademarks		80,524	80,524
Goodwill		87,212	73,658
Deferred tax assets		45,044	31,782
Pledged bank deposits	12	21,875	21,880
		2,195,301	2,089,376
Current assets			
Inventories		7,914	6,513
Film rights	10	82,510	74,289
Trade receivables	11	133,137	92,027
Other receivables, deposits and prepayments		227,198	237,211
Pledged bank deposit	12	–	25,000
Deposits and cash	12	313,082	406,488
		763,841	841,528
Current liabilities			
Bank loans	13	244,960	250,268
Trade payables	14	138,006	88,794
Other payables and accrued charges		149,644	113,798
Deferred revenue		190,922	169,198
Obligations under finance leases		17,036	14,552
Taxation payable		16,239	12,755
		756,807	649,365

Consolidated Statement of Financial Position

(continued)

As at 30 June 2015

	Note	As at 30 June 2015 HK\$'000 (Unaudited)	As at 31 December 2014 HK\$'000 (Audited)
Net current assets		7,034	192,163
Total assets less current liabilities		2,202,335	2,281,539
Non-current liabilities			
Bank loans	13	371,941	473,991
Obligations under finance leases		26,635	16,183
Deferred tax liabilities		9,775	10,718
		408,351	500,892
NET ASSETS		1,793,984	1,780,647
Capital and reserves			
Share capital	15	274,252	274,252
Reserves		1,502,510	1,494,948
Total equity attributable to equity holders of the Company		1,776,762	1,769,200
Non-controlling interests		17,222	11,447
TOTAL EQUITY		1,793,984	1,780,647

The notes on pages 20 to 37 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015 — Unaudited

	Share capital HK\$'000	Share premium HK\$'000	Capital			*Reserve funds HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
			Share redemption reserve HK\$'000	Contributed surplus HK\$'000	Contributed surplus HK\$'000						
Balance at 1 January 2015	274,252	694,639	8,833	80,000	13,656	41,383	656,437	1,769,200	11,447	1,780,647	
Changes in equity for the six months ended 30 June 2015:											
Profit for the period	-	-	-	-	-	-	3,104	3,104	962	4,066	
Other comprehensive income	-	-	-	-	-	4,458	-	4,458	21	4,479	
Total comprehensive income	-	-	-	-	-	4,458	3,104	7,562	983	8,545	
Acquisition/incorporation of subsidiaries	-	-	-	-	-	-	-	-	7,748	7,748	
Capital reduction of a subsidiary	-	-	-	-	-	-	-	-	(2,956)	(2,956)	
Transfer to/(from) reserves	-	-	-	-	4,889	-	(4,889)	-	-	-	
Balance at 30 June 2015	274,252	694,639	8,833	80,000	18,545	45,841	654,652	1,776,762	17,222	1,793,984	

Consolidated Statement of Changes in Equity (continued)

For the six months ended 30 June 2015 — Unaudited

	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 2014	267,982	664,835	7,719	8,833	80,000	10,973	67,988	646,341	1,754,671	10,661	1,765,332
Changes in equity for the six months ended 30 June 2014:											
Profit for the period	-	-	-	-	-	-	-	12,139	12,139	1,056	13,195
Other comprehensive income	-	-	-	-	-	-	(4,132)	-	(4,132)	(82)	(4,214)
Total comprehensive income	-	-	-	-	-	-	(4,132)	12,139	8,007	974	8,981
Transfer to/(from) reserves	-	-	-	-	-	3,137	-	(3,137)	-	-	-
Balance at 30 June 2014	267,982	664,835	7,719	8,833	80,000	14,110	63,856	655,343	1,762,678	11,635	1,774,313

* 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 20 to 37 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015 — Unaudited

	Note	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Operating activities			
Finance costs paid		(20,911)	(27,511)
Other cash flows arising from operating activities		37,640	(12,447)
Net cash generated from/(used in) operating activities		16,729	(39,958)
Investing activities			
Payment for the purchase of property, plant and equipment		(75,362)	(71,403)
Dividends received		76,672	80,690
Acquisition of subsidiaries	16	(22,278)	-
Other cash flows arising from investing activities		23,492	(982)
Net cash generated from investing activities		2,524	8,305
Financing activities			
Draw down of bank loans		-	24,003
Repayment of bank loans		(106,367)	(182,924)
Other cash flows arising from financing activities		(5,512)	(4,763)
Net cash used in financing activities		(111,879)	(163,684)
Net decrease in cash and cash equivalents		(92,626)	(195,337)
Cash and cash equivalents at 1 January		406,488	534,536
Effect of foreign exchange rates changes		(780)	(2,461)
Cash and cash equivalents at 30 June		313,082	336,738
Analysis of balances of cash and cash equivalents			
Non-pledged short term bank deposits		135,537	148,880
Non-pledged cash and bank balances		177,545	187,858
Cash and cash equivalents at 30 June		313,082	336,738

The notes on pages 20 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 28 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policies changes that are expected to be reflected in the 2015 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the 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 2014 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 pages 11 to 12.

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company.

- *Annual improvements to HKFRSs 2010–2012 cycle*
- *Annual improvements to HKFRSs 2011–2013 cycle*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE

Revenue represents the income from the sale of film, video and television rights, film and television drama distribution, theatre operation, promotion and advertising fee income, agency and consultancy fee income and proceeds from the sale of audio visual products.

4 SEGMENT REPORTING

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

- Hong Kong
- Mainland China
- Taiwan
- Singapore

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

4 SEGMENT REPORTING *(continued)*

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

Segment revenue and results

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

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

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

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

4 SEGMENT REPORTING (continued)

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

	Six months ended 30 June									
	Hong Kong		Mainland China		Taiwan		Singapore		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Revenue from external customers										
— Exhibition	128,375	105,284	543,629	405,646	260,614	217,908	201,600	202,083	1,134,218	930,921
— Distribution and production	12,647	17,661	608	6,678	1,139	2,909	5,321	4,710	19,715	31,958
— Corporate	552	690	-	-	-	-	-	-	552	690
Reportable segment revenue	141,574	123,635	544,237	412,324	261,753	220,817	206,921	206,793	1,154,485	963,569
Reportable segment profit/(loss)										
after taxation	16,967	3,518	(24,079)	(3,799)	19,881	12,321	29,249	28,702	42,018	40,742
<i>Reconciliation — Revenue</i>										
Reportable segment revenue									1,154,485	963,569
Share of revenue from joint ventures in Taiwan and Singapore									(468,674)	(427,610)
Elimination of intra-segment revenue									(929)	(668)
Others									(9,741)	(20,796)
									675,141	514,495
<i>Reconciliation — Profit before taxation</i>										
Reportable profit after taxation from external customers									42,018	40,742
Unallocated operating expenses, net									(38,914)	(28,603)
Non-controlling interests									962	1,056
Income tax									1,367	8,847
Profit before taxation									5,433	22,042

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
(a) Finance costs		
Interest on bank loans	19,342	23,961
Finance charges on obligations under finance leases	1,085	1,417
Other ancillary borrowing costs	1,242	3,363
Total finance costs on financial liabilities not at fair value through profit or loss	21,669	28,741
Less: finance costs capitalised into leasehold improvements*	(2,500)	(5,200)
	19,169	23,541
* The finance costs have been capitalised at rates ranging from 5.94% to 6.75% per annum (six months ended 30 June 2014: 3.44% to 8.19%).		
(b) Other items		
Cost of inventories	16,884	13,641
Cost of services provided	257,980	188,441
Depreciation of property, plant and equipment	78,361	66,275
Amortisation of film rights	4,096	4,238
Loss/(gain) on disposals of property, plant and equipment	67	(181)
Exchange loss, net	3,629	5,684
Interest income from bank deposits	(3,609)	(5,636)
Other interest income (note)	-	(13,230)

5 PROFIT BEFORE TAXATION (continued)

(b) Other items (continued)

Note: The Group has a lease agreement with a related party in respect of a property in Mainland China. Upon the failure of the related party to deliver the property on time, the Group entered into a memorandum with the related party to extend the delivery date of the leased property and to charge interest at a rate of 7.5% per annum on the amount of the prepaid rental. During the period ended 30 June 2014, an amount of HK\$13,230,000 representing the interest on the prepaid rental for delay in the property handover was recorded as other revenue.

(c) Other net loss

Included in other net loss for the six months ended 30 June 2014 was an amount of HK\$3,594,000 representing compensation receivable from a contractor for delays in construction progress on opening together with punitive damages relating to certain new cinemas in Mainland China. No such income was recognised during the six months ended 30 June 2015.

6 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Group		
<i>Current income tax</i>		
Provision for overseas tax	16,676	7,572
Over provision in respect of prior periods	(1,026)	(751)
	15,650	6,821
<i>Deferred tax — overseas</i>		
Origination and reversal of temporary differences	(14,283)	2,026
	1,367	8,847

6 INCOME TAX (continued)

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2014: 16.5%) to the six months ended 30 June 2015.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$3,104,000 (six months ended 30 June 2014: HK\$12,139,000) and the weighted average number of ordinary shares of 2,742,519,248 (2014: 2,679,819,248 shares) in issue during the period.

Weighted average number of ordinary shares (basic)

	2015 Number of shares	2014 Number of shares
Weighted average number of ordinary shares and issued ordinary shares as at 30 June	2,742,519,248	2,679,819,248

7 EARNINGS PER SHARE *(continued)*

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity holders of the Company of HK\$3,104,000 (six months ended 30 June 2014: HK\$12,139,000) and the weighted average number of ordinary shares of 2,742,519,248 (six months ended 30 June 2014: 2,685,806,266 shares), after adjusting for the effect of the potential dilution from ordinary shares issuable under the Company's share option schemes, calculated as follows:

Weighted average number of ordinary shares (diluted)

	2015	2014
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares at 30 June	2,742,519,248	2,679,819,248
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	–	5,987,018
Weighted average number of ordinary shares (diluted) at 30 June	2,742,519,248	2,685,806,266

8 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired items of property, plant and equipment in an aggregate amount of HK\$135,820,000, which mainly comprised construction in progress, leasehold improvements and machinery and equipment.

The Group's investment properties were revalued as at 30 June 2015 by the senior management of the Group using the market comparison approach by reference to recent market price of comparable properties using market data which is publicly available.

No gain or loss from changes in fair values of the investment properties during the six months ended 30 June 2015 was recognised in profit or loss.

9 INTERESTS IN JOINT VENTURES

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Share of net assets	263,046	243,271

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

10 FILM RIGHTS

During the period under review, the Group incurred costs for film production of HK\$12,401,000 (six month ended 30 June 2014: HK\$8,089,000) and amortisation of film rights amounted to HK\$4,096,000 (six month ended 30 June 2014: HK\$4,238,000).

11 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 2015 HK\$'000	As at 31 December 2014 HK\$'000
Within 1 month	91,917	68,900
1 to 2 months	9,313	2,909
2 to 3 months	6,797	1,530
Over 3 months	25,110	18,688
	133,137	92,027

11 TRADE RECEIVABLES *(continued)*

At 30 June 2015, trade receivables of the Group included amounts totalling HK\$29,971,000 (31 December 2014: HK\$21,161,000) due from related companies and an amount of HK\$988,000 (31 December 2014: HK\$5,150,000) due from a joint venture, which are unsecured, interest-free and recoverable within one year.

12 DEPOSITS AND CASH

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Deposits at banks	135,537	223,558
Cash at bank and on hand	199,420	229,810
	334,957	453,368
Less: Pledged deposits for bank loans	(21,875)	(46,880)
Cash and cash equivalents	313,082	406,488

13 BANK LOANS

(a) The bank loans were repayable as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Within 1 year or on demand	244,960	250,268
After 1 year but within 2 years	113,076	189,224
After 2 years but within 5 years	191,843	210,237
After 5 years	67,022	74,530
	371,941	473,991
	616,901	724,259

13 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 interest rates.

(b) At 30 June 2015, the bank loans were secured by:

- (i) an office property of a subsidiary located in Hong Kong;
- (ii) deposits of subsidiaries of HK\$21,875,000 (31 December 2014: HK\$46,880,000); 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 2015 and 31 December 2014, none of the covenants relating to drawn down facilities had been breached.

13 BANK LOANS *(continued)*

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

	As at 30 June 2015 '000	As at 31 December 2014 '000
Renminbi	293,353	330,025
Hong Kong dollars	250,212	310,737

14 TRADE PAYABLES

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

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Current to 3 months	94,501	57,884
Within 4 to 6 months	6,084	1,382
Within 7 to 12 months	4,496	7,265
Over 1 year	32,925	22,263
	138,006	88,794

As at 30 June 2015, the trade payables of the Group included amounts totalling HK\$48,829,000 (31 December 2014: HK\$23,480,000) due to related companies which are unsecured, interest-free and repayable on demand.

15 SHARE CAPITAL

	As at 30 June 2015		As at 31 December 2014	
	No. of shares	Amount HK\$'000	No. of shares	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:				
Ordinary shares of HK\$0.10 each	2,742,519,248	274,252	2,742,519,248	274,252

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 2014 annual financial statements.

(ii) Dividends

No dividends were declared and distributed during the six months ended 30 June 2015 and 2014.

16 BUSINESS COMBINATIONS

During the six months ended 30 June 2015, the Group acquired 100% of the issued share capital of Shenzhen Dameng Cinema Company Ltd ("深圳達夢影城有限公司") ("Shenzhen Dameng"), 75% of the issued share capital of Shenzhen Tianrun Cinema Company Ltd ("深圳天潤影城有限公司") ("Shenzhen Tianrun") and 100% of the issued share capital of Fushun City Star Company Ltd ("撫順星辰影城有限公司") ("Fushun City Star"), from certain independent third parties at a total cash consideration of RMB37,420,000 (equivalent to HK\$46,794,000). These companies are principally engaged in theatre operation in Mainland China.

16 BUSINESS COMBINATIONS (continued)

The provisional fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition dates were as follows:

	Six months ended 30 June 2015 HK\$'000
Property, plant and equipment	39,440
Cash and cash equivalents	150
Trade and other receivables	881
Inventories	182
Trade and other payables	(730)
Deferred revenue	(402)
Tax payable	(33)
Net assets acquired	39,488
Non-controlling interest	(6,248)
Provisional goodwill	13,554
Total consideration	46,794
Satisfied by:	
Cash	46,794

Net cash flow of cash and cash equivalents in respect
of the acquisition of the three subsidiaries:

Cash consideration paid (Note)	(22,428)
--------------------------------	-----------------

Acquisition of the subsidiaries has been accounted for using the purchase method. Goodwill arises from the excess of cost of acquisition over the fair value of identifiable assets and liabilities of the acquired subsidiaries.

16 BUSINESS COMBINATIONS *(continued)*

The provisional goodwill is determined on a provisional basis, awaiting the completion of the identification of separable intangible assets and valuation of the intangible assets acquired.

Note: The first instalments of RMB17,920,000 (equivalent to HK\$22,428,000) in aggregate were paid upon the acquisition of the three companies. According to the sale and purchase agreements for the acquisition, the remaining consideration of RMB19,500,000 (equivalent to HK\$24,366,000) is payable by cash in a number of instalments before 2019.

17 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

At the end of the reporting period, the Group's share of the joint ventures' own capital commitments in respect of the acquisition of property, plant and equipment, was as follows:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Contracted but not provided for:		
— Singapore	138	3,293
— Taiwan	3,848	8,039
	3,986	11,332

17 CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT *(continued)*

In addition to the Group's share of the joint ventures' own capital commitments above, the Group had the following capital commitments in respect of acquisition of property, plant and equipment at the end of the reporting period:

	As at 30 June 2015 HK\$'000	As at 31 December 2014 HK\$'000
Capital commitments in respect of the acquisition of property, plant and equipment:		
Contracted for:		
— Mainland China	56,916	65,119
<hr style="border-top: 1px dashed black;"/>		
Authorised but not contracted for:		
— Mainland China	504,673	538,928
<hr style="border-top: 1px dashed black;"/>		
	561,589	604,047

18 CONTINGENT LIABILITIES

At 30 June 2015, the Company has issued guarantees to banks in respect of banking facilities granted to certain subsidiaries amounting to HK\$947,667,000 (31 December 2014: HK\$1,056,982,000). At 30 June 2015, banking facilities of HK\$618,692,000 (31 December 2014: HK\$727,290,000) had been utilised by the subsidiaries.

At 30 June 2015, 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.

19 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Short-term employee benefits	2,762	3,023
Post-employment benefits	62	60
	2,824	3,083

(b) Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

	Note	Six months ended 30 June 2015 HK\$'000	Six months ended 30 June 2014 HK\$'000
Office rental paid	(i)	1,785	1,798
Cinema screen advertising services income	(ii)	11,916	15,282
Other interest income	(iii)	-	13,230
Rental prepayment for leasing of property	(iv)	-	25,200
Cinema circuit management service fee income	(v)	4,864	2,693

19 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Material related party transactions *(continued)*

Notes:

- (i) This represents office rental expenses for three office areas paid to two related companies.
- (ii) This represents cinema screen advertising income received from two related companies.
- (iii) This represents other interest income received from a related company.
- (iv) This represents rental prepayment paid to a related company.
- (v) This represents management service fees paid to a related company for introducing top-class cinema circuit to Mainland China cinemas.

The transactions shown above with related companies constitute connected transactions as defined in the Listing Rules. The connected transactions were either properly approved by the independent non-executive directors or constituted de minimis transactions as defined in the Listing Rules.

There were no other material related party transactions during the six months ended 30 June 2015, other than in the nature of those as disclosed in note 31 of the 2014 annual financial statements.

20 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group acquired two companies which are engaged in theatre operation in Mainland China from independent third parties. The total purchase consideration was RMB24,000,000 (equivalent to approximately HK\$30,000,000).

Subsequent to the end of the reporting period, the Company granted share options to certain eligible participants, subject to their respective acceptance, to subscribe for a total of 140,160,000 ordinary shares of HK\$0.10 each in the share capital of the Company.

Subsequent to the end of the reporting period, the Group entered into agreements with banks for the granting of new banking facilities of HK\$160,000,000 in aggregate.

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
Wu Keyan

Independent Non-executive Directors

Leung Man Kit
Huang Shao-Hua George
Wong Sze Wing

Purchase, Sale or Redemption of Listed Securities

The Company has not redeemed any of its listed securities during the period ended 30 June 2015. Neither the Company nor any of its subsidiaries has repurchased or sold any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the period.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at 30 June 2015, 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	1,723,894,068 (L)	-	1,723,894,068 (L)	62.86%
	Beneficial owner	1	84,545,000 (L)	-	84,545,000 (L)	3.08%
Wu Keyan	Beneficial owner		500,000 (L)	-	500,000 (L)	0.018%
Li Pei Sen	Beneficial owner		200,000 (L)	-	200,000 (L)	0.007%
Leung Man Kit	Beneficial owner		200,000 (L)	-	200,000 (L)	0.007%

* This percentage has been compiled based on the total number of Shares in issue (i.e. 2,742,519,248) as at 30 June 2015.

Notes:

1. By virtue of the SFO, Mr. Wu Kebo ("Mr. Wu") was deemed to be interested in a total of 1,723,894,068 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) 129,666,667 Shares were held by Noble Biz International Limited (a company wholly owned by Mr. Wu); (iv) 565,719,948 Shares held by Orange Sky Entertainment Group (International) Holding Company Limited (a company 80% owned by Mr. Wu) and (v) 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 84,545,000 Shares as at 30 June 2015 which were beneficially held in his own name.

Abbreviations:

"L" stands for long 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 2015, 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 adopted its existing share option scheme on 11 November 2009, which 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.

No share option has been granted under the scheme during the six months ended 30 June 2015. As at 30 June 2015, there was no outstanding share option of the Company which was granted under this scheme.

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 2015, 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 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	1,723,894,068 (L)	-	1,723,894,068 (L)	62.86%
	Beneficial owner	1	84,545,000 (L)	-	84,545,000 (L)	3.08%
Skyera International Limited ("Skyera")	Beneficial owner	2	439,791,463 (L)	-	439,791,463 (L)	16.04%
Mainway Enterprises Limited ("Mainway")	Beneficial owner	3	408,715,990 (L)	-	408,715,990 (L)	14.90%
Noble Biz International Limited ("Noble Biz")	Beneficial owner	4	129,666,667 (L)	-	129,666,667 (L)	4.73%
Orange Sky Entertainment Group (International) Holding Company Limited ("OSEG")	Beneficial owner	5	565,719,948 (L)	-	565,719,948 (L)	20.63%
Cyber International Limited ("Cyber")	Beneficial owner	6	180,000,000 (L)	-	180,000,000 (L)	6.56%

* These percentages have been compiled based on the total number of Shares in issue (i.e. 2,742,519,248 ordinary Shares) as at 30 June 2015.

Notes:

1. By virtue of the SFO, Mr. Wu was deemed to have interest in a total of 1,723,894,068 Shares, of which (i) 439,791,463 Shares were held by Skyera; (ii) 408,715,990 Shares were held by Mainway; (iii) 129,666,667 Shares were held by Noble Biz; (iv) 565,719,948 Shares were held by OSEG (a company 80% owned by Mr. Wu) and (v) 180,000,000 Shares were held by Cyber.

In addition, Mr. Wu had interest in 84,545,000 Shares as at 30 June 2015 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. Noble Biz is a company wholly owned by Mr. Wu, who is also a director of Noble Biz.
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. Cyber is a company owned by an associate of Mr. Wu.

Abbreviations:

“L” stands for long position

Save as disclosed above, as at 30 June 2015, no other person had an interest or a short position in Shares or underlying Shares 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 2015.

Interim Dividend

The Directors do not recommend the payment of any interim dividend for the period ended 30 June 2015 (30 June 2014: Nil).

Compliance with Corporate Governance Code

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

For the period ended 30 June 2015, the Company complied with the code provisions of CG Code, with the exception of code provisions A.4.1 and E.1.2.

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

Code provision E.1.2 requires the chairman of the Board to attend the annual general meeting of the Company held on 5 June 2015 (the "AGM"). Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. Mr. Li Pei Sen, who took the chair of the AGM, together with other members of the Board who attended the AGM were of sufficient calibre and knowledge for answering questions at the AGM.

Compliance with 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 period ended 30 June 2015.

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, 28 August 2015



MAINLAND CHINA 中國內地
447 screens / 銀幕

HONG KONG 香港
24 screens / 銀幕

TAIWAN 台灣
127 screens / 銀幕

SINGAPORE 新加坡
92 screens / 銀幕

Orange Sky Golden Harvest's
Cinema Portfolio
橙天嘉禾影城組合

(As at 30 June 2015 於二零一五年六月三十日)

Orange Sky
ENTERTAINMENT GROUP



嘉禾



Golden Harvest

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

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