ORANGE SKY GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

橙天嘉禾娛樂(集團)有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS

	2021	2020	**Changes**	
	HK$ million	*HK$ million*	***HK$ million***	*%*
The Group				
Revenue	**190**	139	**51**	**37%**
Gross profit	**116**	90	**26**	**29%**
Loss before taxation	**(185)**	(160)	**(25)**	**(16%)**
Loss attributable to equity holders	**(180)**	(155)	**(25)**	**(16%)**
Loss per share	**(6.41) cents**	(5.55) cents		

- Revenue increased by 37% from HK$139 million to HK$190 million, due to Singapore cinemas re-opened without further closures during the period, and Hong Kong cinemas recovered gradually following 11 weeks closure since 2 December 2020, partially offset by seat capacity and food and beverage restrictions imposed by local governments as part of the COVID-19 control measures.

- Gross profit increased by 29% from HK$90 million to HK$116 million along with the increase in revenue.

- Loss attributable to equity holders was HK$180 million, increased from loss attributable to equity holders of HK$155 million in the corresponding period last year, after taking into account a HK$54.7 million non-recurring assets impairment.

- Gearing ratio remained stable at 28.9% (31 December 2020: 29.0%).

* *For identification purposes only*

INTERIM RESULTS

The Board (the "Board") of directors (the "Directors" and each "Director") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021 together with the comparative figures for the preceding six months ended 30 June 2020. The consolidated results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED INCOME STATEMENT

	Note	**Six months ended 30 June 2021** ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2020 *HK$'000* (Unaudited)
Revenue	*3*	**190,062**	138,765
Cost of sales		**(73,730)**	(48,296)
Gross profit		**116,332**	90,469
Other revenue		**26,141**	53,994
Other net loss		**(917)**	(2,827)
Selling and distribution costs		**(174,569)**	(182,481)
General and administrative expenses		**(39,884)**	(40,754)
Other operating expenses		**(55,353)**	(6,873)
Loss from operations		**(128,250)**	(88,472)
Finance costs	*5(a)*	**(27,565)**	(38,086)
Share of loss of a joint venture		**(29,377)**	(33,462)
Loss before taxation	*5*	**(185,192)**	(160,020)
Income tax credit	*6*	**5,664**	4,599
Loss for the period		**(179,528)**	(155,421)
Attributable to:			
Equity holders of the Company		**(179,528)**	(155,421)
Non-controlling interests		**–**	–
		(179,528)	(155,421)
Loss per share (HK cent)	*7*		
Basic and diluted		**(6.41)**	(5.55)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June 2021 *HK$'000* **(Unaudited)**	Six months ended 30 June 2020 *HK$'000* (Unaudited)
Loss for the period	**(179,528)**	(155,421)
Other comprehensive income for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of:		
— subsidiaries outside Hong Kong	**(24,144)**	(56,858)
— a joint venture outside Hong Kong	**3,836**	5,330
	(20,308)	(51,528)
Total comprehensive income for the period	**(199,836)**	(206,949)
Total comprehensive income attributable to:		
Equity holders of the Company	**(199,831)**	(206,958)
Non-controlling interests	**(5)**	9
Total comprehensive income for the period	**(199,836)**	(206,949)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**As at 30 June 2021** *HK$'000* **(Unaudited)**	As at 31 December 2020 *HK$'000* (Audited)
Non-current assets			
Investment property		**14,000**	14,000
Other property, plant and equipment		**331,424**	327,797
Right-of-use assets		**1,267,123**	1,244,322
		1,612,547	1,586,119
Interest in a joint venture		**77,998**	103,540
Other receivables, deposits and prepayments		**35,020**	37,363
Intangible assets		**522,415**	530,756
Goodwill		**573,933**	633,118
Pledged bank deposits		**50,000**	50,000
		2,871,913	2,940,896
Current assets			
Inventories		**2,090**	3,513
Film rights		**54,243**	46,717
Trade receivables	*8*	**14,858**	13,358
Other receivables, deposits and prepayments		**133,842**	146,392
Pledged bank deposit		**17,850**	17,850
Deposits and cash		**789,828**	985,546
		1,012,711	1,213,376
Current liabilities			
Bank loans		**139,965**	148,176
Trade payables	*9*	**48,137**	53,693
Other payables and accrued charges		**122,317**	122,238
Deferred revenue		**41,534**	48,416
Lease liabilities		**91,965**	100,328
Taxation payable		**1,315**	9,321
		445,233	482,172
Net current assets		**567,478**	731,204
Total assets less current liabilities		**3,439,391**	3,672,100

	Note	As at 30 June 2021 HK$'000 (Unaudited)	As at 31 December 2020 HK$'000 (Audited)
Non-current liabilities			
Bank loans		**984,574**	1,057,943
Lease liabilities		**618,201**	568,563
Deferred tax liabilities		**153,717**	162,859
		1,756,492	1,789,365
NET ASSETS		**1,682,899**	1,882,735
CAPITAL AND RESERVES			
Share capital		**279,967**	279,967
Reserves		**1,403,534**	1,603,365
Total equity attributable to equity holders of the Company		**1,683,501**	1,883,332
Non-controlling interests		**(602)**	(597)
TOTAL EQUITY		**1,682,899**	1,882,735

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The interim results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2021 but are extracted from that interim report.

The interim financial information 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 30 August 2021.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements as set out in note 2.

The preparation of the interim financial information 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.

The interim financial information contains condensed consolidated financial information 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 2020 annual financial statements. The condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial information 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.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRS are discussed below:

Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

The Group has early adopted the 2021 amendment in this financial year. Accordingly, these rent concessions are now accounted for as negative variable lease payments, and are recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

3 REVENUE

Revenue, which is from contracts within the scope of HKFRS 15, represents income from the sale of film, video and television rights, film and television drama distribution, theatre operation, promotion and advertising services, agency and consultancy services, sale of audio visual products, membership fees and food and beverage sales.

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

4 SEGMENT REPORTING

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

— Hong Kong

— Mainland China

— Singapore

— Taiwan

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

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

Segment revenue and results

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

The measure used for reporting segment profit is adjusted operating profit after taxation where net finance costs, exchange differences and extraordinary items are excluded, and the effect of HKFRS 16, *Leases* is adjusted as if the rentals had been recognised under HKAS 17, *Leases*. To arrive at adjusted operating profit after taxation, the Group's profit is further adjusted for items not specifically attributable to individual segments, such as directors' and auditors' remuneration and head office or corporate administration costs.

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

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

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

	Six months ended 30 June (unaudited)									
	Hong Kong		**Mainland China**		**Singapore**		**Taiwan**		**Consolidated**	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Revenue										
— Exhibition	**39,693**	32,569	**–**	–	**159,372**	137,360	**126,298**	103,652	**325,363**	273,581
— Distribution and production	**2,045**	6,571	**–**	88	**24,556**	8,129	**2,401**	1,361	**29,002**	16,149
— Club House	**–**	–	**1,473**	6,217	**–**	–	**–**	–	**1,473**	6,217
— Corporate	**1,132**	1,018	**–**	–	**–**	–	**–**	–	**1,132**	1,018
Reportable segment revenue	**42,870**	40,158	**1,473**	6,305	**183,928**	145,489	**128,699**	105,013	**356,970**	296,965
Reportable segment loss after taxation	**(26,839)**	(34,465)	**(12,890)**	(20,528)	**(33,008)**	(16,864)	**(23,543)**	(22,442)	**(96,280)**	(94,299)
Reconciliation — Revenue										
Reportable segment revenue									**356,970**	296,965
Share of revenue from a joint venture in Taiwan									**(128,699)**	(105,013)
Elimination of intra-segmental revenue									**(14,460)**	(4,623)
Others									**(23,749)**	(48,564)
Consolidated revenue									**190,062**	138,765
Reconciliation — Loss before taxation										
Reportable loss after taxation from external customers									**(96,280)**	(94,299)
Unallocated operating expenses, net									**(83,248)**	(61,122)
Non-controlling interests									**–**	–
Income tax credit									**(5,664)**	(4,599)
Consolidated loss before tax									**(185,192)**	(160,020)

5 LOSS BEFORE TAXATION

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

	Six months ended 30 June 2021 *HK$'000* **(Unaudited)**	Six months ended 30 June 2020 *HK$'000* (Unaudited)
(a) Finance costs		
Interest on bank loans	**9,720**	17,662
Interest on lease liabilities	**12,364**	16,810
Other ancillary borrowing costs	**5,947**	3,791
Total finance costs on financial liabilities not at fair value through profit or loss	**28,031**	38,263
Less: finance cost capitalised into construction in progress*	**(466)**	(177)
	27,565	38,086

* *The finance costs have been capitalised at rates ranging from 1.73% to 1.83% (ranging from 2.70% to 4.69% per annum for the six months ended 30 June 2020) per annum for the six months ended 30 June 2021.*

	Six months ended 30 June 2021 *HK$'000* **(Unaudited)**	Six months ended 30 June 2020 *HK$'000* (Unaudited)
(b) Other items		
Cost of inventories	**9,111**	6,856
Cost of services provided	**64,273**	40,265
Depreciation charge		
— owned property, plant and equipment	**24,094**	29,674
— right-of-use assets	**54,948**	68,125
Amortisation of film rights	**346**	1,175
Gain on disposals of property, plant and equipment	**(203)**	(104)
Impairment losses on non-financial assets		
— cinema-related assets	**5,453**	6,132
— goodwill	**49,239**	–
Exchange loss, net	**1,120**	2,931
Interest income from bank deposits	**(1,892)**	(5,779)

6 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2021	Six months ended 30 June 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
Provision for Hong Kong tax	**–**	–
Provision for overseas tax	**479**	1,519
Under-provision in respect of prior periods	**414**	–
	893	1,519
Deferred tax — overseas		
Origination and reversal of temporary differences	**(6,557)**	(6,118)
Actual tax credit	**(5,664)**	(4,599)

No provision for Hong Kong Profits Tax has been made in the unaudited consolidated financial information as the Group sustained a loss for Hong Kong Profits Tax for both periods.

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

7 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity holders of the Company of HK$179,528,000 (six months ended 30 June 2020: loss of HK$155,421,000) and the weighted average number of ordinary shares of 2,799,669,050 (2020: 2,799,669,050 shares) in issue during the period.

Weighted average number of ordinary shares (basic)

	2021 Number of shares (Unaudited)	2020 Number of shares (Unaudited)
Issued ordinary share and weighted average number of ordinary shares as at 30 June	**2,799,669,050**	2,799,669,050

(b) Diluted loss per share

The Company does not have any dilutive potential ordinary shares at 30 June 2020 and 2021. Diluted loss per share for the six months ended 30 June 2020 and 2021 is the same as the basic loss per share.

8 TRADE RECEIVABLES

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of allowance for doubtful debts, is as follows:

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**6,864**	7,123
Over 1 month but within 2 months	**1,242**	1,454
Over 2 months but within 3 months	**4,815**	1,662
Over 3 months	**1,937**	3,119
	14,858	13,358

9 TRADE PAYABLES

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

	As at 30 June 2021	As at 31 December 2020
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 3 months	**35,850**	40,463
4 to 6 months	**1,178**	1,479
7 to 12 months	**188**	212
Over 1 year	**10,921**	11,539
	48,137	53,693

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

The first half of 2021 is plagued with continued challenges posted by the novel COVID-19 outbreak since 2020. In particular, lockdown measures have hit the worldwide cinema industry hard with prolonged cinema closures leading to direct loss of cinema box office revenue. The Group's cinema operations remain severely affected by the pandemic with Hong Kong and Taiwan cinemas closed for 11 weeks and 8 weeks respectively by government lockdown orders to cope with local pandemic situation. While Singapore cinemas remained opened throughout the period, the regions' cinemas are affected severely by tightening measures imposed by the government including seat capacity restrictions, controlled food and beverage consumptions inside cinema halls, as well as delay for blockbusters releases.

During the period, the Group continued to focus on cost control measures while selectively expanding our market shares by acquiring quality assets and cinema sites at discounted prices to further enjoy wider economies of scale. The Group firmly believes that its strategy to expand the single use of cinemas from movie viewing to an integrated entertainment hub featuring not only blockbuster movies, but other offline lifestyle offerings including but not limited to live music, esports, pop-art collectibles, delicious food and high-end custom cocktails, will revitalize cinemas post COVID-19. In the PRC, the Group's new venture into the country's blooming live entertainment industry is close to fruition with the first 360 theatre featuring our self-developed IP expected to stage in the 4th quarter of 2021 with the next three theatres gradually opening over the course of 2022. We believe our efforts will position the Group for rapid recovery once COVID-19 alleviates.

Film Exhibition

The Group has opened a new cinema with 2 screens in Hong Kong, the Group maintained its network of 36 cinemas and 293 screens across Hong Kong, Singapore and Taiwan as of 30 June 2021. The Group's film exhibition business remained as the undisputed market leader in Singapore and Taiwan with 50% and 39% respective share in local box office during the period.

The Group's business is benefited from shorter period of mandatory closures during the period as compared to last year and gradual recovery in box office with periodic alleviation in the pandemic conditions. During the period, the Group's cinemas in Singapore opened for longer period where it opened for 26 weeks (30 June 2020: 11 weeks), resulting in a higher box office income. This is partially mitigated by the temporary closure of Taiwan cinemas for 8 weeks, restrictions on food and beverage in cinema halls, seat capacity control in exhibition halls, and delay in blockbusters movies release across the three territories.

With the Group's continued effort, the Group's cinema total admissions raised by 42% from 3.8 million in the same period last year to 5.4 million during the period. Average ticket price for the three regions also recovered from HK$63.9 to HK$66.9 during the period.

Operating Statistics of the Group's Cinemas
(For the six months ended 30 June 2021)

	Hong Kong	**Singapore**	**Taiwan**
Number of cinemas*	8	13	15
Number of screens*	26	104	163
Admissions *(million)*	0.4	1.5	3.5
Net average ticket price *(HK$)*	71	64	68

* at 30 June 2021

Hong Kong

Operating Statistics of the Group's Cinemas in Hong Kong
(For the six months ended 30 June 2021)

	2021	2020
Number of cinemas*	**8**	7
Number of screens*	**26**	24
Admissions *(million)*	**0.4**	0.3
Net average ticket price *(HK$)*	**71**	72
Box office receipts *(HK$ million)*	**30**	19

* at 30 June 2021

The Group opened a new cinema with 2 screens in Hong Kong during the period. Our Hong Kong operations branded under Golden Harvest Cinemas altogether operated 8 cinemas and 26 screens in the city as of the period end.

All Hong Kong cinemas have been put under mandatory closure from 2 December 2020 to 17 February 2021 for a total of 11 weeks during the period. With Hong Kong COVID-19 situation alleviated considerably after the reopening, Hong Kong business has been picking up, resulting in an improvement in admissions from 0.3 million in first half of 2020 to 0.4 million during the period. Resulting from higher admissions, box office receipts increased by 57% to HK$29.7 million in the period from HK$19.0 million in the previous year, even the average ticket price remained similar at HK$71.3 (30 June 2020: HK$72.0).

Nevertheless, our Hong Kong operations remained negatively affected by social distancing measures such as separation of cinema patrons, seat capacity restrictions and no food and beverages inside exhibition halls. Further delay in blockbuster movies also added further pressures on operations during the period.

Hong Kong is the home market for the Group and the Hong Kong exhibition business has been the core of home business. Riding on the ample liquidity of the Group, improving consumer confidence amidst COVID-19 alleviation, the Group has signed lease agreements to open two new cinemas in Hong Kong with a total of 11 screens in the second half of 2021. Going forward, the Group will cautiously increase our presence in the city while trying to maximise cost efficiency.

Singapore

Operating Statistics of the Group's Cinemas in Singapore
(For the six months ended 30 June 2021)

	2021	2020
Number of cinemas*	**13**	13
Number of screens*	**104**	104
Admissions *(million)*	**1.5**	1.0
Net average ticket price *(S$)*	**11.0**	10.7
Net box office receipts *(S$ million)*	**16**	11

* at 30 June 2021

Singapore has been the main revenue contributor to the Group, attributing to 52% and 49% of the Group's total revenue across 4 regions in first half 2021 and 2020 respectively. The Group's Singapore operations under the Golden Village Cinemas ("Golden Village") brand remained as the market leader locally operating a network of 13 cinemas and 104 screens, attributing to 38% of total installed screens in the country, but represent over half of all the country's box office over the period.

During the period, Golden Village reported net box office receipts of S$16.4 million (30 June 2020: S$10.8 million), representing a 52% increase in net box office receipts compared with the same period last year. The improvement arises primarily because Singapore cinemas are allowed to open without mandatory closures during the period, partially mitigated by seat capacity restrictions, food and beverage restrictions, and delayed blockbusters during the period.

To partially mitigate the effect from reduced box office, Golden Village has strived to open up new initiatives such as live concerts streaming, special movie screening, sales of movie vouchers, and partnership with landlords, e-commerce websites, to maximise our merchandise sales income as much as possible. In the meantime, Golden Village continued to source quality independent movies for distributions in Singapore to position the chain for exclusive screenings.

Golden Village has been a household name in Singapore with a considerable larger scale of operations compared with local competitors. We remain confident in Golden Village business prospects, and will continue to expand Golden Village market leadership in Singapore going forward. The Group's new 8 screens cinema in Katong Mall is expected to open in the 4th quarter of 2021. Katong will be the first "new cinema" concept of Golden Village intending to serve as an entertainment center featuring flexible exhibition halls that can host live concerts and theatres, a foyer area that combines the aesthetics and practical uses of an art gallery, as well as a movie themed Gold Class bar and lounge that intends to provide the best immersive dining experience to patrons. Golden Village will gradually convert its other cinemas into similar entertainment centers concept to attract patrons return to cinemas as their top choice of entertainment. At the same time, Golden Village will also increase movie related merchandises sales and event organizing to maximise other income.

The Group's intended merger of Golden Village with mm2 Asia Limited's subsidiary mm Connect Pte. Ltd. which operates 8 cinemas in Singapore and 14 cinemas in Malaysia, as well as the two companies' film distribution businesses in the region and mm2 Asia Limited's online streaming business into one larger entity remains in progress as of the end of the reporting period. The Group will announce when further material progress is made.

Taiwan

Operating Statistics of the Group's Cinemas in Taiwan
(For the six months ended 30 June 2021)

	2021	2020
Number of cinemas*	**15**	16
Number of screens*	**163**	164
Admissions *(million)*	**3.5**	2.5
Net average ticket price *(NTD)*	**242**	249
Net box office receipts *(NTD billion)*	**0.9**	0.6

* at 30 June 2021

The Group's 35.71% owned Vie Show continued to be the largest cinema chain in Taiwan operating a total of 15 cinemas, comprising of 163 screens as of 30 June 2021, with a market share of 39%. Adhering to the Group's comprehensive entertainment hub strategy, Vie Show operated a chain of "UNICORN" brand handmade popcorn across all its cinemas locations and a Japanese fried chicken chain "TORIKAI" in Taiwan. Vie Show has also ventured into the family focused artificial snow theme park "SNOWTOWN" in Taichung Mitsui Outlet Park. SNOWTOWN is an indoor theme park that allows visitors to enjoy snow at a "feels like" temperature of 20ºC. In addition, Vie Show has operated a mall in Xinyi District where its flagship Xinyi Vie Show cinema is located.

During the period, Taiwan's net box office receipts amounted to NTD0.9 billion, registering an increase of 36% from NTD0.6 billion in the same period last year. The increase was primarily due to return of Hollywood blockbusters against Taiwan's effective response to COVID-19 from January 2021 to April 2021 whereby patrons returned to cinemas. However, due to worsening of COVID-19 situation in May 2021, Taiwan cinemas are forced to close from 19 May 2021 to 12 July 2021 for a total of 8 weeks, which forbade the Group from generating any revenue.

Vie Show understands the importance of securing quality contents for its cinemas during the course of 2020 and 2021, in which its business was impacted primarily by the delay of Hollywood blockbusters. To partially mitigate such matters and to fully leverage on the market leadership in cinema operations locally, Vie Show has incorporated a new film production and film distribution associate Bole Film Co., Ltd (伯樂影業股份有限公司) with the Taiwan Ministry of Culture and other leading cinema chains in Taiwan in 2020. This entity will start to invest in film productions across Greater China from the second half of 2021.

Vie Show will continue to expand its market leadership in Taiwan and remain committed to the 4 new cinemas, which will gradually be constructed and enter operations from 2022 onwards, whereby upon completion will further enhance Vie Show market shares.

The Group is confident that once Taiwan COVID-19 situation alleviates and blockbuster movies are released, Vie Show's performance will quickly return to normal. The Group remained committed in Vie Show and will continue to develop Vie Show into a leading comprehensive entertainment operator in Taiwan.

Film & TV Programme Distribution and Production

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

Riding on the Group's leading position and long tradition in film distribution and production, the Group is one of the largest independent film distributors in Hong Kong, Singapore, and Taiwan. On an aggregated basis the Group's film distribution and production business recorded revenue of HK$29.0 million (30 June 2020: HK$16.2 million), representing a increase of 80% compared to same period last year along with increase in cinema admissions and overall box office. The distribution revenue was mainly generated by distributing releases such as *Shock Wave 2 (拆彈專家 2*) in Hong Kong and Singapore. The famous releases outside Hong Kong was *GATAO — The Last Stray (角頭-浪流連)* in Taiwan and *Long Long Time Ago: The Diam Diam Era (我們的故事3：沉默的年代)* in Singapore.

For the production sector, the Group continued to remain prudent in investment decisions but remained active in seeking opportunities to work with local and overseas studios to produce movies and TV programmes of high quality.

FINANCIAL REVIEW

Profit and Loss

As the Group's cinemas opening period increased during the period, together with gradual release in Hollywood blockbusters, the Group's revenue increased by 37% to HK$190.1 million (30 June 2020: HK$138.8 million). However, as the Group's revenue increase arises primarily by box office income growth and the higher margin screen advertising and food and beverage businesses are restricted by various local government COVID-19 restrictions, the Group's gross profit margin reduced to 61% from 65% in similar period last year. Along with the rise in revenue, gross profit for the period amounted to HK$116.3 million, compared with HK$90.5 million during similar period last year, representing a 29% increase over the same period.

The Group has focused on cost savings during the reporting period to preserve its long-term competitiveness. Via reduction in marketing expenses, utilities expenses, part-time labour costs, and other non-essential services, the Group has managed to reduce its selling and distribution costs by HK$7.9 million during the period, representing 4% reduction from same period last year.

Other revenue of HK$26.1 million represents primarily subsidies and rental support from governments and landlords. This represents HK$27.9 million reduction compared with the same period of last year. Interest income during the period reduced to HK$1.9 million from HK$5.8 million in the same period of last year in light of the low interest environment.

The Group's finance costs consisted mainly of interest expense on bank loans and interest on lease liabilities. Interest expense on bank loans amounted to HK$9.7 million, compared with HK$17.7 million in similar periods last year, the reduction is primarily due to gradual principal amortisation and low interest environment during COVID-19.

The Group's joint venture in Taiwan recorded a net loss during the period, in which the Group's share of loss of the joint venture amounted to HK$29.4 million (30 June 2020: share of loss of HK$33.5 million).

Depreciation expense for the period amounted to HK$79.0 million (30 June 2020: HK$97.8 million). The Group has made a non-recurring assets impairment amounted to HK$54.7 million (30 June 2020: HK$6.1 million). As a result, loss attributable to equity holders was HK$179.5 million, compared with a loss of HK$155.4 million in the corresponding period last year. Not taking into account a non-recurring assets impairment, the Group's loss attributable to equity holders was HK$124.8 million, an improvement compared with a loss of HK$149.3 million same period last year.

FINANCIAL RESOURCES AND LIQUIDITY

Despite the serious economic challenges, the Group's financial position remained healthy with net assets of HK$1,682.9 million as of 30 June 2021.

As of 30 June 2021, the Group has total cash and bank balances amounted to HK$857.7 million (31 December 2020: HK$1,053.4 million), within which pledged bank balances amounted to HK$67.9 million (31 December 2020: HK$67.9 million).

The Group's total outstanding bank borrowings amounted to HK$1,124.5 million (31 December 2020: HK$1,206.1 million), translating into a modest net borrowings (defined as total outstanding bank borrowings less cash and bank balances) of HK$266.9 million (31 December 2020: HK$152.7 million). The Group's bank borrowings comprised primarily of a 3-year committed loan facility secured by pledged cash, corporate guarantees, equity shares and properties.

The Group's gearing ratio, calculated on the basis of bank borrowings over total assets stood at a healthy level of 28.9% (31 December 2020: 29.0%). Net gearing ratio calculated on the basis of net borrowings over total assets stood at a healthy level of 6.9% (31 December 2020: 3.7%) and our cash to bank borrowings ratio at 76.3% (31 December 2020: 87.3%). The Group at this moment has reasonable financial leverage. Management viewed the Group's financial position to be in a healthy position providing sufficient liquidity to withstand any challenge posted by COVID-19, while also able to support ongoing cinema projects, as well as potential acquisitions of other regional entertainment companies. The Group believes that its current cash holding and available financial facilities will provide sufficient resources for its working capital requirements.

The Group's assets and liabilities are principally denominated in United States dollars, Hong Kong dollars, Renminbi and Singapore dollars, except for certain assets and liabilities associated with the investments in Taiwan. The Group's bank borrowings are denominated in Hong Kong dollars and Singapore dollars in line with the Group's main operating currencies. Each of the Group's overseas operations were operating in their local currencies and are subject to minimal exchange risk. The Group will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimise the risk at reasonable cost. The Group did not have any significant contingent liabilities or off-balance sheet obligations as of 30 June 2021 (31 December 2020: Nil).

OUTLOOK

COVID-19 remained an unprecedented challenge to worldwide economy since 2020, and the film and cinema industry is undoubtedly one of the worst hit segments. We really appreciate the financial support from governments and landlords over the course of 2020 and 2021, but in order for cinemas to recover to become a sustainable operation, further subsidy and rental rebate is necessary.

As shown in the improvement in box office and admissions during the first half of 2021, the Group is confident that cinemas will remain a vital form of entertainment worldwide once COVID-19 restrictions alleviate and blockbuster movie returns. The Group will strategise to maximise non-film income by increasing merchandise sales, food and beverage offerings, and event organising to increase overall profitability.

In the PRC, the Group has signed cooperation agreements with local PRC governments in Suzhou and Xian to operate 4 stages and bring in unique live performances that marries advanced stage technology from Europe, local Chinese stories, created by renowned talents from all over the world, dedicated to providing a stunning theatrical experience to local audience. The Group will be responsible for the content creation and operation of the theatres and not be responsible for the capital expenditures in relation to the building of the theatre infrastructure. The unique business model allows the Group to venture into the traditionally asset heavy theatre operations with relatively modest investment. The first theatre is expected to enter operations in the 4th quarter of 2021.

In Hong Kong, the Group continues to explore opportunities to further expand our cinema network with 2 new cinemas totaled 11 screens set to open in the second half of 2021. Riding on the success of alternative contents in previous years, particularly live broadcasting of Japanese and Korean mini-concerts, the Group is exploring possibility to expand into live entertainment businesses locally. At the same time, the Group is dedicated to look for investment opportunities in quality film and/or distribution projects in the territory. The Group is of the view that successful COVID-19 containment measures in Hong Kong and improvement in overall consumer confidence against releases of Hollywood blockbusters will lead to rapid increase in cinema admissions from the second half of 2021 onwards.

In Singapore, the Group will continue to grow by actively pursuing suitable cinema sites. Currently, Katong site is under re-development and will bring in the best cinematic experience to patrons upon reopening on second half of 2021. The Group is dedicated to maintain high quality services in regular and Gold Class auditoriums and to introduce creative product offerings such as toys merchandise to its customers. Golden Village will continue to look for new opportunities to further strengthen its cinema network. Should the merger with mm2 Asia Limited's cinema operations successfully completed, the Group's Singapore operations will materially solidify its market leadership position and obtain further synergy from the leading market shares.

In Taiwan, Vie Show will continue to expand its cinema network with a stable pipeline of potential sites to be opened in the coming years, supplemented by further diversification into film productions and distributions, as well as food and beverage businesses.

Looking ahead, the Group will continue to actively seek investment opportunities in the regional media, entertainment, technology and lifestyle sectors that are related and/or creating synergies to the Group's existing businesses. The Group's strong liquidity on hand also allowed us to explore opportunistic acquisitions of fellow regional players, and development of new business in entertainment, technology and lifestyle industries that would create synergies to the Group and add values to the Shareholders.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2021, the Group employed 309 (31 December 2020: 318) 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 2021, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the period ended 30 June 2021 (30 June 2020: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its listed securities during the period ended 30 June 2021. 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.

COMPLIANCE WITH MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the Directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's Code for the period ended 30 June 2021.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE CODE

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

For the period ended 30 June 2021, the Company has complied with the code provisions of CG Code, with the exception of code provisions A.4.1, A.6.7 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.

The code provision A.6.7 of the Corporate Governance Code stipulates that independent non-executive directors and non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Ms. Wong Sze Wing, independent non-executive Director, was unable to attend the annual general meeting of the Company held on 18 June 2021 (the "AGM") due to the implementation of the travel restriction and quarantine requirements among overseas and Hong Kong resulted from the outbreak of COVID-19.

Code provision E.1.2 requires the chairman of the Board to attend the AGM. Mr. Wu Kebo, the Chairman of the Board, was unable to attend the AGM due to other business commitment. Ms. Chow Sau Fong, Fiona, who took the chair of the AGM, together with other members of the Board who attended the AGM were of sufficient calibre and knowledge for answering questions at the AGM.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in accordance with the CG Code. The Audit Committee is delegated by the Board to assess matters related to the financial information and to perform the duties, including reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor. The Audit Committee has reviewed the systems of internal control and the financial information for the period ended 30 June 2021.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company and the Stock Exchange. The interim report of the Company for the period ended 30 June 2021 will be dispatched to the shareholders and made available on the same websites in due course.

APPRECIATION

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

By order of the Board
Orange Sky Golden Harvest Entertainment (Holdings) Limited
Cheung Hei Ming
Company Secretary

Hong Kong, 30 August 2021

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

Chairman and Executive Director:
Mr. Wu Kebo

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

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