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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)

(Stock Code: 1132)

CONNECTED TRANSACTION ACQUISITION OF ENTIRE EQUITY INTEREST IN JINING

The Board is pleased to announce that on 25 September 2015, Beijing OSGH (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with Mr. Wu Keguan, Ms. Yan, Mr. Zhong and Jining in relation to the acquisition of the entire equity interest in Jining for a consideration of RMB20,000,000 (equivalent to approximately HK\$24,000,000).

Beijing OSGH is an indirect wholly-owned subsidiary of the Company. Mr. Wu Keguan is a connected person of the Company by virtue of being an associate of Mr. Wu Kebo, who is the chairman, a Director and controlling shareholder of the Company. Hence, the transaction under the Agreement constitutes a connected transaction for the Company under Rule 14A.23 of the Listing Rules.

The relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the Agreement are more than 0.1% but less than 5%. Accordingly, the Agreement is subject to the reporting and announcement requirements but is exempt from circular and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

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The transaction under the Agreement constitutes a connected transaction under the Listing Rules.

* For identification purposes only

The principal terms of the Agreement are as follows:

THE AGREEMENT

Date: 25 September 2015

Parties:

- (i) Beijing OSGH, an indirect wholly-owned subsidiary of the Company, as transferee
- (ii) Mr. Wu Keguan as transferor
- (iii) Ms. Yan as nominee of Mr. Wu Keguan
- (iv) Mr. Zhong as nominee of Mr. Wu Keguan
- (v) Jining as target company

As at the date of this announcement, Ms. Yan was the registered holder of 99% of the equity interest in Jining and Mr. Zhong was the registered holder of 1% of the equity interest in Jining, both as nominees on behalf of Mr. Wu Keguan. As Mr. Wu Keguan, being a cousin of Mr. Wu Kebo, the chairman, a Director and controlling shareholder of the Company, is an associate of Mr. Wu Kebo, he is a connected person of the Company under the Listing Rules.

Subject matter: Pursuant to the Agreement, Beijing OSGH has conditionally agreed to purchase, and Mr. Wu Keguan has conditionally agreed to sell, the entire equity interest in Jining.

Consideration: The consideration for the Acquisition is RMB20,000,000 (equivalent to approximately HK\$24,000,000), which shall be payable by Beijing OSGH to Mr. Wu Keguan as follows:

- (a) RMB3,000,000 (equivalent to approximately HK\$3,600,000) shall be payable by Beijing OSGH to Mr. Wu Keguan within 5 working days after the signing of the Agreement;
- (b) RMB9,000,000 (equivalent to approximately HK\$10,800,000) shall be payable by Beijing OSGH to Mr. Wu Keguan after the Completion Verification Date and before 10 April 2016;
- (c) RMB3,000,000 (equivalent to approximately HK\$3,600,000) shall be payable by Beijing OSGH to Mr. Wu Keguan before 10 October 2016; and

- (d) the balance of RMB5,000,000 (equivalent to approximately HK\$6,000,000) shall be payable by Beijing OSGH to Mr. Wu Keguan in 3 instalments of RMB1,660,000 (equivalent to HK\$1,992,000), RMB1,670,000 (equivalent to HK\$2,004,000) and RMB1,670,000 (equivalent to HK\$2,004,000) respectively within 15 working days after the conditions set forth in the Agreement for the Guaranteed Profits in each of the subsequent 3 years having been satisfied.

The consideration for the Acquisition was arrived at after arm's length negotiations between Beijing OSGH and Mr. Wu Keguan, having taken into account (i) the unaudited net liabilities of Jining in the amount of approximately HK\$976,545 as at 31 August 2015; and (ii) the registered capital of Jining which will be increased from RMB5,000,000 (equivalent to approximately HK\$6,000,000) to RMB20,000,000 (equivalent to approximately HK\$24,000,000) prior to the Transaction Completion Date. The consideration for the Acquisition will be funded by internal financial resources of the Group.

Conditions precedent:

Pursuant to the Agreement, completion is conditional upon the satisfaction or waiver (as the case may be) of certain conditions, including amongst others, as stated below:

- (a) both Beijing OSGH and Jining having obtained all necessary consents and governmental approvals/filings and corporate authorisations (if applicable) in respect of the Agreement and the transactions contemplated thereunder;
- (b) the warranties given by Beijing OSGH, Ms. Yan, Mr. Zhong and Mr. Wu Keguan and Jining under the Agreement remaining true, effective and accurate and complete in all material respects, and there being no circumstances which constitute or may constitute material adverse effect on the financials, assets, operation and perspective of Jining;
- (c) Beijing OSGH being satisfied with the results of the due diligence review on Jining;

- (d) Beijing OSGH having obtained a capital verification report issued by a certified public accountants recognised by Beijing OSGH showing the due payment of the increase in the registered capital of Jining from RMB5,000,000 (equivalent to approximately HK\$6,000,000) to RMB20,000,000 (equivalent to approximately HK\$24,000,000) in form of cash by Mr. Wu Keguan;
- (e) Jining having obtained all relevant valid certificates in relation to the cinema operation by Jining; and
- (f) Beijing OSGH having carried out the internal financing checking of Jining and prepared statement of financial positions and income statement for the financial year ending 31 December 2015 before 15 January 2016.

Completion:

The completion of the Acquisition shall take place on or before 1 January 2016 or such other date as agreed amongst the parties, whereupon the following shall take place:

- (a) completion of all statutory filings and registration procedures for transfer of ownership of Jining by Mr. Wu Keguan; and
- (b) Mr. Wu Keguan has, in accordance with the transactions contemplated under the Agreement, obtained or updated (as appropriate) all necessary licence(s) and permit(s) from the relevant PRC government authority(ies) for the operation of the cinema multiplex of Jining.

If Mr. Wu Keguan fails to satisfy all the completion conditions set forth in the Agreement before the Completion Verification Date, Beijing OSGH shall have the right to terminate the Agreement and Mr. Wu Keguan shall pay a compensation to Beijing OSGH in the amount of RMB1,000,000 (equivalent to approximately HK\$1,200,000) as well as returning all sums previously paid by Beijing OSGH pursuant to the Agreement.

Other terms:

- (a) The current management of Jining shall continue to operate Jining's business in the subsequent 3 years after the Completion Verification Date (the "Guaranteed Profits Period").

- (b) Jining’s audited net profits in each of the subsequent 3 years after the Completion Verification Date shall not be lower than RMB2,700,000 (equivalent to approximately HK\$3,240,000) (the “Guaranteed Profits”).

If Jining’s net profits in any year within the Guaranteed Profits Period is lower than the Guaranteed Profits, Beijing OSGH will not be required to pay the outstanding balance (being RMB5,000,000, equivalent to approximately HK\$6,000,000) of the consideration of the Acquisition, and also Mr. Wu Keguan shall pay a penalty equivalent to eight times of difference between Guaranteed Profits of the year and the actual audited net profit before taxation plus the interest expense accrued within the relevant period as stated in the Agreement.

- (c) If Jining fails to meet the Guaranteed Profits, Beijing OSGH shall be entitled to terminate the operation of Jining by the current management.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

As one of the principal activities of the Group is the cinema business, it is the Company’s business plan/strategy to continue to expand its cinema network in the PRC. The cinema operated by Jining is situated at a prime location within Jining City with public transportation facilities, shopping malls and department stores in the proximity. The Company believes that the entering into of the Agreement enables the Group to expand its cinema network in Shandong province.

The Directors (including the independent non-executive Directors) are of the view that the Agreement has been entered into in the ordinary and usual course of business of the Group and is on normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION REGARDING THE COMPANY, BEIJING OSGH AND JINING

The Company

The Company is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activities of the Group are in production, financing, distribution and theatrical exhibition of motion pictures. As of 25 September 2015, the Group operated 94 cinemas with 697 screens across China, Hong Kong, Taiwan and Singapore and is a leading distributor in the region.

Beijing OSGH

Beijing (China) is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. It is an investment holding company and also involves in cinema operation in Beijing.

Jining

Jining is a company incorporated in the PRC and its principal business activity is the operator of a cinema named “Jining Yueyinghui Cinema* (濟寧悦影匯影城)” at Jining City, Shandong province.

The financial highlights of Jining are set out below:

**For the
eight months ended
31 August 2015**
(Unaudited)
(RMB)

Total assets value	16,744,569
Loss before taxation	(976,545)
Loss after taxation	(976,545)

Note: Jining started its operation at 7 February 2015. The financial figures for the above were based on the unaudited accounts of Jining which were prepared in accordance with accounting principles and practices generally accepted in the PRC.

Upon completion of the Acquisition, Jining will be wholly owned by Beijing OSGH and therefore an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

The transaction under the Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Mr. Wu Keguan, is a cousin of Mr. Wu Kebo. Mr. Wu Kebo is the chairman, a Director and controlling shareholder of the Company, who is interested in an aggregate of approximately 67.15% of the total issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Wu Keguan is a connected person of the Company and the Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the Agreement are more than 0.1% but less than 5%, the Agreement is subject to the reporting and announcement requirements but is exempt from circular and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

Ms. Wu Keyan, a Director, is the sister of Mr. Wu Kebo and is an associate of Mr. Wu Kebo under Chapter 14A of the Listing Rules. Further, Mr. Wu Keguan, being a cousin of Ms. Wu Keyan, is an associate of Ms. Wu Keyan. In view of their interests above, Mr. Wu Kebo and Ms. Wu Keyan have abstained from voting on the relevant board resolutions for approving the Agreement. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, other than Mr. Wu Kebo and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the Agreement and none of them is required to abstain from voting on the relevant board resolution.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meaning when used herein:

“Acquisition”	the proposed acquisition by Beijing OSGH of the entire equity interest in Jining pursuant to the terms and conditions of the Agreement
“Agreement”	the share transfer agreement entered into among Beijing OSGH, Mr. Wu Keguan, Ms. Yan, Mr. Zhong and Beijing OSGH dated 25 September 2015, whereby Beijing OSGH conditionally agrees to purchase and Mr. Wu Keguan conditionally agrees to sell the entire equity interest in Jining
“associates”	the meaning ascribed to it in the Listing Rules
“Beijing OSGH”	北京橙天嘉禾祥雲影城管理有限公司 (Beijing Orange Sky Golden Harvest Xiangyun Management Co. Ltd.*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Board”	The board of Directors
“Company”	Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion Verification Date”	the date on which Mr. Wu Keguan and Beijing OSGH sign the relevant confirmation for Mr. Wu Keguan’s delivery of the completion documents and Beijing OSGH’s completion of its verification of the completion documents
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company together with its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency in Hong Kong
“Jining”	濟寧悅影匯影城投資有限公司 (Jining Yueyinghui Cinema Investment Co., Ltd.*), a company established in the PRC and 100% beneficially owned by Mr. Wu Keguan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu Kebo”	Mr. Wu Kebo, chairman, Director and controlling shareholder of the Company and is interested in an aggregate of approximately 67.15% of the total issued share capital of the Company as at the date of this announcement
“Mr. Wu Keguan”	Mr. Wu Keguan* (伍克冠), a cousin of Mr. Wu Kebo and the sole beneficial owner of Jining
“Ms. Yan”	Yan Huimin* (顏慧敏), registered holder of 99% of the equity interest of Jining, holding the interest of Jining for Mr. Wu Keguan as a nominee
“Mr. Zhong”	Zhong Guixiong* (鐘貴雄), registered holder of 1% of the equity interest of Jining, holding the interest of Jining for Mr. Wu Keguan as a nominee
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Taiwan and Macao Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Completion Date”	the date on which the registration for the transfer of the ownership of Jining to Beijing OSGH being completed
“%”	Per cent

In this announcement, the exchange rate of RMB1 to HK\$1.2 is used for reference only.

By Order of the Board
**Orange Sky Golden Harvest
Entertainment (Holdings) Limited**
Wong Kwan Lai
Company Secretary

Hong Kong, 25 September 2015

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

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Mao Yimin

Mr. Li Pei Sen

Ms. Wu Keyan

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing