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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)

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF SUB-LEASES AND SUB-LEASE OF OFFICE PREMISES

Reference is made to the announcement of the Company dated 13 January 2011 in relation to, inter alia, the First Sub-Lease entered into between the Sub-lessor and Beijing OSGH and the Second Sub-Lease entered into between the Sub-lessor and OSGH (China) and the announcement of the Company dated 1 April 2011 in relation to, inter alia, the Supplemental Agreement entered into between the Sub-lessor and OSGH (China). The First Sub-Lease and Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) expired on 30 June 2011.

On 5 September 2011, the Sub-lessor entered into the First Sub-Lease Renewal Agreement with Beijing OSGH for renewal of the First Sub-Lease in relation to the First Sub-Leased Premises.

On 5 September 2011, the Sub-lessor entered into the Second Sub-Lease Renewal Agreement with OSGH (China) for renewal of the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) in relation to the Second Sub-Leased Premises and sub-leasing of the Additional Area.

The Sub-Leases Renewal Agreements constitute continuing connection transactions under the Listing Rules. As the applicable percentage ratios in respect of the Caps (when considered in aggregate with the amounts paid by Beijing OSGH and OSGH (China) under the Sub-Leases) are more than 0.1% but less than 5%, the Sub-Leases Renewal Agreements are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purposes only

Reference is made to:

- (a) the announcement of the Company dated 13 January 2011 in relation to, inter alia, the First Sub-Lease entered into between the Sub-lessor and Beijing OSGH and the Second Sub-Lease entered into between the Sub-lessor and OSGH (China), both for a term of one year commencing from 1 July 2010 to 30 June 2011; and
- (b) the announcement of the Company dated 1 April 2011 in relation to, inter alia, the Supplemental Agreement entered into between the Sub-lessor and OSGH (China), under which the total floor area of the Second Sub-Leased Premises was increased by 106 square metres.

The First Sub-Lease and Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) expired on 30 June 2011.

The Board announces that on 5 September 2011, the Sub-lessor entered into the First Sub-Lease Renewal Agreement and the Second Sub-Lease Renewal Agreement with Beijing OSGH and OSGH (China) respectively. The Sub-Leases Renewal Agreements constitute continuing connection transactions under the Listing Rules. The principal terms of the Sub-Leases Renewal Agreements are as follows:

PRINCIPAL TERMS OF THE SUB-LEASES RENEWAL AGREEMENTS

(1) The First Sub-Lease Renewal Agreement

Date:	5 September 2011
Parties:	The Sub-lessor as sub-lessor Beijing OSGH as sub-lessee
Renewal Premises:	Part of First Floor and Second Floor of House No.3 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 166.49 square metres. The premises forms part of the property (with total floor area of approximately 7,890.17 square metres) leased to the Sub-lessor at the same location under a head lease from a third party independent from the Company and its connected persons for a term of eighteen years since 1 January 2008.
Term:	Two years, commencing from 1 July 2011 and expiring on 30 June 2013 (both days inclusive)

Rental and management fee:

Rental:
RMB5.2 per square metre per day (exclusive of management fee, other outgoings and government levies), equivalent to an approximate amount of RMB315,998.02 (equivalent to approximately HK\$379,197.62) per annum

Management fee:
RMB0.61 per square metre per day, equivalent to an approximate amount of RMB37,069.00 (equivalent to approximately HK\$44,482.80) per annum

The rental and management fee are payable in cash in advance on an annual basis and shall be paid by Beijing OSGH within 20 business days after receipt of the Sub-lessor's invoice to be issued upon signing of the First Sub-Lease Renewal Agreement and commencement of the subsequent year

Deposit:

RMB88,266.75 (equivalent to approximately HK\$105,920.10) (being the aggregate amount of three months' rentals and management fees) payable by Beijing OSGH to the Sub-lessor upon signing of the First Sub-Lease Renewal Agreement

User:

The premises shall be used as office.

Others:

Two complimentary car parking spaces will be provided by the Sub-lessor to Beijing OSGH for its use during the term of the First Sub-Lease Renewal Agreement. Beijing OSGH shall have the priority right to continue to sub-lease the First Sub-Leased Premises upon expiry of the First Sub-Lease Renewal Agreement.

(2) The Second Sub-Lease Renewal Agreement

Date:

5 September 2011

Parties:

The Sub-lessor as sub-lessor

OSGH (China) as sub-lessee

Renewal Premises and Additional Area:	<p>Part of First Floor, Second Floor and Third Floor of House No.3 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 1,424.95 square metres comprising approximately 1,354.95 square metres sub-leased under the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) and an additional floor area of approximately 70 square metres sub-leased under the Second Sub-Lease Renewal Agreement</p> <p>The premises forms part of the property (with total floor area of approximately 7,890.17 square metres) leased to the Sub-lessor at the same location under a head lease from a third party independent from the Company and its connected persons for a term of eighteen years since 1 January 2008</p>
Term:	Two years, commencing from 1 July 2011 and expiring on 30 June 2013 (both days inclusive)
User:	The premises shall be used as office.
Rental and Management Fee:	<p>Rental: RMB5.2 per square metre per day (exclusive of management fee, other outgoings and government levies), equivalent to an approximate amount of RMB2,704,555.10 (equivalent to approximately HK\$3,245,466.12) per annum</p> <p>Management fee: RMB0.61 per square metre per day, equivalent to an approximate amount of RMB317,265.12 (equivalent to approximately HK\$380,718.14) per annum</p> <p>The rental and management fee are payable in cash in advance on an annual basis and shall be paid by OSGH (China) within 20 business days after receipt of the Sub-lessor's invoice to be issued upon signing of the Second Sub-Lease Renewal Agreement and commencement of the subsequent year</p>
Deposit:	RMB755,455.05 (equivalent to approximately HK\$906,546.06) (being the aggregate amount of three months' rentals and management fees) payable by OSGH (China) to the Sub-lessor upon signing of the Second Sub-Lease Renewal Agreement

Others: Two complimentary car parking spaces will be provided by the Sub-lessor to OSGH (China) for its use during the term of the Second Sub-Lease Renewal Agreement.

OSGH (China) shall have the priority right to continue to sub-lease the Second Sub-Leased Premises and the Additional Area upon expiry of the Second Sub-Lease Renewal Agreement.

ANNUAL CAPS

For the purposes of Chapter 14A of the Listing Rules, the annual caps in respect of the Sub-Leases as renewed by the Sub-Leases Renewal Agreements for the years ending 31 December 2011, 31 December 2012 and 31 December 2013 shall be as follows:

- | | | |
|--|---|--|
| (a) For the year ending 31 December 2011
(from 1 January 2011 to 31 December 2011)
<i>(Note)</i> | : | Approximately RMB3,050,000
(equivalent to approximately
HK\$3,660,000) |
| (b) For the year ending 31 December 2012
(from 1 January 2012 to 31 December 2012) | : | Approximately RMB3,500,000
(equivalent to approximately
HK\$4,200,000) |
| (c) For the year ending 31 December 2013
(from 1 January 2013 to 30 June 2013) | : | Approximately RMB1,750,000
(equivalent to approximately
HK\$2,100,000) |

The terms of the Sub-Leases Renewal Agreements were negotiated on arm's length basis and are on normal commercial terms. The rentals and management fees of the Sub-Leases Renewal Agreements were determined by reference to the prevailing market rent of similar properties in the nearby locations. The Caps are determined based on the estimated approximate rental and management fee payable to the Sub-lessor under the Sub-Leases Renewal Agreements by Beijing OSGH and OSGH (China).

Note:

The cap amount for the year ending 31 December 2011 includes the amount of rental and management fee paid to the Sub-Lessor under the Sub-Leases by Beijing OSGH and OSGH (China) for the period from 1 January 2011 to 30 June 2011.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

Due to the growth and expansion of the Group's operation in the PRC, the Board considers that an office of larger floor area is required to cope with such growth and expansion. In addition, the renewal of the Sub-Leases pursuant to the Sub-Leases Renewal Agreements will continue to allow the Group to maintain the present office at the same premises under the Sub-Leases without the hassle of relocation of the office which is conducive to maintaining operating efficiency and minimizing time wastage.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sub-Leases Renewal Agreements have been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and the terms thereof and the Caps are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE COMPANY AND THE SUB-LESSOR

The Company is an investment holding company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, PRC, Taiwan and Singapore and films and television programmes production, provision of advertising and consulting services in PRC.

The principal business of the Sub-lessor is investment holding.

LISTING RULES IMPLICATIONS

Mr. Wu is a Director and a substantial shareholder of the Company beneficially owning approximately 63.95% in aggregate of the issued share capital of the Company as at the date of this announcement through his direct holding of approximately 0.19% of the issued share capital of the Company and through Orange Sky, Skyera, Mainway and Cyber. Under the Listing Rules, Mr. Wu and his associates are, therefore, connected persons of the Company. As the entire equity interest of the Sub-lessor is owned by Mr. Wu, the Sub-lessor is an associate of Mr. Wu and accordingly, a connected person of the Company, and the Sub-Leases Renewal Agreements constitute continuing connected transactions under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Caps (when considered in aggregate with the amounts paid by Beijing OSGH and OSGH (China) under the Sub-Leases) are more than 0.1% but less than 5%, the Sub-Leases Renewal Agreements are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Ms. Wu Keyan is the sister of Mr. Wu and is an associate of Mr. Wu under Chapter 14A of the Listing Rules. In view of their interests above, Mr. Wu and Ms. Wu Keyan have abstained from voting on the relevant board resolution(s) for approving the Sub-Leases Renewal Agreements. Other than Mr. Wu and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the Sub-Leases Renewal Agreements and none of them is required to abstain from voting on the relevant board resolutions.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless that context requires otherwise:

“Additional Area”	Part of Third Floor of House No.3 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with the floor area of approximately 70 square metres sub-let to OSGH (China) under the Second Sub-Lease Renewal Agreement;
“associate(s)”	has the meaning ascribed to it in the Listing Rules;
“Beijing OSGH”	北京橙天嘉禾影視製作有限公司 (Orange Sky Golden Harvest (Beijing) TV & Film Production Company Limited*), a company established in the PRC, an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors;
“Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the Sub-Leases as renewed by the Sub-Leases Renewal Agreements for the years ending 31 December 2011 (from 1 January 2011 to 31 December 2011), the year ending 31 December 2012 (from 1 January 2012 to 31 December 2012) and the year ending 31 December 2013 (from 1 January 2013 to 30 June 2013);
“Company”	Orange Sky Golden Harvest Entertainment (Holdings) Limited (橙天嘉禾娛樂(集團)有限公司*), a limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Cyber”	Cyber International Limited, a company which is owned by an associate of Mr. Wu and is holding approximately 6.66% of the total issued share capital of the Company as at the date of this announcement;
“Directors”	directors of the Company;
“First Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and Beijing OSGH as sub-lessee in relation to the sub-leasing of the First Sub-Leased Premises to Beijing OSGH;

“First Sub-Leased Premises”	an office premises with a total floor area of approximately 166.49 square metres at Part of First Floor and Second Floor of House No.3, No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC;
“First Sub-Lease Renewal Agreement”	a renewal agreement dated 5 September 2011 entered into between the Sub-lessor and Beijing OSGH as sub-lessee for renewal of the First Sub-Lease in relation to the First Sub-Leased Premises;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Mainway”	Mainway Enterprises Limited, a company which is wholly owned by Mr. Wu and is holding approximately 15.12% of the total issued share capital of the Company as at the date of this announcement;
“Mr. Wu”	Mr. Wu Kebo, a Director and substantial shareholder of the Company;
“Orange Sky”	Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛樂集團(國際)控股有限公司), a company which is 80% beneficially owned by Mr. Wu and is holding approximately 20.92% of the total issued share capital of the Company as at the date of this announcement;
“OSGH (China)”	橙天嘉禾影城(中國)有限公司 (Orange Sky Golden Harvest (China) Cinemas Co. Ltd.), a company established in the PRC, an indirect wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Second Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and OSGH (China) as sub-lessee (as supplemented and amended by the Supplemental Agreement) in relation to the sub-leasing of the Second Sub-Leased Premises to OSGH (China);
“Second Sub-Leased Premises”	an office premises with a total floor area of approximately 1,354.95 square metres at Part of First Floor and Second Floor of House No.3 at No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC;

“Second Sub-Lease Renewal Agreement”	a renewal agreement dated 5 September 2011 entered into between the Sub-lessor and OSGH (China) as sub-lessee for renewal of the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) in relation to the Second Sub-Leased Premises and sub-leasing of the Additional Area;
“Skyera”	Skyera International Limited, a company which is wholly owned by Mr. Wu and is holding approximately 21.06% of the total issued share capital of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-Leases”	First Sub-Lease and Second Sub-Lease;
“Sub-Leases Renewal Agreements”	First Sub-Lease Renewal Agreement and Second Sub-Lease Renewal Agreement;
“Sub-lessor”	北京橙天影院投資管理有限公司 (Beijing Orange Sky Cinema Investment Management Company Limited), a company established in the PRC and wholly owned by Mr. Wu;
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules;
“Supplemental Agreement”	the supplemental agreement dated 1 April 2011 entered into between the Sub-lessor and OSGH (China) to supplement and amend the Second Sub-Lease whereby the total floor area of premises sub-let to OSGH (China) under the Second Sub-Lease increased by 106 square metres;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	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**
Yuen Kwok On
Company Secretary

Hong Kong, 5 September 2011

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

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Mao Yimin

Mr. Tan Poon Bin Simon

Mr. Li Pei Sen

Ms. Wu Keyan

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing

* *For identification purposes only*