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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 TRANSACTION
RENEWAL OF THE MASTER CO-OPERATION AGREEMENT
AND THE NEW ANNUAL CAPS**

Reference is made to the announcement of the Company dated 20 May 2013 in relation to the continuing connected transactions contemplated under the Existing Master Co-operation Agreement entered into between OSGH (China) (an indirect wholly-owned subsidiary of the Company) and SZ City SYOS Cinemas Circuit for provision of the Cinema Circuit Services by SZ City SYOS Cinemas Circuit to OSGH Cinemas. The Existing Master Co-operation Agreement will expire on 30 June 2014.

On 30 June 2014, OSGH (China) and SZ City SYOS Cinemas Circuit entered into the New Master Co-operation Agreement to renew the term of the Existing Master Co-operation Agreement for a period of 3 years commencing from 1 July 2014.

SZ City SYOS Cinemas Circuit is owned as to 49% by BJOS Cinema Investment which in turn is owned as to 99% by Mr. Wu. Under the Listing Rules, SZ City SYOS Cinemas Circuit is an associate of Mr. Wu and is therefore a connected person of the Company. The transactions contemplated under the New Master Co-operation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the New Annual Caps are more than 0.1% but less than 5%, the New Master Co-operation Agreement is subject to the reporting, announcement and annual review requirements but is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

* For identification purpose only

INTRODUCTION

Reference is made to the announcement of the Company dated 20 May 2013 in relation to the continuing connected transactions under the Existing Master Co-operation Agreement entered into between OSGH (China) (an indirect wholly-owned subsidiary of the Company) and SZ City SYOS Cinemas Circuit for provision of the Cinema Circuit Services by SZ City SYOS Cinemas Circuit to OSGH Cinemas. The Existing Master Co-operation Agreement will expire on 30 June 2014.

On 30 June 2014, OSGH (China) and SZ City SYOS Cinemas Circuit entered into the New Master Co-operation Agreement to renew the term of the Existing Master Co-operation Agreement for a period of 3 years commencing from 1 July 2014.

The transactions contemplated under the New Master Co-operation Agreement constitute continuing connected transactions under the Listing Rules.

NEW MASTER CO-OPERATION AGREEMENT

The principal terms of the New Master Co-operation Agreement are as follows:

Date: 30 June 2014

Parties: SZ City SYOS Cinemas Circuit
OSGH (China)

Subject matter: OSGH Cinemas had in the past entered into, and are expected from time to time to enter into, the Individual Cinema Circuit Alliance Agreements with SZ City SYOS Cinemas Circuit in relation to provision of the Cinema Circuit Services on the terms and conditions subsequently agreed by the parties thereto under the Existing Master Co-operation Agreement.

OSGH (China) and SZ City SYOS Cinemas Circuit wish to continue the Individual Cinema Circuit Alliance Agreements in relation to provision of the Cinema Circuit Services. OSGH (China) and SZ City SYOS Cinemas Circuit have entered into the New Master Co-operation Agreement to renew the Existing Master Co-operation Agreement.

Term: A term commencing from 1 July 2014 to 30 June 2017

Service fee: The amount of service fee payable by the individual OSGH Cinema to SZ City SYOS Cinemas Circuit will be subject to the Individual Cinema Circuit Alliance Agreement and on terms no less favourable to the Group than terms available from independent third parties but in any event such fees shall not exceed 2% of the Net Box Office Income, which the Directors believe to be the normal rate offered by cinema circuit.

The service fee will be payable by the relevant OSGH Cinema on or before the 20th day of each month after confirmation of the amount payable in the preceding calendar month by SZ City SYOS Cinemas Circuit and the relevant OSGH Cinema.

Each Individual Cinema Circuit Alliance Agreements from time to time to be entered into by OSGH Cinemas with SZ City SYOS Cinemas Circuit shall be subject to the terms of the New Master Co-operation Agreement, such agreements do not therefore constitute different categories of continuing connected transactions of the Company.

HISTORICAL ANNUAL CAPS AND TRANSACTION AMOUNTS

Pursuant to the Existing Master Co-operation Agreement, the annual caps in respect of the transactions contemplated thereunder were set at RMB7,200,000 and RMB7,800,000 respectively. The aggregate transaction amounts payable by the individual OSGH Cinema to SZ City SYOS Cinemas Circuit under the Existing Master Co-operation Agreement for each of the six months ended 31 December 2013 and the five months ended 31 May 2014 were approximately RMB1,720,186 and RMB1,689,422 respectively.

THE NEW ANNUAL CAPS AND BASIS OF DETERMINATION

The caps in respect of the transactions contemplated under the New Master Co-operation Agreement for each of the three financial years ending 31 December 2016 and for the six months ending 30 June 2017 shall be as follows:

- | | | | |
|-----|---|---|---|
| (a) | For the year ending 31 December 2014
(from 1 January 2014 to 31 December 2014) | : | Be revised from
RMB7,800,000
(equivalent to approximately
HK\$9,750,000) to
RMB9,400,000
(equivalent to approximately
HK\$11,750,000) |
| (b) | For the year ending 31 December 2015
(from 1 January 2015 to 31 December 2015) | : | RMB 13,100,000
(equivalent to approximately
HK\$16,375,000) |
| (c) | For the year ending 31 December 2016
(from 1 January 2016 to 31 December 2016) | : | RMB15,500,000
(equivalent to approximately
HK\$19,375,000) |
| (d) | For the period from 1 January 2017 to
30 June 2017 | : | RMB7,800,000
(equivalent to approximately
HK\$9,750,000) |

The New Annual Caps are calculated on the basis of 1% of the projected Net Box Office Income and have been determined by reference to: (a) the historical transaction amounts under the Existing Master Co-operation Agreement; (b) the estimated growth of the exhibition business of the Group in the PRC; and (c) the expected number of OSGH Cinemas that would engage SZ City SYOS Cinemas Circuit to provide the Cinema Circuit Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER CO-OPERATION AGREEMENT

The principal business activities of the Group are the production, financing, distribution and theatrical exhibition of motions pictures. One of the core businesses of the Group includes operation and management of the cinemas in the PRC. The transactions contemplated under the Master Co-operation Agreement will occur on a regular and continuing basis in the ordinary and usual course of business of the Group. The Directors consider that the continuation of the transactions contemplated under the Existing Master Co-operation Agreement by signing of the New Master Co-operation Agreement with SZ City SYOS Cinemas Circuit can foster a close collaboration between OSGH (China) and SZ City SYOS Cinemas Circuit. This helps to increase the Company's box office income generated from the OSGH Cinemas, and also to enhance the Company's position in market share in the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the New Master Co-operation Agreement have been negotiated on an arm's length basis and on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Directors (including the independent non-executive Directors) also consider that the New Annual Caps of the New Master Co-operation Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION REGARDING THE COMPANY, OSGH (CHINA) AND SZ CITY SYOS CINEMAS CIRCUIT

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 30 June 2014, the Group operated 80 cinemas with 592 screens across China, Hong Kong, Taiwan and Singapore and is a leading distributor in the region.

OSGH (China)

OSGH (China) is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company and is principally engaged in cinema operation and management.

SZ City SYOS Cinemas Circuit

SZ City SYOS Cinemas Circuit is a company incorporated in the PRC. Its principal business activities are provision of Cinema Circuit Services to cinema operators in the PRC.

LISTING RULES IMPLICATIONS

SZ City SYOS Cinemas Circuit is owned as to 49% by BJOS Cinema Investment which in turn is owned as to 99% by Mr. Wu. Under the Listing Rules, SZ City SYOS Cinemas Circuit is an associate of Mr. Wu and is therefore a connected person of the Company. The transactions contemplated under the New Master Co-operation Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the New Annual Caps is more than 0.1% but less than 5%, the New Master Co-operation Agreement is subject to the reporting, announcement and annual review requirements but is exempt from independent shareholders' approval requirement under Rule 14A.34 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 for approving the New Master Co-operation Agreement. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, other than Mr. Wu and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the New Master Co-operation 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:

“associate”	has the meaning ascribed to it in the Listing Rules
“BJOS Cinema Investment”	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 owned as to 99% by Mr. Wu, and holds 49% equity interest in SZ City SYOS Cinemas Circuit
“Board”	the board of Directors
“Cinema Circuit Services”	the services provided by SZ City SYOS Cinemas Circuit including but not limited to sourcing of the movies, provision of new release title of movies, organising and planning of the movies distribution and marketing arrangement
“Company”	Orange Sky Golden Harvest Entertainment (Holdings) Limited 橙天嘉禾娛樂(集團)有限公司*, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	the meaning ascribed to it in the Listing Rules

“Director(s)”	the director(s) of the Company
“Existing Master Co-operation Agreement”	the master agreement dated 20 May 2013 entered into between OSGH (China) and SZ City SYOS Cinemas Circuit in relation to the framework for provision of the Cinema Circuit Services
“Gross Box Office Income”	cash income generated from sale of movie tickets at the box office of OSGH Cinemas recorded by the ticketing system recognised by The State Administration of Radio Film and Television of the PRC
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Individual Cinema Circuit Alliance Agreement(s)”	the individual agreement to be entered into between the individual OSGH Cinema and SZ City SYOS Cinemas Circuit in relation to provision of the Cinema Circuit Services
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wu”	Mr. Wu Kebo, chairman, Director and controlling shareholder of the Company and is interested in an aggregate of approximately 65.24% of the total issued share capital of the Company as at the date of this announcement
“New Annual Caps”	the caps in respect of the transactions contemplated under the New Master Co-operation Agreement for each of the three financial years ending 31 December 2016 and for the six months ending 30 June 2017
“New Master Co-operation Agreement”	the master agreement dated 30 June 2014 entered into between OSGH (China) and SZ City SYOS Cinemas Circuit in relation to the provision of the Cinema Circuit Services by SZ City SYOS Cinemas Circuit to OSGH Cinemas
“Net Box Office Income”	the amount after deduction of the applicable charges, taxes and levies in the PRC from the Gross Box Office Income
“OSGH (China)”	Orange Sky Golden Harvest Cinemas (China) Co. Ltd. (橙天嘉禾影城(中國)有限公司*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“OSGH Cinema(s)”	the cinema(s) operated or to be operated by OSGH (China), OSGH (China)’s subsidiaries and/or such other affiliated companies of OSGH (China) in the PRC
“PRC”	The People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Taiwan and Macao
“RMB”	Renminbi, the lawful currency in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ City SYOS Cinemas Circuit”	深圳市深影橙天院線有限公司 (Shenzhen City Shenying Orange Sky Cinemas Circuit Company Limited*), a company established in the PRC, formerly known as 深圳市深影院線有限公司 (Shenzhen City Shenying Cinemas Circuit Company Limited*)
“%”	per cent.

In this announcement, the exchange rate of RMB1 to HK\$1.25 is used for reference only.

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

Hong Kong, 30 June 2014

List of all Directors as of the time 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