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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

As at 8 April 2013, 24 Existing Contracting Cinemas, in the ordinary and usual course of business, have entered into respective Existing Individual Cinema Circuit Alliance Agreements with SZ City SYOS Cinemas Circuit, which was an independent party and not a connected person of the Company as at the respective dates of the Existing Individual Cinema Circuit Alliance Agreements.

On 17 May 2013, the Company was informed by BJOS Cinema Investment that on 9 April 2013, BJOS Cinema Investment had acquired 49% equity interest in SZ City SYOS Cinemas Circuit.

BJOS Cinema Investment is wholly-owned by Mr. Wu, who is the chairman, a Director and a controlling shareholder of the Company. Under the Listing Rules, Mr. Wu and his associates are connected persons of the Company. Upon acquisition of 49% equity interest in SZ City SYOS Cinemas Circuit by BJOS Cinema Investment, SZ City SYOS Cinemas Circuit becomes a connected person of the Company. Hence, the transactions contemplated under the Existing Individual Cinema Circuit Alliance Agreements constitute continuing connected transactions of the Company under Rule 14A.32 of the Listing Rules.

In addition to the Existing Individual Cinema Circuit Alliance Agreements, it is expected that the Group will continue to enter into transactions of a nature similar to the transactions under the Existing Individual Cinema Circuit Alliance Agreements with SZ City SYOS Cinema Circuit. Therefore, on 20 May 2013, OSGH (China) (an indirect wholly-owned subsidiary of the Company) entered into the Master Co-operation Agreement with SZ City SYOS Cinemas Circuit to set out the framework for provision of the Cinema Circuit Services by SZ City SYOS Cinemas Circuit to OSGH Cinemas and the Existing Contracting Cinemas and to standardise the periods of the Existing Individual Cinema Circuit Alliance Agreements and the Individual Cinema Circuit Alliance Agreement.

* for identification purposes only

The transactions contemplated under the Master Co-operation Agreement constitute continuing connected transactions of the Company under Rule 14A.32 of the Listing Rules. As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the annual caps are more than 0.1% but less than 5%, the 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.

INTRODUCTION

As at 8 April 2013, 24 Existing Contracting Cinemas, in the ordinary and usual course of business, have entered into respective Existing Individual Cinema Circuit Alliance Agreements with SZ City SYOS Cinemas Circuit, which was an independent party and not a connected person of the Company as at the respective dates of the Existing Individual Cinema Circuit Alliance Agreements.

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The transactions contemplated under the Master Co-operation Agreement, including the Existing Individual Cinema Circuit Alliance Agreements, constitute continuing connected transactions under the Listing Rules.

EXISTING INDIVIDUAL CINEMA CIRCUIT ALLIANCE AGREEMENTS

The particulars of each of the Existing Individual Cinema Circuit Alliance Agreements are as follows:

#	Existing Contracting Cinemas	Agreement date	Parties	Subject Matter	Term
1	OSGH Cinemas Shenyang	20 February 2012	Orange Sky Golden Harvest Yifeng Times (Shenyang) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	20 February 2012 to 31 January 2015

#	Existing Contracting Cinemas	Agreement date	Parties	Subject Matter	Term
2	OSGH Cinemas Chongqing Dadukou	19 April 2012	Orange Sky Golden Harvest One Street (Chongqing) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	19 April 2012 to 31 January 2015
3	OSGH Cinemas Beijing Shangdi	1 August 2012	Orange Sky Golden Harvest Shangdi (Beijing) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	1 August 2012 to 31 December 2013
4	OSGH Cinemas Maanshan Shengmao	8 August 2012	Orange Sky Golden Harvest Shengmao (Maanshan) Cinema Management Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	8 August 2012 to 31 December 2013
5	OSGH Cinemas Chongqing Sun Moon Light	15 August 2012	Orange Sky Golden Harvest Riyueguang (Chongqing) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	15 August 2012 to 31 December 2013
6	OSGH Cinemas Tianjin	10 September 2012	Orange Sky Golden Harvest Galaxy Mall (Tianjin) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	10 September 2012 to 31 December 2013
7	OSGH Cinemas Dalian New World The Galleria	30 September 2012	Orange Sky Golden Harvest New World (Dalian) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	30 September 2012 to 31 January 2015
8	OSGH Cinemas Nanning Jiangnan Mall	20 November 2012	Orange Sky Golden Harvest Jiangnan (Nanning) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	20 November 2012 to 31 December 2013
9	OSGH Cinemas Nanning Sheng's	26 December 2012	Orange Sky Golden Harvest Shengtiandi (Nanning) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	26 December 2012 to 31 December 2013

#	Existing Contracting Cinemas	Agreement date	Parties	Subject Matter	Term
10	OSGH Cinemas Dalian	30 January 2013	Orange Sky Golden Harvest I Mall (Dalian) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	30 January 2013 to 31 December 2013
11	OSGH Cinemas Beijing Jicai	20 February 2013	Orange Sky Golden Harvest Jicai (Beijing) Cinema Management Co., Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	20 February 2013 to 31 December 2013
12	OSGH Cinemas Suzhou	5 March 2013	Orange Sky Golden Harvest(Suzhou) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	5 March 2013 to 31 December 2013
13	OSGH Cinemas Wuxi Xinzhicheng	5 March 2013	Orange Sky Golden Harvest Shincity (Wuxi) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	5 March 2013 to 31 December 2013
14	OSGH Cinemas Wuxi Maoye	5 March 2013	Orange Sky Golden Harvest Qingmao (Wuxi) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	5 March 2013 to 31 December 2013
15	OSGH Cinemas Hefei	5 March 2013	Orange Sky Golden Harvest Shuxi (Hefei) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	5 March 2013 to 31 December 2013
16	OSGH Cinemas Shanghai	10 March 2013	Orange Sky Golden Harvest J.STYLE CENTER (Shanghai) Management Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	10 March 2013 to 31 December 2013
17	OSGH Cinemas Suzhou Laikemao	10 March 2013	Orange Sky Golden Harvest Laikemao (Suzhou) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	10 March 2013 to 31 December 2013
18	OSGH Cinemas Changzhou Fengchen	10 March 2013	Orange Sky Golden Harvest Fengchen (Changzhou) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	10 March 2013 to 31 December 2013

#	Existing Contracting Cinemas	Agreement date	Parties	Subject Matter	Term
19	OSGH Cinemas Changzhou Wuyue	10 March 2013	Orange Sky Golden Harvest Wuyue (Changzhou) Cinema Management Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	10 March 2013 to 31 December 2013
20	OSGH Cinemas Wujiang	13 March 2013	Orange Sky Golden Harvest (Wujiang) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	13 March 2013 to 31 December 2013
21	OSGH Cinemas Dongguan Youyicheng	14 March 2013	Orange Sky Golden Harvest Youyicheng (Dongguan) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	14 March 2013 to 31 December 2013
22	OSGH Cinemas Heyuan	15 March 2013	Orange Sky Golden Harvest Kaixuan (Heyuan) Cinema Co. Ltd and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	15 March 2013 to 31 December 2013
23	OSGH Cinemas Chengdu Yipintianxia	18 March 2013	Orange Sky Golden Harvest Yipin (Chengdu) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	18 March 2013 to 31 December 2013
24	OSGH Cinemas Huizhou Daxin	2 April 2013	Orange Sky Golden Harvest Daxin (Huizhou) Cinema Co. Ltd. and SZ City SYOS Cinemas Circuit	Provision of Cinema Circuit Services	2 April 2013 to 31 December 2013

MASTER CO-OPERATION AGREEMENT

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

Date: 20 May 2013

Parties: SZ City SYOS Cinemas Circuit
OSGH (China)

- Subject matter:** In addition to the Existing Contracting Cinemas, OSGH (China) will be entitled to request SZ City SYOS Cinemas Circuit to provide the Cinema Circuit Services to OSGH Cinemas and OSGH (China) will procure individual OSGH Cinema to enter into the Individual Cinema Circuit Alliance Agreement 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. As to the Existing Contracting Cinemas, SZ City SYOS Cinemas Circuit will continue to provide the Cinema Circuit Services to the Existing Contracting Cinemas in accordance with the respective Existing Individual Cinema Circuit Alliance Agreements.
- Term:** A term commencing from the Commencement Date to 30 June 2014
- 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 but it shall not exceed 2% of the Net Box Office Income in any event. The service fee will be payable by the relevant OSGH Cinema and the Existing Contracting Cinemas 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 or the Existing Contracting Cinema.
- Other term:** OSGH (China) will procure each of the Existing Contracting Cinemas to enter into the supplement agreements with SZ City SYOS Cinemas Circuit, among the other things: (a) to fix the amount of the service fee or the rate of calculation of the service fee applicable from the Commencement Date under the relevant Existing Individual Cinema Circuit Alliance Agreement which shall, in any event, not exceed 2% of the Net Box Office Income; and (b) to standardise the expiry date of each of the Existing Individual Cinema Circuit Alliance Agreements to 30 June 2014.

ANNUAL CAPS AND BASIS OF DETERMINATION OF ANNUAL CAPS

The annual caps in respect of the transactions contemplated under the Master Co-operation Agreement, including the transactions under the Existing Individual Cinema Circuit Alliance Agreements, for the financial years ending 31 December 2013 and 31 December 2014 are set at RMB7,200,000 (equivalent to approximately HK\$9,072,000) and RMB7,800,000 (equivalent to approximately HK\$9,828,000) respectively, which are calculated on the basis of 2% of the projected Net Box Office Income and have been determined by reference to: (a) the service fees paid by the Group for the services similar to the Cinema Circuit Services

rendered by other service providers in the PRC; (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.

The terms of the Master Co-operation Agreement were negotiated on arm's length basis and are on normal commercial terms and with reference to the terms offered by an independent third party at the material time for provision of services similar to the Cinema Circuit Services and were determined by reference to: (a) the prevailing exhibition market condition in the PRC; and (b) the estimated future demand for the Cinema Circuit Services by OSGH (China).

REASONS FOR AND BENEFITS OF ENTERING INTO THE 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 it is beneficial to the Company for entering into of the Master Co-operation Agreement to provide a framework for the Cinema Circuit Services that may be provided by SZ City SYOS Cinemas Circuit from time to time and to enhance the box office income generated from the Existing Contracting Cinemas and OSGH Cinemas.

The Directors (including the independent non-executive Directors) believe that the Master Co-operation Agreement, including the Existing Individual Cinema Circuit Alliance Agreements thereunder, have been entered into in the ordinary and usual course of business of the Group and are 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 believe that the annual caps of the Master co-operation Agreement are fair and reasonable.

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 20 May 2013, the Group operated 72 cinemas with 539 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

The transactions contemplated under the Master Co-operation Agreement, including the Existing Individual Cinema Circuit Alliance Agreements, constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

BJOS Cinema Investment is wholly-owned by Mr. Wu, who is the chairman, a Director, a controlling shareholder of the Company and is interested in an aggregate of approximately 60.41% of the total issued share capital of the Company as at the date of this announcement. Under the Listing Rules, Mr. Wu and his associates are connected persons of the Company. Upon acquisition of 49% equity interest in SZ City SYOS Cinemas Circuit by BJOS Cinema Investment, SZ City SYOS Cinemas Circuit becomes a connected person of the Company. Hence, the transactions contemplated under the Master Co-operation Agreement, including the Existing Individual Cinema Circuit Alliance Agreements, constitute continuing connected transactions of the Company under Rule 14A.32 of the Listing Rules.

As the relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of each of the annual caps is more than 0.1% but less than 5%, the 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 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 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”	北京橙天影院投资管理有限公司 (Beijing Orange Sky Cinema Investment Management Company Limited*), a company established in the PRC and wholly owned by Mr. Wu, 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
“Commencement Date”	1 April 2013
“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
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Contracting Cinemas”	OSGH Cinemas which have entered into respective Existing Individual Cinema Circuit Alliance Agreements with SZ City SYOS Cinemas Circuit
“Existing Individual Cinema Circuit Alliance Agreement(s)”	the individual agreement(s) entered into between each of the Existing Contracting Cinemas and SZ City SYOS Cinemas Circuit in relation to provision of the Cinema Circuit Services and to be supplemented pursuant to the Master Co-operation Agreement
“Gross Box Office Income”	cash income generated from sale of movie tickets at the box office of the Existing Contracting Cinemas and 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”	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 pursuant to the Master Co-operation Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange

“Master Co-operation Agreement”	the master agreement entered into between OSGH (China) and SZ City SYOS Cinemas Circuit in relation to the framework for provision of the Cinema Circuit Services
“Mr. Wu”	Mr. Wu Kebo, chairman, Director and controlling shareholder of the Company and is interested in an aggregate of approximately 60.41% of the total issued share capital of the Company as at the date of this announcement
“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\$1.26 is used for reference only.

By Order of the Board
Orange Sky Golden Harvest Entertainment (Holdings) Limited
Yuen Kwok On
Company Secretary

Hong Kong, 20 May 2013

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

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Li Pei Sen

Mr. Mao Yimin

Mr. Tan Boon Pin Simon

Ms. Wu Keyan

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing