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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-LEASE AND SUB-LEASE OF OFFICE PREMISES**

Reference is made to the announcement of the Company dated 5 September 2011 in relation to, inter alia, the First Sub-Lease Renewal Agreement entered into between the Sub-lessor and Beijing OSGH and sub-leasing of the Previous Second Sub-Leased Premises between the Sub-lessor and OSGH (China). The First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease shall expire on 30 June 2013.

On 28 June 2013, the Sub-lessor entered into the First Sub-Lease Second Renewal Agreement with Beijing OSGH for renewal of the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square metres.

On 28 June 2013, the Sub-lessor entered into the New Second Sub-Lease with GH Management Consultancy for sub-leasing of the New Second Sub-Leased Premises.

The transactions contemplated under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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 GH Management Consultancy under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease) are more than 0.1% but less than 5%, the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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.

Reference is made to the announcement of the Company dated 5 September 2011 in relation to, inter alia, the First Sub-Lease Renewal Agreement entered into between the Sub-lessor and Beijing OSGH and sub-leasing of the Previous Second Sub-Leased Premises into between the Sub-lessor and OSGH (China).

\* For identification purpose only

The First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease shall expire on 30 June 2013.

The Board announces that on 28 June 2013, the Sub-lessor entered into: (i) the First Sub-Lease Second Renewal Agreement with Beijing OSGH for renewal of the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square metres; and (ii) the New Second Sub-Lease with GH Management Consultancy for sub-leasing of the New Second Sub-Leased Premises. The transactions contemplated under the First Sub-Lease Second Renewal Agreement and New Second Sub-Lease constitute continuing connection transactions under the Listing Rules. The principal terms of the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease are as follows:

## **PRINCIPAL TERMS OF THE FIRST SUB-LEASE SECOND RENEWAL AGREEMENT AND THE NEW SECOND SUB-LEASE**

### **(1) The First Sub-Lease Second Renewal Agreement**

<b>Date:</b>	28 June 2013
<b>Parties:</b>	The Sub-lessor as sub-lessor Beijing OSGH as sub-lessee
<b>Renewal Premises and Additional Area:</b>	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 191.88 square metres comprising approximately 166.49 square metres under the First Sub-Lease Renewal Agreement and an additional floor area of approximately 25.39 square metres sub-leased under the First Sub-Lease Second Renewal Agreement  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.
<b>Term:</b>	Three years, commencing from 1 July 2013 and expiring on 30 June 2016 (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 RMB364,188.24 (equivalent to HK\$458,877.18) per annum

Management fee:  
RMB0.61 per square metre per day, equivalent to an approximate amount of RMB42,722.08 (equivalent to approximately HK\$53,829.82) per annum

The rental and management fee are payable in cash in advance on a quarterly basis and shall be paid by the sub-lessee before the 10th day of the first month of the relevant quarter.

**Deposit:**

RMB101,727.58 (equivalent to approximately HK\$128,176.75) (being the aggregate amount of three months' rentals and management fees), amongst which a sum of RMB88,266.75 (equivalent to approximately HK\$111,216.11) being the deposit under the First Sub-Lease Renewal Agreement has been paid by Beijing OSGH to the Sub-lessor, payable by Beijing OSGH to the Sub-lessor upon signing of the First Sub-Lease Second Renewal Agreement

**User:**

The premises shall be used as office.

**Others:**

One complimentary car parking space will be provided by the Sub-lessor to Beijing OSGH for its use during the term of the First Sub-Lease Second Renewal Agreement.

Beijing OSGH shall have the priority right to continue to sub-lease the First Sub-Leased Premises and the additional floor area of approximately 25.39 square metres upon expiry of the First Sub-Lease Second Renewal Agreement.

**(2) The New Second Sub-Lease**

**Date:**

28 June 2013

**Parties:**

The Sub-lessor as sub-lessor

GH Management Consultancy as sub-lessee

**Premises:** Part of Second Floor and Third Floor of House No. 3 and part of First Floor of House No. 7 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 1,020.61 square metres which comprises of approximately 964 square metres of the Previous Second Sub-Leased Premises

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:** Three years, commencing from 1 July 2013 and expiring on 30 June 2016 (both days inclusive)

**User:** The premises shall be used as office.

**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 RMB1,937,117.78 (equivalent to approximately HK\$2,440,768.40) per annum

Management fee:  
RMB0.61 per square metre per day, equivalent to an approximate amount of RMB227,238.82 (equivalent to approximately HK\$286,320.91) per annum

The rental and management fee are payable in cash in advance on a quarterly basis and shall be paid by GH Management Consultancy before the 10th day of the first month of the relevant quarter.

**Deposit:** RMB541,089.15 (equivalent to approximately HK\$681,772.33) (being the aggregate amount of three months' rentals and management fees) payable by GH Management Consultancy to the Sub-lessor upon signing of the New Second Sub-Lease

**Others:** Five complimentary car parking spaces will be provided by the Sub-lessor to GH Management Consultancy for its use during the term of the New Second Sub-Lease.

GH Management Consultancy shall have the priority right to continue to sub-lease the New Second Sub-Leased Premises upon expiry of the New Second Sub-Lease.

## ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS

The aggregate rental and management fee paid by the Group to the Sub-lessor under First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease for each of the financial years ended 31 December 2011 and 31 December 2012 were RMB2,900,254 and RMB3,464,930 respectively.

The Caps in respect of the transactions contemplated under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease for the years ending 31 December 2013, 31 December 2014, 31 December 2015 and 31 December 2016 shall be as follows:

- |  |   |  |
|--|---|--|
| (a) For the year ending 31 December 2013 (from 1 January 2013 to 31 December 2013) ( <i>Note</i> ) | : | Approximately RMB3,100,000 (equivalent to HK\$3,906,000) |
| (b) For the year ending 31 December 2014 (from 1 January 2014 to 31 December 2014)                 | : | Approximately RMB2,650,000 (equivalent to HK\$3,339,000) |
| (c) For the year ending 31 December 2015 (from 1 January 2015 to 31 December 2015)                 | : | Approximately RMB2,650,000 (equivalent to HK\$3,339,000) |
| (d) For the year ending 31 December 2016 (from 1 January 2016 to 30 June 2016)                     | : | Approximately RMB1,350,000 (equivalent to HK\$1,701,000) |

*Note:* The cap amount for the year ending 31 December 2013 includes the aggregated amount of rental and management fee paid to the Sub-lessor under the First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease by Beijing OSGH and OSGH (China) for the period from 1 January 2013 to 30 June 2013.

The terms of the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease were negotiated on arm's length basis and are on normal commercial terms. The rentals and management fees of the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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 First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease by Beijing OSGH and GH Management Consultancy respectively.

## REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

The rates of rental under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease are the same as the rates of rental under the First Sub-Lease Renewal Agreement and the Previous Second Sub-Lease. The Board considers that it is beneficial to the Group to enter into the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease so that the Group is able to continue to maintain its office in the same location and at the same rate of rental.

The Directors (including the independent non-executive Directors) are of the view that the terms of the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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, BEIJING OSGH, GH MANAGEMENT CONSULTANCY AND THE SUB-LESSOR**

### **The Company**

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 business activities of the Group are production, financing, distribution and theatrical exhibition of motion pictures. As of 28 June 2013, the Group operated 72 cinemas with 539 screens across China, Hong Kong, Taiwan and Singapore and is a leading distributor in the region.

### **Beijing OSGH**

Beijing OSGH is principally engaged in TV and films production.

### **GH Management Consultancy**

GH Management Consultancy is principally engaged in management consultancy services.

### **Sub-lessor**

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

## **LISTING RULES IMPLICATIONS**

Mr. Wu, being the chairman of the Board, a Director and the controlling shareholder of the Company, is beneficially owning approximately 60.41% in aggregate 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, 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 a connected person of the Company, and the transactions contemplated under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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 GH Management Consultancy under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease) are more than 0.1% but less than 5%, the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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 resolutions for approving the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease. Other than Mr. Wu and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease 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:

“associate(s)”	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 transactions contemplated under the First Sub-Lease Second Renewal Agreement and the New Second Sub-Lease for the year ending 31 December 2013 (from 1 January 2013 to 31 December 2013), the year ending 31 December 2014 (from 1 January 2014 to 31 December 2014), the year ending 31 December 2015 (from 1 January 2015 to 31 December 2015) and the year ending 31 December 2016 (from 1 January 2016 to 30 June 2016);
“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 Main Board of the Stock Exchange;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“controlling shareholder”	the meaning ascribed to it in the Listing Rules;
“Director(s)”	director(s) of the Company;
“First Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor, as 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 as sub-lessor and Beijing OSGH as sub-lessee for renewal of the First Sub-Lease in relation to the First Sub-Leased Premises;
“First Sub-Lease Second Renewal Agreement”	a renewal agreement dated 28 June 2013 entered into between the Sub-lessor as sub-lessor and Beijing OSGH as sub-lessee for renewal of the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square metres;
“GH Management Consultancy”	北京嘉禾影城管理諮詢有限公司 (Golden Harvest (Beijing) Cinema Management Consultancy Company Limited*), a company established in the PRC, an indirect wholly-owned subsidiary of the Company and a wholly-owned subsidiary of OSGH (China);
“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;
“Mr. Wu”	Mr. Wu Kebo, being the chairman of the Board, a Director and the controlling shareholder of the Company, 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;
“New Second Sub-Lease”	an agreement dated 28 June 2013 entered into between the Sub-lessor as sub-lessor and GH Management Consultancy as sub-lessee for sub-leasing of the New Second Sub-Leased Premises;
“New Second Sub-Leased Premises”	an office premises with a total floor area of approximately 1,020.61 square metres at part of Second Floor and Third Floor of House No. 3 and part of First Floor of House No. 7 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC which comprises of approximately 964 square metres of the Previous Second Sub-Leased Premises;
“OSGH (China)”	Orange Sky Golden Harvest Cinemas (China) Co. Ltd. (橙天嘉禾影城(中國)有限公司), 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);
“Previous Second Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor, as sub-lessor, and OSGH (China), as sub-lessee, (as supplemented and amended by a supplemental agreement dated 1 April 2011 and as renewed and supplemented by a renewal agreement dated 5 September 2011 both entered into between the Sub-lessor and OSGH (China)) in relation to sub-leasing of the Previous Second Sub-Leased Premises;
“Previous Second Sub-Leased Premises”	an office premises with a total floor area of approximately 1,424.95 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;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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;
“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\$1.26 is used for reference only.

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

Hong Kong, 28 June 2013

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 Boon Pin 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