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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 ENTRY INTO NEW LEASE AGREEMENTS**

### **ENTRY INTO THE LEASE AGREEMENTS**

The Board announces that on 29 January 2019, (i) Jiashi, an indirect wholly-owned subsidiary of the Company, entered into the First Lease Agreement with the Lessor; and (ii) 360 Theatre, an indirect wholly-owned subsidiary of the Company, entered into the Second Lease Agreement with the Lessor.

Reference is also made to the announcement of the Company dated 23 September 2016 in relation to the entry into the First Sub-Lease and the Second Sub-Lease by members of the Group as at such time with the Lessor.

As at the date of this announcement, Zeng Qingxin (who holds the shareholding interests in the Lessor in accordance to the instructions of Mr. Wu) and Ms. Wu hold as to 99% and 1% of the equity interest of the Lessor respectively. Mr. Wu, the chairman, a Director and the controlling shareholder of the Company, is interested in an aggregate of approximately 71.28% of the entire issued share capital of the Company as at the date of this announcement. Ms. Wu is a Director and the younger sister of Mr. Wu. Therefore, the Lessor is a connected person of the Company. Accordingly, each of the First Lease Agreement and the Second Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the transactions contemplated under the Lease Agreements were entered into within a 12-month period between the Group with the same party, namely the Lessor, with respect to properties located in the same approximate location, and (ii) the First Sub-Lease was also entered into between Beijing OSGH with the Lessor with respect to a property in the same approximate location, the Company has aggregated the transactions under the Lease Agreements and the First Sub-Lease for the purpose of calculating the percentage ratios pursuant to Rule 14A.81 of the Listing Rules.

\* For identification purpose only

As one or more of the relevant percentage ratios in respect of the Lease Agreements as aggregated with the First Sub-Lease under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Lease 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.

In view of their interest stated above, Mr. Wu and Ms. Wu have abstained from voting on the relevant board resolutions for approving the Lease Agreements. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as Mr. Wu and Ms. Wu, none of the Directors has material interest in the transactions contemplated under the Lease Agreements and none of them is required to abstain from voting on the relevant board resolutions.

## **1. BACKGROUND TO THE LEASE AGREEMENTS AND THE FIRST SUB-LEASE**

The Board announces that on 29 January 2019, (i) Jiashi, an indirect wholly-owned subsidiary of the Company, entered into the First Lease Agreement with the Lessor; and (ii) 360 Theatre, an indirect wholly-owned subsidiary of the Company, entered into the Second Lease Agreement with the Lessor.

Reference is also made to the announcement of the Company dated 23 September 2016 in relation to, inter alia, the entering into of (i) the First Sub-Lease between the Lessor and Beijing OSGH; and (ii) the Second Sub-Lease between the Lessor and GH Management Consultancy. For the avoidance of doubt, as at the date of this announcement, GH Management Consultancy is not a subsidiary of the Group.

Under the First Sub-Lease, the effective term was three years commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive). Accordingly, the First Sub-Lease remains in effect as at the date of this announcement.

## **2. PRINCIPAL TERMS OF THE LEASE AGREEMENTS**

### **(1) First Lease Agreement**

<b>Date:</b>	29 January 2019
<b>Parties:</b>	The Lessor as lessor and Jiashi as lessee
<b>Premises:</b>	The office premises occupying a portion of the 1st Floor and portion of the 2nd Floor of House No. 1 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave., Chaoyang District, Beijing, the PRC (北京市朝陽區小亮馬橋路安家樓1號院3號樓1層(部分)、2層(部分)) with a total floor area of 1,171 square meters
<b>Term:</b>	The period commencing on 29 January 2019 and expiring on 31 December 2021

**Rental and  
management fee:**

*Rental:*

RMB8.8 per square meter per day (exclusive of management fee and utility fees) with respect to the first calendar year of the term, with a 3% increase in rental rate in each following calendar year of the term. The total rental for the term of this agreement amounts to RMB11,347,733.35 (equivalent to approximately HK\$13,163,370.69); and

*Management fee:*

RMB0.848 per square meter per day with respect to the first calendar year of the term, with a 3% increase in management fee in each following calendar year of the term. The total management fee for the term of this agreement amounts to RMB1,093,508.86 (equivalent to approximately HK\$1,268,470.28).

*Means of payment:*

The rental and management fee shall be paid by Jiashi to the Lessor in one lump sum within three days of the signing of the First Lease Agreement.

**Usage:**

The premises shall be used as office premises by Jiashi.

**Others:**

At any time during the term of the First Lease Agreement, the Lessor can sell the First Lease Agreement Premises to a third party following provision of notice to Jiashi.

The Lessor shall issue a written notice to Jiashi at least three months before the expiration of the term of the First Lease Agreement requesting renewal of the First Lease Agreement, and if Jiashi is willing to continue to rent the First Lease Agreement Premises, Jiashi shall have the right to renew the First Lease Agreement on the same terms.

## (2) Second Lease Agreement

- Date:** 29 January 2019
- Parties:** The Lessor as lessor and 360 Theatre as lessee
- Premises:** The office premises occupying the 3rd Floor of House No. 3, a portion of the 2nd Floor of House No. 7 and House No. 5 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave., Chaoyang District, Beijing, the PRC (北京市朝陽區小亮馬橋路安家樓1號院3號樓3層, 7號樓2層(部分), 5號樓) with a total floor area of 1,960.88 square meters
- Term:** The period commencing on 29 January 2019 and expiring on 31 December 2021 (both dates inclusive)
- Rental and management fee:**
- Rental:*
- RMB8.8 per square meter per day (exclusive of management fee and utility fees) with respect to the first calendar year of the term, with a 3% increase in rental rate in each following calendar year of the term. The total rental for the term of this agreement amounts to RMB19,002,171.97 (equivalent to approximately HK\$22,042,519.49); and
- Management fee:*
- RMB0.848 per square meter per day with respect to the first calendar year of the term, with a 3% increase in management fee in each following calendar year of the term. The total management fee for the term of this agreement amounts to RMB1,831,118.39 (equivalent to approximately HK\$2,124,097.33).
- Means of payment:*
- The rental and management fee shall be paid by 360 Theatre to the Lessor in one lump sum within three days of the signing of the Second Lease Agreement.
- Usage:** The premises shall be used as office premises and for daily operation purposes by 360 Theatre.
- Others:** At any time during the term of the Second Lease Agreement, the Lessor can upon notifying 360 Theatre sell the Second Lease Agreement Premises to a third party.

The Lessor shall issue a written notice to 360 Theatre at least three months before the expiration of the term of the Second Lease Agreement requesting renewal of the Second Lease Agreement, and if 360 Theatre is willing to continue to rent the Second Lease Agreement Premises, 360 Theatre shall have the right to renew the Second Lease Agreement on the same terms.

The terms of the Lease Agreements were determined after arm's length negotiation and on normal commercial terms. The rental and management fees under the Lease Agreements respectively were determined by reference to the market rental of similar land parcels and the recent rental transactions in the nearby areas.

**3. ANNUAL CAPS UNDER THE LEASE AGREEMENTS AND THE FIRST SUB-LEASE AND BASIS FOR DETERMINING THE ANNUAL CAPS**

For the purposes of Rule 14A.53 of the Listing Rules, the Board has resolved to set the Annual Caps in respect of the transactions contemplated under the Lease Agreements and the First Sub-Lease for the years ending 31 December 2019, 31 December 2020 and 31 December 2021:

(a) For the year ending 31 December 2019 (from 1 January 2019 to 31 December 2019)	Approximately RMB10,194,401.23 (equivalent to approximately HK\$11,825,505.43)
(b) For the year ending 31 December 2020 (from 1 January 2020 to 31 December 2020)	Approximately RMB11,390,970.27 (equivalent to approximately HK\$13,213,525.51)
(c) For the year ending 31 December 2021 (from 1 January 2021 to 31 December 2021)	Approximately RMB11,700,642.83 (equivalent to approximately HK\$13,572,745.68)

The Annual Caps were determined based on the rental and management fee payable by the Group to the Lessor under the First Lease Agreement, the Second Lease Agreement and the First Sub-Lease respectively.

If either of the Lease Agreements are renewed in accordance with the terms thereunder, the Company will comply with the requirements under Chapter 14A of the Listing Rules with respect to such renewal at the relevant time.

#### **4. REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENTS**

The Board considers that it is beneficial to the Group to enter into the Lease Agreements so that the Group is able to maintain its offices for Jiashi and 360 Theatre at the same approximate location with reasonable rates of rental and management fee, allowing these two subsidiaries of the Group to share operating resources and thereby enhance mutual efficiency.

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

#### **5. INFORMATION REGARDING THE COMPANY, THE LESSOR, JIASHI, 360 THEATRE AND BEIJING OSGH**

##### **The Company**

The Company is an investment holding company and is principally engaged in theatrical exhibition, cinema operation, film, video and television production and distribution business in Hong Kong, Mainland China, Taiwan and Singapore.

##### **The Lessor**

The Lessor is a company established in the PRC and is wholly-owned by Zeng Qingxin (who holds the shareholding interests in the Lessor in accordance to the instructions of Mr. Wu) and Ms. Wu. The principal activity of the Lessor is investment holding.

##### **Jiashi**

Jiashi is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of Jiashi is corporate treasury management in the PRC.

##### **360 Theatre**

360 Theatre is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. The principal activity of 360 Theatre is theatres management.

##### **Beijing OSGH**

Beijing OSGH is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company as at the date of this announcement. Beijing OSGH is principally engaged in TV and films production.

## 6. LISTING RULES IMPLICATIONS

As at the date of this announcement, Zeng Qingxin (who holds the shareholding interests in the Lessor in accordance to the instructions of Mr. Wu) and Ms. Wu hold as to 99% and 1% of the equity interest of the Lessor respectively. Mr. Wu, the chairman, a Director and the controlling shareholder of the Company, is interested in an aggregate of approximately 71.28% of the entire issued share capital of the Company as at the date of this announcement. Ms. Wu is a Director and the younger sister of Mr. Wu. Therefore, the Lessor is a connected person of the Company. Accordingly, each of the First Lease Agreement and the Second Lease Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) the transactions contemplated under the Lease Agreements were entered into within a 12-month period with the same party, namely the Lessor, with respect to properties located in the same approximate location, and (ii) the First Sub-Lease was also entered into between Beijing OSGH with the Lessor with respect to a property in the same approximate location, the Company has aggregated the transactions under the Lease Agreements and the First Sub-Lease for the purpose of calculating the percentage ratios pursuant to Rule 14A.81 of the Listing Rules. As one or more of the relevant percentage ratios in respect of the Lease Agreements (as aggregated with the First Sub-Lease) under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the Lease 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.

In view of their interest stated above, Mr. Wu and Ms. Wu have abstained from voting on the relevant board resolutions for approving the Lease Agreements. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for Mr. Wu and Ms. Wu, none of the Directors has material interest in the transactions contemplated under the Lease Agreements and none of them is required to abstain from voting on the relevant board resolutions.

## DEFINITIONS

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

“360 Theatre”	北京橙天三六零劇場管理有限公司 (Beijing Orange Sky 360 Theatre Management Company Limited*), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Annual Caps”	for the purpose of Chapter 14A of the Listing Rules, the proposed annual caps in respect of the transactions contemplated under the Lease Agreements for the years ending 31 December 2019, 31 December 2020 and 31 December 2021

“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 and an indirect wholly-owned subsidiary of the Company
“Board”	the board of Directors
“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
“Director(s)”	Director(s) of the Company
“First Lease Agreement”	the lease agreement dated 29 January 2019 entered into between the Lessor as lessor and Jiashi as lessee in relation to the leasing of the First Lease Agreement Premises
“First Lease Agreement Premises”	the office premises occupying a portion of the 1st Floor and portion of the 2nd Floor of House No. 1 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave., Chaoyang District, Beijing, the PRC (北京市朝陽區小亮馬橋路安家樓1號院3號樓1層 (部分)、2層 (部分)) with a total floor area of 1,171 square meters
“First Sub-Lease”	the agreement dated 31 August 2016 entered into between the Lessor, as sub-lessor, and Beijing OSGH, as sub-lessee, in relation to the sub-leasing of the First Sub-Leased Premises
“First Sub-Leased Premises”	the office premises with a total floor area of approximately 6.75 square meters occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓2層部分)
“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 incorporated in the PRC, and which is not a subsidiary of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China



“Jiashi”	上海橙天嘉影實業有限公司 (Shanghai Orange Sky Jiayin Shiye Company Limited*), a company incorporated in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Lease Agreements”	the First Lease Agreement and the Second Lease Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“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 incorporated in the PRC with limited liability which is owned as to 99% by Zeng Qingxin (who holds the shareholding interests in the Lessor in accordance to the instructions of Mr. Wu) and 1% by Ms. Wu as at the date of this announcement
“Mr. Wu”	Mr. Wu Kebo, the Chairman of the Company and an executive Director
“Ms. Wu”	Ms. Wu Keyan, a Director of the Company and the younger sister of Mr. Wu
“PRC”	The People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purposes of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Second Lease Agreement”	the lease agreement dated 29 January 2019 entered into between the Lessor as lessor and 360 Theatre as lessee in relation to the Second Lease Agreement Premises
“Second Lease Agreement Premises”	the office premises occupying the 3rd Floor of House No. 3, a portion of the 2nd Floor of House No. 7 and House No. 5 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave., Chaoyang District, Beijing, the PRC (北京市朝陽區小亮馬橋路安家樓1號院3號樓3層, 7號樓2層 (部分), 5號樓) with a total floor area of 1,960.88 square meters
“Second Sub-Lease”	the agreement dated 31 August 2016 entered into between the Lessor, as sub-lessor, and GH Management Consultancy, as sub-lessee, in relation to the sub-leasing of the Second Sub-Leased Premises

“Second Sub-Leased Premises”	the office premises occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave., Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓2層部分) with a total floor area of approximately 993.57 square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

\* *for identification purposes only*

*For the purpose of the announcement, the exchange rate of RMB1.00 = HK\$1.16 is used for reference only.*

By order of the Board  
**Orange Sky Golden Harvest Entertainment (Holdings) Limited**  
**Cheung Hei Ming**  
*Company Secretary*

Hong Kong, 29 January 2019

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. Li Pei Sen

Ms. Wu Keyan

Ms. Chow Sau Fong, Fiona

*Independent Non-executive Directors:*

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry