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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

The Board is pleased to announce that, on 15 December 2011, OSGH Sanlitun, OSGH (China) and Beijing Orange Sky entered into the Cinema Management Agreement in respect of the management and operations of the Cinema.

The Transactions constitute continuing connected transactions of the Company under the Listing Rules. As the applicable percentage ratios (other than the profits ratio) in respect of the Caps are more than 0.1% but less than 5%, they are subject to the reporting, announcement and annual review requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announces that, on 15 December 2011, OSGH Sanlitun, OSGH (China) and Beijing Orange Sky entered into the Cinema Management Agreement in respect of the management and operations of the Cinema which is located at Suite 403-2, 4/F, No. 2, Worker Stadium Beilu, Chaoyang District, Beijing.

The Transactions constitute continuing connected transactions of the Company under the Listing Rules. The principal terms of the Cinema Management Agreement are as follows:

CINEMA MANAGEMENT AGREEMENT

- Date** : 15 December 2011
- Parties** : (1) OSGH Sanlitun, a wholly owned subsidiary of the Company;
- (2) OSGH (China), a wholly owned subsidiary of the Company;
and
- (3) Beijing Orange Sky, a company wholly owned by Mr. Wu.

* For identification purposes only

Subject matter : (1) Grant of cinema management and operational rights

OSGH Sanlitun has agreed to grant Beijing Orange Sky the rights to manage and operate the Cinema during the term of the Cinema Management Agreement in accordance with the standard and subject to the conditions set out in such agreement.

Beijing Orange Sky shall be liable for all debts and legal liabilities incurred and caused by it arising from the management and operation of the Cinema under the Grant during the terms of the Cinema Management Agreement.

Except for the key departments relevant to the operation of the Cinema, all other departments of the Cinema (the “**Excluded Departments**”) will remain under the management of OSGH Sanlitun.

(2) Grant of the Lease

To facilitate Beijing Orange Sky in performing its respective obligations to manage and operate the Cinema under the Grant, OSGH Sanlitun has agreed to procure OSGH (China) and OSGH (China) (as owner of certain key facilities at the Cinema) has agreed, to grant the Lease to Beijing Orange Sky during the term of the Cinema Management Agreement, subject to the conditions set out in such agreement. Such key facilities include, but without limitation, projection system and ticketing system.

Consideration : (1) The consideration for the Grant comprises:

(a) a fixed fee in the aggregate sum of RMB6,200,000 which will be payable by Beijing Orange Sky to OSGH Sanlitun in two instalments in which (i) the first instalment of RMB3,000,000 will be payable within five days from the date of receipt of an invoice from OSGH Sanlitun; and (ii) the second instalment of RMB3,200,000 will be payable before 30 June 2012; and

(b) an amount representing 10% of the Net Profits (the “**OSGH Sanlitun Shared Profit**”) (if any).

Beijing Orange Sky will be entitled to the remaining amount of the Net Profits (if any) after deducting the OSGH Sanlitun Shared Profits, which will be payable by OSGH Sanlitun to Beijing Orange Sky within five working days upon receipt of Beijing Orange Sky's invoice. Such invoice shall be issued by Beijing Orange Sky within 10 working days after receipt of the Report.

- (2) The monthly rental for the Lease shall be RMB140,000 which will be payable by Beijing Orange Sky to OSGH Sanlitun on a quarterly basis by the end of each quarter to which such rental relates during the term of the Cinema Management Agreement.

Term : A term commencing from 1 December 2011 to 31 December 2013.

Other term : In the event that the Cinema makes a Deficit under the Grant, the amount of such Deficit will be payable by Beijing Orange Sky to OSGH Sanlitun within 10 working days after receipt of an invoice from OSGH Sanlitun.

ANNUAL CAPS

The Caps for the three financial years ending 31 December 2013 shall be RMB6,400,000 (equivalent to approximately HK\$7,808,000), RMB2,300,000 (equivalent to approximately HK\$2,806,000) and RMB2,300,000 (equivalent to approximately HK\$2,806,000), respectively.

The terms of the Cinema Management Agreement were negotiated on an arms' length basis, on normal commercial terms and were determined by reference to the prevailing management fees for managing and operating a cinema of comparable size at similar locations in China, the rental for similar cinema facilities in the industry, and the asset value of the relevant key facilities at the Cinema as at the date of the Lease. The Caps were determined based on (a) the historical financial performance of the Cinema in the previous financial years; (b) the rental income to be derived from the Lease; (c) the expected level of seasonal fluctuations in the box office income of the Cinema; and (d) the percentage of Net Profits of the Cinema, if any, to be shared with Beijing Orange Sky under the Cinema Management Agreement.

INFORMATION IN RELATION TO PARTIES TO THE CINEMA MANAGEMENT AGREEMENT

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 comprise 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 the PRC.

Each of OSGH Sanlitun and OSGH (China) is a company established in the PRC and is principally engaged in cinema operation and management. OSGH Sanlitun is a wholly owned subsidiary of OSGH (China).

Beijing Orange Sky is a company incorporated in the PRC and is wholly owned by Mr. Wu. One of its principal businesses is the provision of cinema operation and management services in the PRC.

REASONS FOR ENTERING INTO THE TRANSACTIONS

The Directors believe that the film exhibition industry in China will become increasingly competitive, and thus, continuing improving the management of and service delivery by the cinemas operated by the Group is of the utmost importance. Since the Cinema has been adopting membership system which is different from the normal and usual cinema operation, the Directors are of the view that the Cinema Management Agreement would enable the Group to centralise the management and operation of other cinemas managed and operated by the Group. In addition, the Directors are also of the view that the Cinema Management Agreement which allows the Group to leverage on Beijing Orange Sky's experience and expertise in cinema operation and management in China would enable the Group to continue to provide seamless cinema services and enhance the operational efficiency of the Cinema to our customers' satisfaction, whereas the leasing of facilities at the Cinema to Beijing Orange Sky under the Lease would be essential for the operations of the Cinema by Beijing Orange Sky and could further efficiently utilise the Group's resources.

The Directors (including the independent non-executive Directors) consider that the entering into of the Cinema Management Agreement and the terms thereof are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Mr. Wu is a Director and substantial shareholder of the Company, interested in approximately 59.6% in aggregate of the total issued share capital of the Company as at the date of this announcement through his direct holding of approximately 0.59% of the issued share capital of the Company and through his shareholding in Orange Sky, Skyera, Mainway and Cyber. As a result, under the Listing Rules, Mr. Wu and his associates are connected persons of the Company. As the entire equity interest of Beijing Orange Sky is owned by Mr. Wu, Beijing Orange Sky is an associate of Mr. Wu and a connected person of the Company. As a result, the Transactions constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the Caps are more than 0.1% but less than 5%, the Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the 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. Save for Mr. Wu and Ms. Wu Keyan who have abstained from voting on the relevant resolution of the Board approving the Transactions, none of the Directors have a material interest in the Transactions.

DEFINITIONS

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

“associate(s)”	the meaning ascribed to it in the Listing Rules
“Beijing Orange Sky”	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
“Board”	the board of Directors
“Caps”	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the Transactions for the three years ended 31 December 2011, 2012 and 2013 as set out in the section headed “Annual Caps” in this announcement
“Cinema”	the cinema which is situated at 北京市朝陽區工人體育場北路甲2號裙房4層403-2單元 (Suite 403-2, 4/F, No. 2, Worker Stadium Beilu, Chaoyang District, Beijing*)
“Cinema Management Agreement”	the agreement dated 15 December 2011 entered into between OSGH Sanlitun, OSGH (China) and Beijing Orange Sky in respect of the management and operations of the Cinema and the grant of the Lease
“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”	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
“Deficit”	the amount of the Cinema’s Costs in excess of the Cinema’s Revenue as shown in the Report
“Directors”	directors of the Company
“Grant”	the grant of rights to manage and operate the Cinema under the Cinema Management Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Lease”	the leasing of certain key facilities at the Cinema pursuant to the Cinema Management Agreement
“Listing Rules”	the 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 15.13% 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
“Net Profits”	the net amount of the total revenue derived from the operation of the Cinema under the Grant as stated in the Report (the “ Cinema’s Revenue ”) less the total operating costs (including the costs incurred by the Excluded Departments) as stated in the Report (the “ Cinema’s Costs ”) and the total amount of rental paid for the Lease
“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 20.94% 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 Cinemas (China) Co., Ltd.*), a company established in the PRC and is a wholly owned subsidiary of the Company
“OSGH Sanlitun”	北京橙天嘉禾三里屯影城管理有限公司 (Orange Sky Golden Harvest Sanlitun (Beijing) Cinema Management Co Ltd.*), a company established in the PRC which is a wholly owned subsidiary of OSGH (China)
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Report”	the report in respect of all revenue, cost, expenses and outgoings, total rental payment for the Lease and the amount of Net Profit or Deficit (as the case may be) in respect of the operations of the Cinema resulting from the Grant during the term of the Cinema Management Agreement to be prepared upon the expiry of the term of the Cinema Management Agreement and delivered to Beijing Orange Sky

“Skyera”	Skyera International Limited, a company which is wholly owned by Mr. Wu and is holding approximately 16.28% 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
“substantial shareholder”	the meaning ascribed to it in the Listing Rules
“Transactions”	the transactions contemplated under the Cinema Management Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

In this announcement, the exchange rate of RMB1 to HK\$1.22 is used for reference only.

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

Hong Kong, 15 December 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 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