

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONNECTED TRANSACTION AND
CONTINUING CONNECTED TRANSACTION**

CONNECTED TRANSACTION

Memorandum to the Lease Agreement

At the request of Jiangyin Orange Land, OSGH (China) and Jiangyin Orange Land entered into the Memorandum after trading hours on 25 June 2014 for purposes of, among others, extending the delivery date of the Leased Property as stated in the Lease Agreement from 31 December 2014 to 31 December 2015. Jiangyin Orange Land shall pay to OSGH (China) Interests calculated at the rate of 7.5% per annual on the amounts of Base Rental prepayment from the respective dates of such payment, i.e. an aggregate amount of RMB21,750,000 (equivalent to approximately HK\$27,187,500).

Jiangyin Orange Land is a connected person of the Company by virtue of being an associate of Mr. Wu, who is the chairman, a Director and a controlling shareholder of the Company. The transaction contemplated under the Memorandum constitutes a connected transaction of the Company under the Listing Rules.

The relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the Interests under the Memorandum are more than 0.1% but less than 5%, the Memorandum and the transaction contemplated under the Memorandum is subject to the reporting, announcement and annual review requirement but is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

* For identification purpose only

CONTINUING CONNECTED TRANSACTION

Renewal of the Annual Caps for Lease Agreement

Reference is made to the Announcement and the Lease Agreement dated 25 September 2012 entered into between OSGH (China) and Jiangyin Orange Land relating to the leasing of the Lease Property for a period of 240 months commencing from the delivery date of the Leased Property, with a pre-emptive right to renew the tenancy for a further period of 120 months upon expiry at the then prevailing market rate.

The New Annual Caps for each of the three financial years ending 31 December 2015, 2016 and 2017 are set at RMB0, RMB2,000,000 (equivalent to approximately HK\$2,500,000) and RMB3,000,000 (equivalent to approximately HK\$3,750,000) respectively. The New Annual Caps are determined based on the payment terms specified in the Lease Agreement (as varied or supplemented by the Memorandum) and the expected yearly turnover rent based on an estimate of the net box office income generated from operation of the cinema by OSGH (China) at the Leased Property, and includes a buffer.

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 Annual Caps are subject to the reporting, announcement and annual review requirement but is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

CONNECTED TRANSACTION

Memorandum to the Lease Agreement

As disclosed in the Announcement, OSGH (China) (an indirect wholly-owned subsidiary of the Company) entered into the Lease Agreement with Jiangyin Orange Land in relation to the leasing of the Leased Property at the Jiangyin Orange Land Cultural Complex for a period of 240 months commencing from the delivery date of the Leased Property.

At the request of Jiangyin Orange Land, OSGH (China) and Jiangyin Orange Land entered into the Memorandum after trading hours on 25 June 2014 for purposes of, among others, extending the delivery date of the Leased Property as stated in the Lease Agreement from 31 December 2014 to 31 December 2015.

Jiangyin Orange Land is a connected person of the Company by virtue of being an associate of Mr. Wu, who is the chairman, a Director and a controlling shareholder of the Company. The transaction contemplated under the Memorandum constitutes a connected transaction of the Company under the Listing Rules.

Principal terms of the Memorandum are as follows:

Memorandum

- Date : 25 June 2014
- Parties : Jiangyin Orange Land and OSGH (China)
- Subject matter : Extension of the delivery date of the Leased Property as stated in the Lease Agreement from 31 December 2014 to 31 December 2015
- Consideration : Jiangyin Orange Land shall pay to OSGH (China) Interests calculated at the rate of 7.5% per annual on the amounts of Base Rental prepayment from the respective dates of such payment, i.e. an aggregate amount of RMB21,750,000 (equivalent to approximately HK\$27,187,500). The Interests shall be payable by Jiangyin Orange Land to OSGH (China) in the following manner:
- (a) a sum of RMB10,500,000 (equivalent to approximately HK\$13,125,000), representing Interests on the Base Rental prepayment during the period from October 2012 to June 2014, shall be payable by 30 September 2014;
 - (b) a sum of RMB3,750,000 (equivalent to approximately HK\$4,687,500), representing Interests on the Base Rental prepayment during the period from July 2014 to December 2014, shall be payable by 31 March 2015;
 - (c) a sum of RMB3,750,000 (equivalent to approximately HK\$4,687,500), representing Interests on the Base Rental prepayment during the period from January 2015 to June 2015, shall be payable by 30 September 2015; and
 - (d) a sum of RMB3,750,000 (equivalent to approximately HK\$4,687,500), representing Interests on the Base Rental prepayment during the period from July 2015 to December 2015, shall be payable by 31 December 2015.
- Other terms : Should Jiangyin Orange Land fail to deliver the Leased Property to OSGH (China) on or before 31 December 2015, OSGH (China) shall be entitled to (should it choose to) terminate the Lease Agreement whereupon Jiangyin Orange Land shall refund to OSGH (China) the prepayment of the Base Rental and the Security Deposit in full together with the Interests at the rate of 7.5% per annum from the date of payment of the Base Rental prepayment but the Interests already paid by Jiangyin Orange Land in accordance with paragraphs (a) to (d) above should be deducted therefrom. Jiangyin Orange Land shall also indemnify OSGH (China) all other losses or costs suffered from this further delay.

Reason for entering into the Memorandum and the impact on the Company

According to the terms of the Lease Agreement, if Jiangyin Orange Land fails to punctually deliver the Leased Property to OSGH (China), Jiangyin Orange Land and OSGH (China) should enter into good faith negotiation for resolution. As the Group has not yet established any cinema in Jiangyin City, the leasing of the Leased Property, which is in a suitable location in Jiangyin City may offer a good opportunity for the Group to expand its cinema network in Jiangyin City. Further, since the Memorandum provides for the same compensation terms to the Group to be calculated from the date of prepayment of the Base Rental, the Directors believe that the Group's interests will not be prejudiced in any material respect. The Directors consider that the Memorandum also saves the Company from incurring time and costs in sourcing another alternate site for the establishment of a cinema in Jiangyin City and negotiating for another lease with another landlord. Thus, the Directors consider that it is in the Group's interests to enter into the Memorandum.

The terms of the Memorandum were negotiated on arm's length basis or on terms no less favourable to the Company than terms available from independent third parties. Having regard to the compensation terms previously agreed under the Lease Agreement, the Directors believe that the rate of the Interests are fair and reasonable to enable the Company to recoup the costs of funding for the prepayment of the Base Rental. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Memorandum is on normal commercial terms and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

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 Memorandum and the transaction contemplated under the Memorandum. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, other than Mr. Wu and Ms. Keyan, none of the Directors has material interest in the transaction and none of them is required to abstain from voting on the relevant board resolution.

Implication under the Listing Rules

The relevant percentage ratios under Rule 14.07 of the Listing Rules in respect of the Interests under the Memorandum are more than 0.1% but less than 5%, the Memorandum and the transaction contemplated under the Memorandum is subject to the reporting, announcement and annual review requirement but is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

Renewal of the Annual Caps for Lease Agreement

Reference is made to the Announcement and the Lease Agreement dated 25 September 2012 entered into between OSGH (China) and Jiangyin Orange Land relating to the leasing of the Lease Property for a period of 240 months commencing from the delivery date of the Leased Property, with a pre-emptive right to renew the tenancy for a further period of 120 months upon expiry at the then prevailing market rate.

Pursuant to the Lease Agreement (as varied or supplemented by the Memorandum), OSGH (China) shall pay to Jiangyin Orange Land an annual rent which is the higher of (a) an yearly turnover rent based on certain percentages rates ranging from 12% to 15% of the net box office income generated from the operation of the cinema by OSGH (China) at the Leased Property in the relevant year and (b) the Base Rental for the relevant year under the Lease Agreement.

The yearly Base Rental under the Lease Agreement, being RMB3,000,000 (equivalent to approximately HK\$3,750,000) for the first year of the term of the Lease Agreement, with an upward adjustment of 5% per annual for each of the 2nd to 5th year of the term, and RMB5,000,000 (equivalent to approximately HK\$6,250,000) for the 6th year of the term, with an upward adjustment of 5% per annual for each of 7th to 20th year of the term; the total Base Rental in aggregate for the entire period of the Lease Agreement shall be RMB124,470,000 (equivalent to approximately HK\$155,587,500).

A prepayment representing approximately 80% of the total amount of the Base Rental for the term of the Lease Agreement has already been paid by OSGH (China) to Jiangyin Orange Land.

As stated in the Announcement, the annual caps, having taking into account the amount of the prepayment representing approximately 80% of the total amount of the Base Rental for the term of the lease, for each of the financial years ended 31 December 2012, 2013 and for the financial year ending 31 December 2014 were set at RMB41,500,000, RMB42,000,000 and RMB30,000,000, respectively. The total amount paid to Jianyin Orange Land under the Lease Agreement for the financial year ended 31 December 2012 and 2013 were RMB41,500,000 and RMB40,000,000 respectively. The Directors are of the view that the total amount paid to Jianyin Orange Land under the Lease Agreement for the financial year ending 31 December 2014 would not exceed the annual cap of RMB30,000,000.

New Annual Caps

The New Annual Caps for each of the three financial years ending 31 December 2015, 2016 and 2017 are set at RMB0, RMB2,000,000 (equivalent to approximately HK\$2,500,000) and RMB3,000,000 (equivalent to approximately HK\$3,750,000) respectively. The New Annual Caps are determined based on the payment terms specified in the Lease Agreement (as varied or supplemented by the Memorandum) and the expected yearly turnover rent based on an estimate of the net box office income generated from operation of the cinema by OSGH (China) at the Leased Property, and includes a buffer.

In view of the above, the Directors (including the independent non-executive Directors) consider that the New Annual Caps are fair and reasonable. Also, for reasons stated in the Announcement, the Directors (including the independent non-executive Directors) maintain the view that the terms of the Lease Agreement (as varied or supplemented by the Memorandum) had been negotiated on arm's length basis and on normal commercial terms, fair and reasonable and are in the interest of the Company and its shareholders as a whole. If the actual amount payable by OSGH (China) to Jiangyin Orange Land under the Lease Agreement (as varied or supplemented by the Memorandum) shall exceed the New Annual Caps upon the expiry of the New Annual Caps on 31 December 2017, the Company shall re-comply with all applicable requirements under 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 Annual Caps. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, other than Mr. Wu and Ms. Keyan, none of the Directors has material interest in the transaction and none of them is required to abstain from voting on the relevant board resolution.

Implication under the Listing Rules

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 Annual Caps are subject to the reporting, announcement and annual review requirement but is exempt from independent shareholders' approval requirement under Rule 14A.34 of the Listing Rules.

INFORMATION REGARDING THE COMPANY, OSGH (CHINA) AND JIANGYIN ORANGE LAND

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 25 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.

Jiangyin Orange Land

Jiangyin Orange Land is a company incorporated in the PRC and is a holding company of the land on which Jiangyin Orange Land Cultural Complex is situated. Its principal business activities are the development and construction of Jiangyin Orange Land Cultural Complex.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 25 September 2012 in relation to the continuing connected transactions under the Lease Agreement
----------------	--

“Base Rental”	the yearly Base Rental under the Lease Agreement, being RMB3,000,000 (equivalent to approximately HK\$3,750,000) for the first year of the term of the Lease Agreement, with an upward adjustment of 5% per annual for each of the 2nd to 5th year of the term, and RMB5,000,000 (equivalent to approximately HK\$6,250,000) for the 6th year of the term, with an upward adjustment of 5% per annual for each of 7th to 20th year of the term; the total Base Rental in aggregate for the entire period of the Lease Agreement shall be RMB124,470,000 (equivalent to approximately HK\$155,587,500)
“Beijing Orange Land”	北京橙地影院投資管理有限公司 (Beijing Orange Land Cinema Investment Management Company Limited*), a company established in the PRC and 84.19% beneficially owned by Mr. Wu, and directly owns 100% equity interest in Jiangyin Orange Land
“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
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Interests”	payments made by Jiangyin Orange Land to OSGH (China) pursuant to the terms of the Memorandum
“Jiangyin Orange Land Cultural Complex”	the commercial and cultural complex to be constructed and operated by Jiangyin Orange Land on a parcel of land situated at the Xiagang Development Zone, Jiangyin City, Jiangsu Province, PRC with a site area of approximately 23,334 square metres
“Jiangyin Orange Land”	江陰橙地影院開發管理有限公司 (Jiangyin Orange Land Cinema Development Management Co., Ltd.*) a company which is 84.19% beneficially owned by Mr. Wu through Beijing Orange Land

“Lease Agreement”	the lease agreement entered into between OSGH (China) and Jiangyin Orange Land dated 25 September 2012 in connection with the leasing of the Leased Property
“Leased Property”	portion of 3rd, 4th and 5th Floors of Block 2 of the Jiangyin Orange Land Cultural Complex, with a total floor area of approximately 17,561 square metres
“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
“Memorandum”	the memorandum of undertaking dated 25 June 2014 entered into between OSGH (China) and Jiangyin Orange Land in relation to the Lease Agreement
“New Annual Caps”	the new annual cap amounts in respect of the Lease Agreement (as varied or supplemented by the Memorandum) for each of the financial years ending 31 December 2015, 2016 and 2017 respectively
“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
“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
“Security Deposit”	the sum of RMB1,500,000 paid by OSGH (China) to Jiangyin Orange Land as security deposit within 10 business days after the execution of the Lease Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong 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, 25 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