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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

SUB-LEASES OF OFFICE PREMISES

On 13 January 2011, the Sub-lessor entered into a sub-lease with Beijing OSGH in relation to the sub-leasing of 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 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to Beijing OSGH.

On 13 January 2011, the Sub-lessor entered into a sub-lease with OSGH (China) in relation to the sub-leasing of an office premises with a total floor area of approximately 1,248.95 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 to OSGH (China).

The Sub-Leases constitute continuing connected transactions under the Listing Rules. As the applicable percentage ratios in respect of the Caps (when considered in aggregate with the amounts paid by OSGH (China) under the Previous Sub-Lease) are more than 0.1% but less than 5%, the Sub-Leases 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.

The Board announces that the Sub-lessor entered into the First Sub-Lease and the Second Sub-Lease with Beijing OSGH and OSGH (China) respectively on 13 January 2011 in respect of certain office premises in Beijing, PRC. While Beijing OSGH and OSGH (China) have been using such office premises since 1 July 2010, being the commencement date of the terms of the Sub-Leases, the Sub-Leases were entered into by the relevant parties on 13 January 2011 because the sub-lease terms of the Sub-Leases were not concluded until 3 December 2010.

* For identification purposes only

The Sub-Leases constitute continuing connected transactions under the Listing Rules. The principal terms of the Sub-Leases are as follows:–

A. PRINCIPAL TERMS OF THE SUB-LEASES

(i) The First Sub-Lease

Date:	13 January 2011
Parties:	The Sub-lessor as sub-lessor Beijing OSGH as sub-lessee
Premises to be sub-let:	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 166.49 square metres. The premises forms part of the property (with total floor area of approximately 7,890.17 square metres) leased to the Sub-lessor and other companies controlled by Mr. Wu as joint tenants 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:	One year, commencing from 1 July 2010 and expiring on 30 June 2011 (both days inclusive)
Rental and management fee:	Rental: RMB4.00 per square metre per day (exclusive of management fee, other outgoings and government levies), equivalent to an approximate amount of RMB243,075 (equivalent to approximately HK\$281,967) per annum Management fee: RMB0.51 per square metre per day, equivalent to an approximate amount of RMB30,992 (equivalent to approximately HK\$35,951) 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: RMB68,517 (equivalent to approximately HK\$79,480) (being the aggregate amount of three months' rentals and management fees) has been paid by Beijing OSGH to the Sub-lessor upon signing of the First Sub-Lease.

User: The premises shall be used as office.

Others: Two complimentary car parking spaces will be provided by the Sub-lessor to Beijing OSGH for its use during the term of the First Sub-Lease.

Beijing OSGH shall have the priority right to continue to sub-lease the premises upon expiry of the First Sub-Lease.

(ii) The Second Sub-Lease

Date: 13 January 2011

Parties: The Sub-lessor as sub-lessor
OSGH (China) as sub-lessee

Premises to be sub-let: 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 1,248.95 square metres

The premises forms part of the property (with total floor area of approximately 7,890.17 square metres) leased to the Sub-lessor and other companies controlled by Mr. Wu as joint tenants 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: One year, commencing from 1 July 2010 and expiring on 30 June 2011 (both days inclusive)

User: The premises shall be used as office.

Rental and Management Fee: Rental:

RMB4.00 per square metre per day (exclusive of management fee, other outgoings and government levies), equivalent to an approximate amount of RMB1,823,467 (equivalent to approximately HK\$2,115,222) per annum

Management fee:

RMB0.51 per square metre per day, equivalent to an approximate amount of RMB232,492 (equivalent to approximately HK\$269,691) per annum

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

Deposit:

RMB513,990 (equivalent to approximately HK\$596,228) (being the aggregate amount of three months' rentals and management fees) has been paid by OSGH (China) to the Sub-lessor upon signing of the Second Sub-Lease.

Others:

Two complimentary car parking spaces will be provided by the Sub-lessor to OSGH (China) for its use during the term of the Second Sub-Lease.

OSGH (China) shall have the priority right to continue to sub-lease the premises upon expiry of the Second Sub-Lease.

Prior to the Sub-Leases, the Sub-lessor as sub-lessor and OSGH (China) as sub-lessee had entered into the Previous Sub-Lease in relation to the sub-leasing of an office premises with a total floor area of approximately 476 square metres at Part of Second Floor, House No.2, No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, which is within the same development as the premises under the Sub-Leases, for a term of six months commencing from 1 January 2010 and expiring on 30 June 2010 (both days inclusive). Under the Previous Sub-Lease, the rental and management fee per square metre per day were RMB4.00 (exclusive of management fee, other outgoings and government levies) and RMB0.51 respectively. Accordingly, RMB344,624 (equivalent to approximately HK\$399,764) and RMB43,940 (equivalent to approximately HK\$50,970) have been paid by OSGH (China) for the rentals and management fees respectively under the Previous Sub-Lease.

B. ANNUAL CAPS

The annual caps in respect of the Sub-Leases for the year ended 31 December 2010 (from 1 July 2010 to 31 December 2010) and the year ending 31 December 2011 (from 1 January 2011 to 30 June 2011) shall be approximately RMB1,200,000 (equivalent to HK\$1,392,000) and RMB1,200,000 (equivalent to HK\$1,392,000) respectively.

The terms of the Sub-Leases were negotiated on arm's length basis and are on normal commercial terms and 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 Sub-Leases by Beijing OSGH and OSGH (China).

C. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS

Due to the growth and expansion of the Group's operation in the PRC, the Board considers that an office of larger floor area is required to cope with such growth and expansion. In addition, the rates of rental under the Sub-Leases are the same as the rate of rental under the Previous Sub-Lease and the premises under the Sub-Leases and the Previous Sub-Lease are within the same development of No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, which enable the Company 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 Sub-Leases 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.

D. INFORMATION OF THE COMPANY AND THE SUB-LESSOR

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 consist of 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 PRC.

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

E. LISTING RULES IMPLICATIONS

Mr. Wu is a Director and a substantial shareholder of the Company beneficially owning approximately 54.4% in aggregate of the total issued share capital of the Company as at the date of this announcement through Orange Sky, Skyera, Mainway and Cyber. 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 Sub-Leases 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 OSGH (China) under the Previous Sub-Lease) are more than 0.1% but less than 5%, the Sub-Leases 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 resolution(s) for approving the Sub-Leases. Other than Mr. Wu and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the Sub-Leases and none of them is required to abstain from voting on the relevant board resolutions.

F. 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 Co., Ltd.*), a company established in the PRC, an indirect wholly-owned subsidiary of the Company;
“Board” or “Director(s)”	the board of directors of the Company;

“Caps’	for the purpose of Chapter 14A of the Listing Rules, means the proposed annual caps of the First Sub-Lease and the Second Sub-Lease for the year ended 31 December 2010 (from 1 July 2010 to 31 December 2010) and the year ending 31 December 2011 (from 1 January 2011 to 30 June 2011);
“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(s)”	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 7.08% of the total issued share capital of the Company as at the date of this announcement;
“First Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and Beijing OSGH in relation to the sub-leasing of 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 Anjalou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to Beijing OSGH;
“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;
“Mainway”	Mainway Enterprises Limited, a company which is wholly owned by Mr. Wu and is holding approximately 16.07% 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;

“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 15.94% of the total issued share capital of the Company as at the date of the announcement;
“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 Sub-Lease”	the sub-lease agreement entered into between the Sub-lessor and OSGH (China) in relation to sub-leasing of an office premises with a total floor area of approximately 476 square metres at Part of Second Floor, House No.2 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to OSGH (China) for a term of six months commencing from 1 January 2010 and expiring on 30 June 2010 (both days inclusive);
“Second Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and OSGH (China) in relation to the sub-leasing of an office premises with a total floor area of approximately 1,248.95 square metres at Part of First Floor and Second Floor of House No.3 at No.1 Anjalou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to OSGH (China);
“Skyera”	Skyera International Limited, a company which is wholly owned by Mr. Wu and is holding approximately 15.31% 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;
“Sub-Leases”	First Sub-Lease and Second Sub-Lease;

“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;
“substantial shareholder”	the meaning ascribed to it in the Listing Rules;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

In this announcement, the exchange rate of RMB1 to HK\$1.16 is used for reference only.

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

Hong Kong, 13 January 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. Chang Tat Joel

Mr. Tan Poon 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