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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)**

### **CONNECTED TRANSACTION**

On 18 April 2011, OSGH (China), an indirect wholly-owned subsidiary of the Company, entered into a Transfer Agreement with Beijing Orange Sky, pursuant to which Beijing Orange Sky has conditionally agreed to transfer its rights and obligations under the Lease Agreements and the Other Contracts to OSGH (China) at the Consideration.

Mr. Wu is a Director and a substantial shareholder, interested in approximately 54.4% in aggregate of the total issued share capital of the Company as at the date of this announcement. As Beijing Orange Sky is wholly-owned by Mr. Wu, Beijing Orange Sky is an associate of Mr. Wu and accordingly a connected person of the Company, the entering into of the Transfer Agreement constitutes a connected transaction of the Company under the Listing Rules. As the applicable percentage ratio in respect of the Transactions is more than 0.1% but less than 5%, the Transactions are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **INTRODUCTION**

As at the date of this announcement, Beijing Orange Sky has entered into the Lease Agreements and the Other Contracts with the respective Contracting Parties, which are parties independent of and not connected with the Company, Mr. Wu and/or their respective associates in relation to the proposed operation of the cinemas at the Sites.

On 18 April 2011, Beijing Orange Sky has conditionally agreed to transfer its rights and obligations under the Lease Agreements and the Other Contracts to OSGH (China), an indirect wholly-owned subsidiary of the Company, at the Consideration.

\* For identification purposes only

## THE TRANSFER AGREEMENT

Date : 18 April 2011

Parties : Beijing Orange Sky, as transferor; and  
OSGH (China), as transferee.

Transactions : As at the date of this announcement, Beijing Orange Sky has entered into the Lease Agreements and the Other Contracts with the Contracting Parties in relation to 6 sites in the PRC as set out below (the “**Sites**”) and has conditionally agreed to transfer its rights and obligations under such Lease Agreements and the Other Contracts to OSGH (China):

- (i) shops at 3/F & 4/F West, Huada Victory City, Heyuan, the PRC (河源市華達 • 凱旋廣場三四層西半部);
- (ii) houses at No. 22 Yuhai Yuan No. 5, Haidian District, Beijing, the PRC (北京市海澱區玉海園五里22號配套商業樓);
- (iii) shops at 2/F–5/F Shopping Centre, No. 32 Ban Dong Xing Road, Huizhou, the PRC (惠州市辦東星路32號購物中心2–5層);
- (iv) shops at 5/F, Northeast Shopping Centre at Haozhou, the PRC (亳州市東北角購物中心5層);
- (v) shops at 2/F & 3/F of the shopping centre at No. 558 Waihuanlu, Nantong, the PRC (南通市外環路558號購物中心3號副樓2層及3層); and
- (vi) shops at Bohai New World Shopping Centre, Tangshan, the PRC (唐山市渤海新世界商業廣場影城).

Upon the entering into of the Transfer Agreement, Beijing Orange Sky undertakes to, among other things:

- (i) provide all documents in relation to the Sites to OSGH (China);
- (ii) in respect of the Lease Agreements, procure the relevant Contracting Parties to enter into (a) the transfer or novation agreements with Beijing Orange Sky and OSGH (China), and/or (b) new lease agreements with OSGH (China) as lessee (together with paragraph (i) above, the “**Relevant Obligations**”);
- (iii) facilitate the transfer in relation to the Sites, including handover of financial information; and
- (iv) in respect of the Other Contracts, procure the relevant Contracting Parties to enter into (a) the transfer or novation agreements with Beijing Orange Sky and OSGH (China), and/or (b) new agreements with OSGH (China), within two months from the fulfilment of the Relevant Obligations (together with paragraph (iii) above, the “**Subsequent Obligations**”).

Consideration : The Consideration payable by OSGH (China) is RMB8,790,282.68 (equivalent to approximately HK\$10,460,436.39) in aggregate. The Consideration was determined after arm's length negotiation between OSGH (China) and Beijing Orange Sky and was based on all costs paid and incurred by Beijing Orange Sky under the Lease Agreements and the Other Contracts, including: (i) the amount of rental deposits, other prepayments and management fees; (ii) utilities charges in relation to the relevant Sites; and (iii) all fees, charges, costs and expenses incurred and paid by Beijing Orange Sky in connection with the negotiation, settlement and execution of the relevant Lease Agreements and the Other Contracts, comprising:

- (i) RMB91,964.35 (equivalent to approximately HK\$109,437.58) for the site in Heyuan;
- (ii) RMB7,210,312.89 (equivalent to approximately HK\$8,580,272.34) for the site in Beijing;
- (iii) RMB182,953.56 (equivalent to approximately HK\$217,714.74) for the site in Huizhou;
- (iv) RMB308,060 (equivalent to approximately HK\$366,591.40) for the site in Haozhou;
- (v) RMB256,381.88 (equivalent to approximately HK\$305,094.44) for the site in Nantong; and
- (vi) RMB740,610 (equivalent to approximately HK\$881,325.90) for the site in Tangshan.

The Consideration shall be payable by OSGH (China) in two instalments:

- (i) 30% of the amount in respect of each Site shall be payable within five business days upon fulfilment of the Relevant Obligations; and
- (ii) the remaining 70% of the amount in respect of each Site shall be payable within five business days upon fulfilment of the Conditions and the Subsequent Obligations or such other date as agreed between the parties to the Transfer Agreement.

The Consideration will be satisfied in cash and funded by the internal resources of the Group.

Conditions : Completion is conditional upon each of the following Conditions being satisfied (or waived by OSGH (China)) within two months from the payment of the first instalment of the Consideration:

- (i) the approval of the Transfer Agreement and the Transactions by the Board and the Board of OSGH (China);
- (ii) the performance by Beijing Orange Sky of its obligations under the Transfer Agreement, including without limitation, the fulfilment of the Relevant Obligations and the Subsequent Obligations, which is reasonably satisfactory to OSGH (China);
- (iii) all agreements to be entered into between OSGH (China) and the relevant Contracting Parties in relation to the transfer/novation of the Lease Agreements and the Other Contracts becoming effective; and
- (iv) all relevant approvals, authorisations, waivers and consents necessary for the purpose of the transfer and/or novation of the Lease Agreements, which may be required from any regulatory or governmental authority having been obtained.

Completion : Completion shall take place upon the satisfaction of the Conditions (or the waiver of the unfulfilled parts thereof).

## **INFORMATION OF THE COMPANY AND BEIJING ORANGE SKY**

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 Beijing Orange Sky is investment holding.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The Directors believe that the entering into of the Transfer Agreement provides the Group with an opportunity to further expand its exhibition business in the PRC. In light of the increasing number of high quality Chinese films, supportive regulatory environment, and most importantly, the increasing popularity of movie-going as a convenient and affordable out-of-home entertainment amongst the general Chinese public, together with the Group's success in operating its flagship cinema in Shenzhen, the PRC, the Board is optimistic with a sustainable demand for quality film entertainment in the PRC, and considers the entering into of the Transfer Agreement to be beneficial to the Group's growth and expansion in the PRC.

The Directors (including the independent non-executive Directors) consider the terms and conditions of the Transfer Agreement to be fair and reasonable, on normal commercial terms and in the interest of the Company and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

Mr. Wu is a Director and a substantial shareholder, interested in approximately 54.4% in aggregate of the total issued share capital of the Company as at the date of this announcement. As Beijing Orange Sky is wholly-owned by Mr. Wu, Beijing Orange Sky is an associate of Mr. Wu and a connected person of the Company. The entering into of the Transfer Agreement therefore constitutes a connected transaction of the Company under the Listing Rules.

As the applicable percentage ratio in respect of the Transactions is more than 0.1% but less than 5%, the Transfer Agreement and the Transactions are subject to the reporting and announcement 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.

## TERMS USED IN THIS ANNOUNCEMENT

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

“associate”	has the meaning ascribed to it under 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;
“Director(s)”	the directors of the Company;
“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;
“Conditions”	the conditions precedent to completion under the Transfer Agreement;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“Consideration”	the total consideration for the Transactions in an aggregate amount of RMB8,790,282.68 (equivalent to approximately HK\$10,460,436.39);

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“Contracting Parties”	the parties to the relevant Lease Agreements and the Other Contracts (other than Beijing Orange Sky), all being independent third parties and not connected with the Company, Mr. Wu and/or their respective associates;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Lease Agreements”	the lease agreements in relation to the Sites which have been entered into between the respective Contracting Parties and Beijing Orange Sky;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wu”	Mr. Wu Kebo, a Director and substantial shareholder of the Company;
“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;
“Other Contracts”	the consulting agreements in relation to the Sites which have been entered into between the respective Contracting Parties and Beijing Orange Sky;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the transactions contemplated under the Transfer Agreement;
“Transfer Agreement”	the transfer agreement dated 18 April 2011, entered into between OSGH (China) and Beijing Orange Sky in relation to the transfer of the rights and obligations under the Lease Agreements and the Other Contracts by Beijing Orange Sky to OSGH (China);
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

In this announcement, the exchange rates of RMB1 to HK\$1.19 is used for reference only.

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

Hong Kong, 18 April 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 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