

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.



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)

**PROPOSED SUBDIVISION OF SHARES
AND
CHANGE OF BOARD LOT SIZE**

The Board proposed on 23 September 2009 that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company be subdivided into ten shares of HK\$0.10 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out under the paragraph headed “Conditions of the Share Subdivision” below.

The Existing Shares are currently traded in board lots of 1,000 Existing Shares. The Board proposed that, upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares.

The SGM will be convened for, inter alia, the passing of ordinary resolution(s) of the Company by the Shareholders to approve the Share Subdivision.

A circular containing, amongst other things, details of the Share Subdivision, together with notice of the SGM, will be despatched to the Shareholders as soon as practicable.

PROPOSED SUBDIVISION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposed on 23 September 2009 that each of the existing issued and unissued shares of HK\$1.00 each in the share capital of the Company be subdivided into ten shares of HK\$0.10 each. The Share Subdivision will become effective upon the fulfillment of the conditions set out under the paragraph headed “Conditions of the Share Subdivision” below.

The Existing Shares are currently traded in board lots of 1,000 Existing Shares. Upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. The Share Subdivision will not result in any odd board lots other than those which already exist.

* *For identification purposes only*

As at the date of this announcement, the authorized share capital of the Company is HK\$600,000,000, divided into 600,000,000 Existing Shares, of which 183,273,990 Existing Shares are in issue and are fully paid. Assuming no further Existing Shares will be issued or repurchased after the date of this announcement and prior to the Share Subdivision becoming effective, the effect of the Share Subdivision to the capital structure of the Company is set out below:–

	As at the date of this announcement and before completion of the Share Subdivision	Immediately after completion of the Share Subdivision
Par value of each share	HK\$1.00	HK\$0.10
Number of authorized shares	600,000,000 Existing Shares	6,000,000,000 Subdivided Shares
Authorized share capital	HK\$600,000,000	HK\$600,000,000
Number of shares in issue	183,273,990 Existing Shares	1,832,739,900 Subdivided Shares
Issued share capital	HK\$183,273,990	HK\$183,273,990
Number of unissued shares	416,726,010 Existing Shares	4,167,260,100 Subdivided Shares
Unissued share capital	HK\$416,726,010	HK\$416,726,010

The Subdivided Shares will rank pari passu in all respect with each other and the Share Subdivision will not result in any change in the rights of the Shareholders.

Conditions of the Share Subdivision

The Share Subdivision is conditional upon:–

- (a) the passing of an ordinary resolution to approve the Share Subdivision by the Shareholders at the SGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares in issue and the Subdivided Shares to be issued pursuant to the exercise of options granted or to be granted under the 2001 Share Option Scheme and the New Share Option Scheme following the Share Subdivision becoming effective.

Change of board lot size

The Existing Shares are currently traded in board lots of 1,000 Existing Shares. The Board proposed that, upon the Share Subdivision becoming effective, the Subdivided Shares will be traded in board lots of 5,000 Subdivided Shares. Based on the closing price of HK\$4.02 per Existing Share as quoted on the Stock Exchange as at the date hereof and the existing board lot size of 1,000 Existing Shares, the prevailing board lot value is HK\$4,020. On the basis of the aforesaid closing price and the new board lot size of 5,000 Subdivided Shares, the new board lot value would be HK\$2,010.

The change in the board lot size will not result in any change in the relative rights of the Shareholders.

Adjustments to share options

Taking into account the outstanding options granted under the 2001 Share Option Scheme to subscribe for 2,545,000 Existing Shares and assuming that the proposed grant of the Director Option and the CEO Option is approved at the SGM, there will be outstanding share options for the subscription of up to 10,645,000 Existing Shares granted under the 2001 Share Option Scheme. Adjustments are required to be made to the exercise price and the number of shares of the Company which may fall to be issued upon exercise of the outstanding share options as a result of the Share Subdivision. The Company will engage the auditors of the Company or an independent financial adviser to confirm that the adjustments to be made to the share options will satisfy the requirements of the 2001 Share Option Scheme and the Listing Rules and the holders of the share options will be informed of the required adjustments as soon as practicable.

Reasons for the Share Subdivision

The proposed Share Subdivision will decrease the nominal value and increase the total number of Shares currently in issue. The Share Subdivision, together with the change in board lot size, will reduce the board lot value of the Shares and improve the liquidity in the trading of the Shares, thereby enabling the Company to attract more investors and broaden its shareholders' base. Accordingly, the Board considers the Share Subdivision, together with the change in board lot size, to be in the interests of the Company and the Shareholders as a whole.

Save for the costs incurred by the Company in implementing the Share Subdivision, the Share Subdivision will not alter the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders.

The Board considers that the Share Subdivision will not have any adverse effect on the financial position of the Company.

Expected timetable

It is currently expected that the Share Subdivision will become effective on Thursday, 12 November 2009. Subject to the fulfillment of the conditions set out under the paragraph headed “Conditions of the Share Subdivision” above, the expected timetable for the implementation of the Share Subdivision and the relevant trading arrangement is as follows:–

2009

Circular relating to the Share Subdivision to be
despatched on or before Thursday, 15 October

Latest time for lodging forms of proxy for the SGM. 10 a.m. on
Monday, 9 November

SGM 10 a.m. on
Wednesday, 11 November

Announcement of poll results of the SGM Wednesday, 11 November

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Subdivision.

Effective date of the Share Subdivision Thursday, 12 November

Dealings in the Subdivided Shares commence 9:30 a.m. on
Thursday, 12 November

Original counter for trading in Existing Shares
in board lots of 1,000 Existing Shares temporarily closes 9:30 a.m. on
Thursday, 12 November

Temporary counter for trading in Subdivided
Shares in board lots of 10,000 Subdivided
Shares (in the form of certificates of Existing Shares
 (“**Existing Share Certificates**”)) opens 9:30 a.m. on
Thursday, 12 November

First day of free exchange of Existing Share
Certificates for new certificates for the Subdivided
Shares (“**New Share Certificates**”) Thursday, 12 November

Original counter for trading in Subdivided Shares
in board lots of 5,000 Subdivided Shares
(in the form of New Share Certificates) re-opens 9:30 a.m. on
Thursday, 26 November

Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) commences 9:30 a.m. on Thursday, 26 November

Temporary counter for trading in Subdivided Shares in board lots of 10,000 Subdivided Shares (in the form of Existing Share Certificates) closes 4:00 p.m. on Wednesday, 16 December

Parallel trading in Subdivided Shares (in the form of New Share Certificates and Existing Share Certificates) ends. 4:00 p.m. on Wednesday, 16 December

Last day for free exchange of Existing Share Certificates for New Share Certificates Friday, 18 December

The Existing Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Wednesday, 16 December 2009 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Subdivided Shares on the basis of one Existing Share for ten Subdivided Shares and may be exchanged free of charge for New Share Certificates for Subdivided Shares during the business hours of the Company's Hong Kong branch registrar between Thursday, 12 November 2009 and Friday, 18 December 2009 (both dates inclusive) and on payment of a prescribed fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each Existing Share Certificate cancelled or each New Share Certificate issued, whichever number of share certificates involved is higher, at any time after Friday, 18 December 2009 at the Company's Hong Kong branch registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. It is expected that the New Share Certificates will be available for collection within a period of 10 business days after the submission of the Existing Share Certificates.

The New Share Certificates will be issued in yellow colour in order to distinguish them from the Existing Share Certificates which are in light blue colour bearing the name of Golden Harvest Entertainment (Holdings) Limited.

An ordinary resolution will be proposed at the SGM for the Shareholders to approve the Share Subdivision.

GENERAL

The SGM will be convened for, inter alia, the passing of ordinary resolution(s) of the Company by the Shareholders to approve the Share Subdivision.

A circular containing, amongst other things, details of the Share Subdivision, together with notice of the SGM, will be despatched to the Shareholders as soon as practicable.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, (i) the Subdivided Shares in issue following the Share Subdivision becoming effective, (ii) the Subdivided Shares to be issued pursuant to the exercise of options granted or to be granted in accordance with the 2001 Share Option Scheme following the Share Subdivision becoming effective; and (iii) the Existing Shares (if the Share Subdivision does not become effective) or the Subdivided Shares (following the Share Subdivision) to be issued pursuant to the exercise of options which may be granted under the New Share Option Scheme.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“2001 Share Option Scheme”	the share option scheme of the Company adopted on 28 November 2001;
“Board” or “Director(s)”	the board of directors of the Company;
“CEO Option”	option conditionally granted to Mr. Wu King Shiu Kelvin on 23 September 2009 under the 2001 Share Option Scheme to subscribe for 2,100,000 Existing Shares at the exercise price of HK\$4.53 per Existing Share;
“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 whose shares are listed on the main board of the Stock Exchange;
“Director Option”	option conditionally granted to Mr. Wu Kebo on 23 September 2009 under the 2001 Share Option Scheme to subscribe for 6,000,000 Existing Shares at the exercise price of HK\$4.53 per Existing Share;
“Existing Share(s)”	existing ordinary share(s) of HK\$1.00 each in the share capital of the Company;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the SGM;

* For identification purposes only

“SGM”	a special general meeting of the Company to be convened for approving (i) the grant of the Director Option and the CEO Option, (ii) the adoption of the New Share Option Scheme and the termination of the 2001 Share Option Scheme and (iii) the Share Subdivision;
“Share(s)”	the Existing Shares prior to the Share Subdivision becoming effective, or the Subdivided Shares after the Share Subdivision becoming effective;
“Shareholder(s)”	holder(s) of the Shares;
“Share Subdivision”	the subdivision of one Existing Share of HK\$1.00 each into ten Subdivided Shares of HK\$0.10 each;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subdivided Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company upon the Share Subdivision becoming effective; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

By Order of the Board
Orange Sky Golden Harvest Entertainment (Holdings) Limited
Wu Kebo
Chairman

Hong Kong, 24 September, 2009

List of all directors of the Company as of the time issuing this announcement:

Chairman and Executive Director:
Mr. Wu Kebo

Non-executive Director:
Mr. Li Pei Sen

Executive Directors:
Ms. Winnie Chan Suet Yin
Ms. Fiona Chow Sau Fong
Ms. Wu Keyan
(alternate to Mr. Wu Kebo)

Independent Non-executive Directors:
Mr. Leung Man Kit
Mr. George Huang Shao-Hua
Mr. Masahito Tachikawa