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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)

**PLACING OF EXISTING SHARES
AND SUBSCRIPTION OF NEW SHARES
AND RESUMPTION OF TRADING**

Joint Placing Agents



GUOYUAN SECURITIES BROKERAGE (HONG KONG) LIMITED



OSK SECURITIES HONG KONG LIMITED

Placing of existing Shares and subscription of new Shares

On 12 November 2009, the Vendor, the Company and the Joint Placing Agents entered into the Placing and Subscription Agreement, pursuant to which the Joint Placing Agents have agreed to, as the joint placing agents of the Vendor, procure purchasers for all the Placing Shares (i.e. 366,000,000 Shares) at the Placing Price of HK\$0.539 per Share on a best effort basis.

* For identification purposes only

The Placing Shares represent approximately 19.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the Subscription. The Placing Price represents (i) a discount of approximately 19.55% to the adjusted closing price of HK\$0.67 per Share on the Last Trading Day (equivalent to HK\$6.70 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision), (ii) a discount of approximately 16.56% to the average adjusted closing price of HK\$0.646 per Share for the last five trading days up to and including the Last Trading Day (equivalent to HK\$6.46 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision) and (iii) a discount of approximately 17.58% to the average adjusted closing price of HK\$0.654 per Share for the last ten trading days up to and including the Last Trading Day (equivalent to HK\$6.54 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision).

Pursuant to the Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares at the Subscription Price, which is the same as the Placing Price. The number of Subscription Shares which the Vendor has conditionally agreed to subscribe is equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing.

As at the date of this announcement, the Vendor holds 377,988,130 Shares, representing 20.62% of the existing issued share capital of the Company and Mr. KB Wu and his associates (including the Vendor) collectively hold 1,372,234,720 Shares, representing approximately 74.87% of the existing issued share capital of the Company. Assuming the Placing Shares are fully placed, the aggregate shareholding of the Vendor in the issued share capital of the Company will be reduced from approximately 20.62% to approximately 0.65% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 0.65% to approximately 17.19% upon completion of the Placing and the Subscription. Accordingly, the aggregate shareholding of Mr. KB Wu and his associates (including the Vendor) will also be reduced from approximately 74.87% to approximately 54.90% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 54.90% to approximately 62.41% upon completion of the Placing and the Subscription.

The Placing is unconditional while the Subscription is conditional upon (i) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares; (ii) if necessary, the consent of the Bermuda Monetary Authority to the issue of the Subscription Shares; and (iii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

Resumption of trading

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 12 November 2009 pending the release of this announcement concerning the Placing and the Subscription. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 13 November 2009.

As the Share Subdivision has become effective on 12 November 2009, Shareholders and potential investors of the Company should refer to the timetable and trading arrangements in relation to the Shares as set out in the announcement and the circular of the Company dated 24 September 2009 and 15 October 2009 respectively which shall remain unchanged notwithstanding the suspension of trading in the Shares on the Stock Exchange on 12 November 2009.

A. PLACING AND SUBSCRIPTION AGREEMENT

Date: 12 November 2009

Parties

- (a) The Vendor
- (b) The Company
- (c) The Joint Placing Agents

As at the date of this announcement, the Vendor holds 377,988,130 Shares, representing 20.62% of the existing issued share capital of the Company and Mr. KB Wu and his associates (including the Vendor) collectively hold 1,372,234,720 Shares, representing approximately 74.87% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Joint Placing Agents are connected persons of the Company.

Placing Shares

Pursuant to the Placing and Subscription Agreement, the Joint Placing Agents have agreed to, as the joint placing agents of the Vendor, procure purchasers for all the Placing Shares at the Placing Price of HK\$0.539 per Share, of which Guoyuan Securities Brokerage (Hong Kong) Limited has agreed to procure purchasers for not less than 234,700,000 Shares and OSK Securities Hong Kong Limited for not less than 131,300,000 Shares, on a best effort basis. A placing commission calculated based on the amount equal to the Placing Price multiplied by the number of Placing Shares placed by them is payable to the Joint Placing Agents as consideration.

The Placing Shares represent approximately 19.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.65% of the issued share capital of the Company as enlarged by the Subscription.

Placing Price

The Placing Price of HK\$0.539 per Share was arrived at after arm's length negotiation with reference to the prevailing market price between the Company, the Vendor and the Joint Placing Agents. It represents (i) a discount of approximately 19.55% to the adjusted closing price of HK\$0.67 per Share on the Last Trading Day (equivalent to HK\$6.70 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision), (ii) a discount of approximately 16.56% to the average adjusted closing price of HK\$0.646 per Share for the last five trading days up to and including the Last Trading Day (equivalent to HK\$6.46 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision) and (iii) a discount of approximately 17.58% to the average adjusted closing price of HK\$0.654 per Share for the last ten trading days up to and including the Last Trading Day (equivalent to HK\$6.54 per share of the Company of HK\$1.00 each as quoted on the Stock Exchange before the Share Subdivision).

The Directors (including the independent non-executive Directors) are of the opinion that the Placing Price is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will be sold free of all liens, charges and encumbrances, claims, options and third party rights, and together with all rights attaching to them at the date of the Placing and Subscription Agreement and up to completion of the Placing, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time after the date of the Placing and Subscription Agreement.

Placees

The Placing Shares shall be offered by the Joint Placing Agents to not less than six Placees in board lots of the Shares. The Joint Placing Agents shall use their best endeavours to ensure that the Placees and their ultimate beneficial owners shall not be connected persons of the Company and shall be third parties independent of and not connected with any connected persons of the Company. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the Placing.

Completion of the Placing

The Placing is unconditional and completion of the Placing will take place on 4:00 p.m. (Hong Kong time) on 17 November 2009 (or such other time as the Vendor and the Joint Placing Agents shall agree).

Subscription Shares

Pursuant to the Placing and Subscription Agreement, the number of Subscription Shares which the Vendor has conditionally agreed to subscribe and the Company has conditionally agreed to issue is equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing.

The Subscription Shares will be issued pursuant to the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 20 November 2008 (the “AGM”) subject to the limit up to 20% of the total nominal amount of the share capital of the Company in issue on at the date of passing the resolution at the AGM (that is, up to 366,547,980 Shares after the Share Subdivision). As at the date of this announcement, no Share has been issued pursuant to the general mandate and the issue of the Subscription Shares will not require any special approval from the Shareholders.

Subscription Price

The Subscription Price, which is the same as the Placing Price, is HK\$0.539 per Subscription Share. Assuming the Placing Shares are fully placed and after deduction of the placing commission and the estimated expenses in relation to the Placing and the Subscription, the net proceeds from the Subscription are estimated to be approximately HK\$189.38 million and the net price per Subscription Share will be approximately HK\$0.517.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects inter se and with all other Shares in issue at the time of issue and allotment of the Subscription Shares.

Conditions of the Subscription

Completion of the Subscription is conditional upon:

- (a) the Stock Exchange granting listing of and permission to deal in the Subscription Shares;
- (b) if necessary, the consent of the Bermuda Monetary Authority to the issue of the Subscription Shares; and
- (c) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

If the above conditions are not fulfilled on or prior to 26 November 2009, or such later date as may be agreed in writing between the Company and the Vendor, the obligations of the Company and the Vendor under the Subscription shall terminate and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise in respect of the Subscription unless the Company and the Vendor shall in writing on or before 26 November 2009 jointly agree to postpone completion of the Subscription to such later date as they may agree subject to compliance with all applicable requirements under Chapter 14A of the Listing Rules (including as to approval by independent shareholders of the Company).

Completion of the Subscription

Completion of the Subscription shall take place at or before 4:00 p.m. (Hong Kong time) on the business day after the date upon which all conditions of the Subscription have been fulfilled (or such other time and/or date as the Vendor and the Company may agree in writing), and in any event not later than 14 days after the date of the Placing and Subscription Agreement.

B. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company before and after the Placing and the Subscription (assuming the Placing Shares are fully placed) are summarised as follows:–

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Vendor	377,988,130	20.62	11,988,130	0.65	377,988,130	17.19
Mr. KB Wu and his associates (other than the Vendor) (Note)	994,246,590	54.25	994,246,590	54.25	994,246,590	45.22
Placees	–	–	366,000,000	19.97	366,000,000	16.65
Other Shareholders	460,505,180	25.13	460,505,180	25.13	460,505,180	20.94
Total	<u>1,832,739,900</u>	<u>100.00</u>	<u>1,832,739,900</u>	<u>100.00</u>	<u>2,198,739,900</u>	<u>100.00</u>

Note: As at the date of this announcement, Mr. KB Wu's associates (other than the Vendor), namely, Orange Sky Entertainment Group (International) Holding Company Limited, Mainway Enterprises Limited and Cyber International Limited respectively hold 405,530,600 Shares representing approximately 22.13%, 408,715,990 Shares representing approximately 22.30% and 180,000,000 Shares representing approximately 9.82% of the issued share capital of the Company.

C. REASONS FOR THE PLACING AND THE SUBSCRIPTION

The Directors consider that the Placing and the Subscription will provide the Company with an opportunity to raise further capital for the Company while broadening the shareholder's base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing and Subscription Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and its shareholders as a whole.

D. USE OF PROCEEDS OF THE SUBSCRIPTION

Assuming the Placing Shares are fully placed and after deduction of the placing commission and the estimated expenses in relation to the Placing and the Subscription, the net proceeds from the Subscription are estimated to be approximately HK\$189.38 million. The Directors intend to use the net proceeds for its business expansion in China (in particular, its film exhibition business) and working capital.

E. FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising exercise during the past twelve months preceding the date of this announcement.

F. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 12 November 2009 pending the release of this announcement concerning the Placing and the Subscription. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 13 November 2009.

As the Share Subdivision has become effective on 12 November 2009, Shareholders and potential investors of the Company should refer to the timetable and trading arrangements in relation to the Shares as set out in the announcement and the circular of the Company dated 24 September 2009 and 15 October 2009 respectively which shall remain unchanged notwithstanding the suspension of trading in the Shares on the Stock Exchange on 12 November 2009.

G. DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board” or “Director(s)”	the board of 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 company incorporated in Bermuda whose shares are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Joint Placing Agents”	Guoyuan Securities Brokerage (Hong Kong) Limited and OSK Securities Hong Kong Limited;
“Last Trading Day”	11 November 2009, being the last trading day prior to the date of the Placing and Subscription Agreement;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Mr. KB Wu”	Mr. Wu Kebo, being the chairman, executive Director and controlling shareholder of the Company;
“Placees”	any professional, institutional and other investor selected and procured by or on behalf of the Joint Placing Agents to purchase any of the Placing Shares;
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement;
“Placing and Subscription Agreement”	the placing and subscription agreement dated 12 November 2009 between the Vendor, the Company and the Joint Placing Agents;
“Placing Price”	HK\$0.539 per Placing Share;
“Placing Shares”	366,000,000 Shares beneficially owned by the Vendor to be sold pursuant to the Placing and Subscription Agreement;

* For identification purposes only

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Share Subdivision”	the subdivision of one ordinary share of HK\$1.00 each in the share capital of the Company into ten Shares, which becomes effective on 12 November 2009;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Placing and Subscription Agreement;
“Subscription Price”	HK\$0.539 per Subscription Share;
“Subscription Shares”	such number of new Shares equivalent to the number of the Placing Shares sold by the Vendor pursuant to the Placing;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Vendor”	Skyera International Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. KB Wu;
“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, 12 November 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