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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)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF PROPERTY**

The Board is pleased to announce that on 3 September 2013, OSGH (China), a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Seller, an Independent Third Party, pursuant to which the Seller has agreed to sell and OSGH (China) has agreed to acquire the Property at the Consideration. The Consideration was determined after arm's length negotiations and was based on normal commercial terms after taking into account a valuation report on the Property by an independent professional valuer.

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules as the relevant percentage ratio exceeds 5% but less than 25%.

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#### **FRAMEWORK AGREEMENT**

Date: 3 September 2013

Seller: Bao Sheng Chang (Tangshan) Real Estate Development Company Limited\* (寶升昌(唐山)房地產開發有限公司), being a real estate holding and development company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Seller and its ultimate beneficial owner are Independent Third Parties.

\* For identification purposes only

Purchaser: OSGH (China)

Property to be acquired: Portions of 4th Floor under household no. 100040001, 5th Floor under household no. 100050001 and 6th Floor under household nos. 100060001 and 100060003 of Bohai New World Shopping Centre, with a total gross floor area of approximately 5,504.43 square metres.

As at the date of this announcement, construction of Bohai New World Shopping Centre has been topped out and it is pending filing of the acceptance of completion. One block of residential building and one block of office building are situated above Bohai New World Shopping Centre.

The Group has obtained the legal opinion issued by the PRC Legal Advisors that (a) the Seller has obtained the land use right of the Tangshan Land; (b) the Seller has also obtained all requisite and applicable permits and approvals from the PRC government to construct the buildings and Bohai New World Shopping Centre comprising the Property on the Tangshan Land; (c) the land use right of the Tangshan Land is subject to the Tangshan Land Mortgage; (d) save and except for the Tangshan Land Mortgage, there is no other evidence brought to the attention of the PRC Legal Advisors that there are liens, charges, encumbrances and other right restrictions issues or potential disputes in relation to the Property; and (e) the Property has been granted the commodity property pre-sale permit.

Consideration: RMB44,035,440 (equivalent to approximately HK\$55,484,654.4) subject to the Consideration adjustment set forth below.

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser with reference to the valuation of the Property of RMB85,830,000 (equivalent to approximately HK\$108,145,808) as at 7 June 2013 valued by an independent professional valuer appointed by the Group.

It is expected that the Consideration will be financed by cash from internal resources of the Group. Subsequent to the Completion, the Group intends to arrange a bank mortgage loan for financing of part of the Consideration.

Consideration adjustment:

The Consideration will be adjusted if there is a difference between the actual gross floor area of the Property stated in the property ownership certificate in relation to the Property and the gross floor area of the Property stated in the Formal Agreement. In such event, the price per square metre at RMB8,000 (equivalent to approximately HK\$10,080) will remain unchanged and the Consideration will be adjusted to an amount of the same price per square metre multiplied by the actual gross floor area of the Property stated in the property ownership certificate in relation to the Property.

Formal Agreement:

Subject to and conditional upon execution of the Deed of Guarantee in favour of the Purchaser within 3 working days from the date of the Framework Agreement, the Seller and the Purchaser will enter into the Formal Agreement and the Seller is obliged to register the Formal Agreement within 5 working days from the date of the Formal Agreement with Tangshan City Real Estate Trading Centre (唐山市房地產交易中心).

If either party fails to execute the Formal Agreement or the Seller fails to register the Formal Agreement within the period of time stipulated in the Framework Agreement, the party in default shall be liable to pay the non-defaulting party a penalty equivalent to 0.02% of the Consideration (without adjustment) on a daily basis. If such failure continues for a period of 30 days, the non-defaulting party shall be entitled to terminate the Framework Agreement forthwith and the party in default shall be liable to pay the non-defaulting party a compensation in the amount equivalent to 20% of the Consideration (without adjustment).

Terms of payment:

Assuming that there is no adjustment made to the Consideration, the Consideration will be payable by the Purchaser to the Seller as follows:

- (a) Within 5 working days after execution of the Framework Agreement, the Seller and the Purchaser will enter into an escrow agreement with the PRC Legal Advisors, as an escrow agent, pursuant to which the PRC Legal Advisors will open the Escrow Account and will hold the Deposit in accordance with the terms of the escrow agreement. The Deposit shall be deposited by the Purchaser into the Escrow Account within 3 working days after execution and registration of the Formal Agreement;

Within 3 working days after receipt of the written notice of consent to early repayment of the loan secured by the Tangshan Land Mortgage issued by the mortgagee of the Tangshan Land Mortgage, the Seller and the Purchaser will jointly give written instructions to the PRC Legal Advisors to transfer the Deposit from the Escrow Account to the designated repayment account solely for repayment of the loan of the Tangshan Land Mortgage;

- (b) a sum of RMB20,131,896 (equivalent to HK\$25,366,188.96) of the Consideration shall be payable by the Purchaser to the Seller within 5 working days upon release and discharge of the Tangshan Land Mortgage and cancellation of the registration of the Tangshan Land Mortgage on or before 18 November 2013;
- (c) a sum of RMB2,201,772 (equivalent to approximately HK\$2,774,232.72) representing 5% of the Consideration shall be payable by the Purchaser to the Seller within 5 working days upon signing of the written confirmation in relation to the acceptance of the Property by the Seller and the Purchaser; and
- (d) a sum of RMB2,201,772 (equivalent to approximately HK\$2,774,232.72) representing 5% of the Consideration shall be payable by the Purchaser to the Seller within 5 working days upon registration of the transfer of title to the Property to the Purchaser and obtaining the property ownership certificate in relation to the Property by the Purchaser.

If the Purchaser fails to pay the instalment of Consideration for 90 days from the respective due dates, a penalty equivalent to 0.02% of the amount of instalment of the Consideration due and payable on a daily basis will be charged for the period from the day after the agreed payment date to the actual payment date.

If the Purchaser fails to pay the instalment of Consideration for more than 90 days from the respective due dates, the Seller shall have the right to terminate the Framework Agreement and the Formal Agreement and the Purchaser shall pay a compensation to the Seller in the amount equivalent to 20% of the Consideration (without adjustment). Within 5 days after termination of the Framework Agreement and the Formal Agreement by the Seller, the Seller shall refund the amount of Consideration paid by the Purchaser (after deduction of the compensation payable to the Seller) without interest thereon to the Purchaser.

Entry to the Property:

The Purchaser shall inspect the Property within 2 days after execution of the Framework Agreement by the Seller and the Purchaser. If the Purchaser considers that the Property does not meet the requirements and conditions stipulated in the Framework Agreement, the Purchaser shall inform the Seller of the same in writing.

Within 5 days after execution of the Framework Agreement by the Seller and the Purchaser, the Seller will allow the Purchaser and its representatives and contractors to enter into the Property, which shall meet, among the other things, the following conditions, for the Purchaser to carry out the decoration and refurbishment works at the Property.

The Property shall meet, among the other things, the following conditions:

- (a) completion of the construction of the Property to be fully complied with the agreed construction and technical requirements;
- (b) supply of electricity and water and other facilities which are necessary for the carrying out of the decoration and refurbishment works;
- (c) the construction of the Property to be fully complied and satisfied with the applicable statutory and regulatory requirements; and
- (d) a report issued by a recognised testing organisation to confirm that the indoor air quality of the Property satisfies the applicable statutory and regulatory requirements.

If the Property fails to meet the abovesaid conditions, or the Seller fails to allow the Purchaser to enter into the Property, which has met the abovesaid conditions, for 30 days from the Agreed Date of Entry to the Property, the Seller shall be liable to pay the Purchaser a penalty equivalent to 0.02% of the amount of the Consideration paid for the period from the day after the Agreed Date of Entry to the Property to the actual entry date.

If the Property fails to meet the abovesaid conditions, or the Seller fails to allow the Purchaser to enter into the Property, which has met the abovesaid conditions, for more than 30 days from the Agreed Date of Entry to the Property, the Purchaser shall have the right to terminate the Framework Agreement and the Seller shall pay a compensation to the Purchaser in the amount equivalent to 20% of the Consideration (without adjustment).

Proof of the Property conditions and Acceptance Date:

On or before the Acceptance Date, the Seller shall be required to provide the following documents to the Purchaser:

- (a) the construction completion acceptance certificate in relation to the Property and all other relevant approvals including but not limited to safety, environmental and planning approvals;
- (b) the certificate to confirm that the fire safety works and installation at the Property have satisfied the fire safety requirements applicable to cinema operation; and
- (c) the real estate quality guarantee certificate in relation to the Property.

Subject to and conditional upon provision of all the above documents by the Seller, the Purchaser and the Seller shall sign the written confirmation in relation to the acceptance of the Property.

The Group has been advised by the PRC Legal Advisors that the Purchaser is entitled to use the Property upon the acceptance of the Property and before the issuance of the property ownership certificate in respect of the Property to the Purchaser.

If the Seller fails to provide the above documents to the Purchaser for 30 days from the Acceptance Date, a penalty equivalent to 0.02% of the amount of the Consideration paid will be charged for the period from the day after the Acceptance Date to the actual acceptance date.

If the Seller fails to provide the above documents to the Purchaser for more than 30 days from the Acceptance Date, the Purchaser shall have the right to terminate the Framework Agreement and the Seller shall pay a compensation to the Purchaser in the amount equivalent to 20% of the Consideration (without adjustment).

Completion:

The completion of the Acquisition shall take place on or before 30 June 2014.

The completion of Acquisition shall be subject to the following conditions:

- (a) completion of all statutory filings and registration procedures for transfer of ownership of the Property by the Seller;
- (b) obtaining the property ownership certificate in relation to the Property by the Purchaser; and
- (c) cancellation of the registration of the Tangshan Land Mortgage.

If the Seller fails to satisfy all the completion conditions set forth above for 6 months from the Completion Date, a penalty equivalent to 0.02% of the amount of the Consideration paid will be charged for the period from the day after the Completion Date to the actual date of completion.

If the Seller fails to satisfy all the completion conditions set forth above for more than 6 months from Completion Date, which will be 31 December 2014, the Purchaser shall have the right to terminate the Framework Agreement and the Seller shall pay a compensation to the Purchaser in the amount equivalent to 20% of the Consideration (without adjustment).

Guarantee by Guarantors:

Each of the Guarantors will, within 3 working days from the date of the Framework Agreement, execute the Deed of Guarantee in favour of the Purchaser separately to guarantee the Seller's performance and compliance with its duties obligations under the Framework Agreement and to compensate the Purchaser for any damage. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, both of the Guarantors are the Independent Third Parties and the ultimate beneficial owners of Bao Sheng Chang (Tangshan) Business Management Company Limited\* (寶升昌(唐山)商業管理有限公司), one of the Guarantors, are also the Independent Third Parties.

Seller's representations and warranties:

The Seller represents and warrants to the Purchaser, among the other things, that:

- (a) the Seller has obtained all necessary permit(s) and consent(s) from the relevant PRC government authority(ies) in respect of use of the Property as a cinema multiplex and the Purchaser will be able to obtain the relevant licence(s) and permit(s) from the relevant PRC government authority(ies) for the operation of cinema multiplex at the Property. If the Purchaser is unable to obtain such licence(s) and permit(s) from the relevant PRC government authority(ies) for a period of 90 days after submission of the relevant application, the Purchaser shall be entitled to terminate the Framework Agreement and the Formal Agreement and the Seller shall, in addition to refund of the Consideration paid, be liable for all loss and damaged suffered by the Purchaser; and



- (b) the Seller shall be solely responsible for applying for and obtaining of the preliminary fire safety approval from the relevant PRC government authority(ies) in relation to the Property and the Seller shall also be responsible for, with the co-operation of the Purchaser, applying for and obtaining of the secondary fire safety approval from the relevant PRC government authority(ies) in relation to the Property. If the Seller is unable to obtain the secondary fire safety approval from the relevant PRC government authority(ies) for a period of 90 days after submission of the relevant application, the Purchaser shall be entitled to terminate the Framework Agreement and the Formal Agreement and the Seller shall be liable for all loss and damaged suffered by the Purchaser, including but not limited to refund of the Consideration paid and reimbursement of renovation costs incurred by the Purchaser.

Other terms and conditions:

The Seller undertakes to release and discharge the Tangshan Land Mortgage on or before 18 November 2013.

If the Seller fails to release and discharge the Tangshan Land Mortgage for 30 days from 18 November 2013, a penalty equivalent to 0.02% of the amount of the Consideration paid will be charged for the period from the day after the Completion Date to the actual date of the release and discharge of Tangshan Land Mortgage.

If the Seller fails to release and discharge the Tangshan Land Mortgage for more than 30 days from 18 November 2013, the Purchaser shall have the right to terminate the Framework Agreement and the Seller shall pay a compensation to the Purchaser in the amount equivalent to 20% of the Consideration (without adjustment).

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

The Tangshan Land is situated at a prime location within Tangshan City with public transportation facilities, shopping malls and department stores close to it. The Group intends to use the Property for its own cinema operation or to lease out the Property to other entity for cinema operation after completion of the Acquisition.

The Board believes that the Acquisition will enable the Group to secure suitable premise at a prime location at a attractive price. In addition, given the prime location of the Property and the attractive price of the Acquisition, it is considered that the potential increase of the value of the Property to be substantial.

The Board (including the independent non-executive Directors) is of the view that the Acquisition are on normal commercial terms which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **INFORMATION ABOUT THE COMPANY, THE PURCHASER AND THE SELLER**

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 3 September 2013, the Group operated 72 cinemas with 539 screens across China, Hong Kong, Taiwan and Singapore and is a leading distributor in the region.

The Purchaser is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, and as advised by the Seller, the Seller is a company incorporated in the PRC and its principal activities are real estate holding and development.

## **LISTING RULES IMPLICATIONS**

The Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules as the relevant percentage ratio exceeds 5% but less than 25%.

## **DEFINITIONS**

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

“Acceptance Date”	on or before 31 December 2013;
“Acquisition”	the acquisition of the Property by the Purchaser;
“Agreed Date of Entry to the Property”	the date on which the Purchaser and its representatives and contractors enter into the Property to be taken place no later than the 5th day after execution of the Framework Agreement;
“Board”	the board of Directors;
“Bohai New World Shopping Centre”	The retail commercial complex known as “Bohai New World Shopping Centre” constructed on the Tangshan Land;
“Company”	Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liabilities, the shares of which are listed on the Main Board of the Stock Exchange;

“Completion Date”	On or before 30 June 2014 on which completion takes place;
“connected person”	as defined in the Listing Rules;
“Consideration”	RMB44,035,440 (equivalent to approximately HK\$55,484,654.4), being the purchase price of the Acquisition;
“Deed of Guarantee”	The deed of guarantee to be executed by each of the Guarantors in favour of the Purchaser to guarantee the Seller’s obligations under the Framework Agreement;
“Deposit”	a sum of RMB19,500,000 (equivalent to approximately HK\$24,570,000 of the Consideration);
“Director(s)”	the director(s) of the Company;
“Escrow Account”	the escrow account which will be opened in the name of, and managed and operated by, the PRC Legal Advisors;
“Formal Agreement”	the commodity property sale and purchase agreement to be entered into between the Seller and the Purchaser in relation to the sale and purchase of the Property;
“Framework Agreement”	the framework agreement for sale and purchase of the Property entered into between the Seller, as seller, and the Purchaser, as purchaser, dated 3 September 2013, pursuant to which the Seller has agreed to sell and the Purchaser has agreed to acquire the Property at the Consideration;
“Group”	the Company together with its subsidiaries;
“Guarantors”	Hu Jian* (戶健), holder of 80% of the equity interest of the Seller, and Bao Sheng Chang (Tangshan) Business Management Company Limited* (寶升昌(唐山)商業管理有限公司), of which 80% equity interest is held by the Seller;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the Company and its connected person(s);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange;

“OSGH (China)”	Orange Sky Golden Harvest Cinemas (China) Company Limited* (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, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region of the People’s Republic of China and Taiwan;
“PRC Legal Advisors”	The PRC legal advisers engaged by the Group for the purpose of conducting legal due diligence, rendering legal opinion and preparing the relevant documentation for the purpose of the Acquisition;
“Property”	Portions of 4th Floor under household no. 100040001, 5th Floor under household no. 100050001 and 6th Floor under household nos. 100060001 and 100060003 of Bohai New World Shopping Centre, with a total gross floor area of approximately 5,504.43 square metre;
“Purchaser”	OSGH (China);
“RMB”	Renminbi, the lawful currency in the PRC;
“Seller”	Bao Sheng Chang (Tangshan) Real Estate Development Company Limited* (寶升昌(唐山)房地產開發有限公司), an Independent Third Party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tangshan Land”	The parcel of land situated at 88, Xinhua West Road, Tangshan City, the PRC with a gross building area of approximately 81,746.01 square metres;
“Tangshan Land Mortgage”	mortgage of the land use right of the Tangshan Land by the Seller to a mortgagee, which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, is the Independent Third Party and its ultimate beneficial owners are also the Independent Third Parties, as a security for the loan advanced by the mortgagee to an affiliated company of the Seller, which, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, is the Independent Third Party and its ultimate beneficial owners are also the Independent Third Parties, for the period from 16 November 2012 to 18 November 2013;

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong;

“%” per cent.

In this announcement, the exchange rate of RMB1 to HK\$1.26 is used for reference only.

By Order of the Board  
**Orange Sky Golden Harvest Entertainment (Holdings) Limited**  
**Wong Kwan Lai**  
*Company Secretary*

Hong Kong, 3 September 2013

*List of all Directors as of the time of issuing this announcement:*

*Chairman and Executive Director:*

Mr. Wu Kebo

*Executive Directors:*

Mr. Li Pei Sen

Mr. Mao Yimin

Mr. Tan Boon Pin Simon

Ms. Wu Keyan

*Independent Non-executive Directors:*

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing