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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)**

**CONTINUING CONNECTED TRANSACTIONS  
THE NEW SUB-LEASES OF OFFICE PREMISES**

Reference is made to the announcement of the Company dated 28 June 2013 in relation to, inter alia, the entering into of (i) the First Sub-Lease Second Renewal Agreement between the Sub-lessor and Beijing OSGH for renewing the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square meters; and (ii) the Previous Second Sub-Lease between the Sub-lessor and GH Management Consultancy on 28 June 2013. The First Sub-Lease Second Renewal Agreement and the Previous Second Sub-Lease expired on 30 June 2016.

On 31 August 2016, the Sub-lessor entered into the New First Sub-Lease with Beijing OSGH for sub-leasing the New First Sub-Leased Premises.

On 31 August 2016, the Sub-lessor entered into the New Second Sub-Lease with GH Management Consultancy for sub-leasing the New Second Sub-Leased Premises.

The transactions contemplated under the New First Sub-Lease and the New Second Sub-Lease constitute continuing connected transactions under the Listing Rules. As the applicable percentage ratios in respect of the Caps (when aggregated with the amounts paid by Beijing OSGH and GH Management Consultancy under the New First Sub-Lease and the New Second Sub-Lease) are more than 0.1% but less than 5%, the New First Sub-Lease and the New Second Sub-Lease 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.

Reference is made to the announcement of the Company dated 28 June 2013 in relation to, inter alia, the entering into of (i) the First Sub-Lease Second Renewal Agreement between the Sub-lessor and Beijing OSGH for renewing the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square meters; and (ii) the

\* For identification purposes only

Previous Second Sub-Lease between the Sub-lessor and GH Management Consultancy on 28 June 2013. The First Sub-Lease Second Renewal Agreement and the Previous Second Sub-Lease expired on 30 June 2016.

The Board announces that on 31 August 2016, the Sub-lessor entered into (i) the New First Sub-Lease with Beijing OSGH for sub-leasing the New First Sub-Leased Premises, namely a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC with a total floor area of approximately 6.75 square meters ; and (ii) the New Second Sub-Lease with GH Management Consultancy for sub-leasing the New Second Sub-Leased Premises, namely a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC with a total floor area of approximately 993.57 square meters. The New First Sub-Lease and the New Second Sub-Lease constitute continuing connected transactions under the Listing Rules. The principal terms of the New First Sub-Lease and the New Second Sub-Lease are as follows:

## **PRINCIPAL TERMS OF THE NEW FIRST SUB-LEASE AND THE NEW SECOND SUB-LEASE**

### **(1) The New First Sub-Lease**

Date:	31 August 2016
Parties:	The Sub-lessor, as sub-lessor Beijing OSGH, as sub-lessee
Premises:	A portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC with a total floor area of approximately 6.75 square meters.  The premises form part of the property (with total floor area of approximately 7,890.17 square metres) at the same location leased by the Sub-lessor from a third party independent of the Company and its connected persons under a master lease for a term of eighteen years commencing from 1 January 2008.
Term:	Three years commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive)
Rental and management fee:	Rental: RMB6.3 per square meter per day (exclusive of management fee and utility fees), total rental amounted to RMB46,564.88 (equivalent to approximately HK\$54,015.26); and

Management fee:

RMB0.7 per square meter per day, total management fee amounted to RMB5,173.88 (equivalent to approximately HK\$6,001.70).

The rental and management fee shall be paid by Beijing OSGH to the Sub-lessor on a quarterly basis. The initial rental (being the rental amounting to RMB5,188.05 (equivalent to approximately HK\$6,018.14) for the period from 1 September 2016 to 31 December 2016) and the initial management fee (being the management fee amounting to RMB576.45 (equivalent to approximately HK\$668.68) for the period from 1 September 2016 to 31 December 2016) shall be paid in lump sum by Beijing OSGH to the Sub-lessor after signing of the New First Sub-Lease. Thereafter, rental and management fee for each succeeding quarter shall be paid by Beijing OSGH to the Sub-lessor before the last ten (10) days of each quarter.

Usage: The premises shall be used as office

Others: Beijing OSGH shall have the priority right to continue to sub-lease the New First Sub-Leased Premises upon expiry of the New First Sub-Lease.

## **(2) The New Second Sub-Lease**

Date: 31 August 2016

Parties: The Sub-lessor, as sub-lessor

GH Management Consultancy, as sub-lessee

Premises: A portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC with a total floor area of approximately 993.57 square meters.

The premises form part of the property (with a total floor area of approximately 7,890.17 square meters) at the same location leased by the Sub-lessor from a third party independent of the Company and its connected persons under a master lease for a term of eighteen years commencing from 1 January 2008.

Term: Three years commencing from 1 September 2016 and expiring on 31 August 2019 (both dates inclusive)

Rental and management fee:	<p>Rental:</p> <p>RMB6.3 per square meter per day (exclusive of management fee and utility fees), total rental amounted to RMB6,854,142.65 (equivalent to approximately HK\$7,950,805.47); and</p> <p>Management fee:</p> <p>RMB0.7 per square meter per day, total management fee amounted to RMB761,571.41 (equivalent to approximately HK\$883,422.84).</p> <p>The rental and management fee shall be paid by GH Management Consultancy to the Sub-lessor on a quarterly basis. The initial rental (being the rental amounting to RMB763,657.90 (equivalent to approximately HK\$885,843.16) for the period from 1 September 2016 to 31 December 2016) and the initial management fee (being the management fee amounting to RMB84,850.88 (equivalent to approximately HK\$98,427.02) for the period from 1 September 2016 to 31 December 2016) shall be paid in lump sum by GH Management Consultancy to the Sub-lessor after signing of the New Second Sub-Lease. Thereafter, rental and management fee for each succeeding quarter shall be paid by GH Management Consultancy to the Sub-lessor before the last ten (10) days of each quarter.</p>
Usage:	The premises shall be used as office
Others:	GH Management Consultancy shall have the priority right to continue to sub-lease the New Second Sub-Leased Premises upon expiry of the New Second Sub-Lease.

#### **ANNUAL CAPS AND BASIS FOR DETERMINING THE ANNUAL CAPS**

The aggregated amount of rental and management fee paid by the Group to the Sub-lessor under the First Sub-Lease Second Renewal Agreement and the Previous Second Sub-Lease for each of the financial years ended 31 December 2014 and 31 December 2015 were RMB2,561,115 and RMB2,611,560 respectively.

The Caps in respect of the transactions contemplated under the New First Sub-Lease and the New Second Sub-Lease for the years ending 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019 shall be as follows:

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| (a) For the year ending 31 December 2016<br>(from 1 January 2016 to 31 December 2016) ( <i>Note</i> ) | : Approximately RMB2,100,000<br>(equivalent to approximately HK\$2,436,000) |
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| (b) For the year ending 31 December 2017<br>(from 1 January 2017 to 31 December 2017) | : | Approximately RMB2,600,000<br>(equivalent to approximately HK\$3,016,000) |
| (c) For the year ending 31 December 2018<br>(from 1 January 2018 to 31 December 2018) | : | Approximately RMB2,600,000<br>(equivalent to approximately HK\$3,016,000) |
| (d) For the year ending 31 December 2019<br>(from 1 January 2019 to 31 August 2019)   | : | Approximately RMB1,800,000<br>(equivalent to approximately HK\$2,088,000) |

*Note:* Including in the cap amount for the year ending 31 December 2016 is the aggregated amount of rental and management fee paid by Beijing OSGH and GH Management Consultancy to the Sub-lessor under the First Sub-Lease Second Renewal Agreement and the Previous Second Sub-Lease during the period from 1 January 2016 to 30 June 2016.

The terms of the New First Sub-Lease and the New Second Sub-Lease were determined after arm's length negotiation and on normal commercial terms. The rental and management fee under the New First Sub-Lease and the New Second Sub-Lease were determined by reference to the prevailing market rates of similar properties at the nearby locations. The Caps were determined based on the estimated approximate rental and management fee payable by Beijing OSGH and GH Management Consultancy to the Sub-lessor under the New First Sub-Lease and the New Second Sub-Lease respectively.

## **REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS**

Reasonable adjustments are made to the rental and management fee under the New First Sub-Lease and the New Second Sub-Lease with reference to the prevailing market rates of similar properties at the nearby locations. The Board considers that it is beneficial to the Group to enter into the New First Sub-Lease and the New Second Sub-Lease so that the Group is able to maintain its office at the same location with reasonable rates of rental and management fee.

The Directors (including the independent non-executive Directors) are of the view that the New First Sub-Lease and the New Second Sub-Lease have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms and the terms and Caps thereof are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **LISTING RULES IMPLICATIONS**

Mr. Wu and Ms. Wu hold as to 99% and 1% of the equity interest of the Sub-lessor respectively. Mr. Wu, the chairman, a Director and the controlling shareholder of the Company, is interested in an aggregate of approximately 67.15% of the entire issued share capital of the Company as at the date of this announcement. Ms. Wu is a Director of the Company. Therefore, the Sub-lessor is a connected person of the Company, and the transactions contemplated under the New First Sub-Lease and the New Second Sub-Lease

constitute continuing connected transactions of the Company. Moreover, Ms. Wu is the younger sister of Mr. Wu and is an associate of Mr. Wu under Chapter 14A of the Listing Rules.

As the relevant percentage ratios in respect of the Caps under Rule 14.07 of the Listing Rules are more than 0.1% but less than 5%, the New First Sub-Lease and the New Second Sub-Lease 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.

In view of their interest stated above, Mr. Wu and Ms. Wu have abstained from voting on the relevant board resolutions for approving the New First Sub-Lease and the New Second Sub-Lease. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as Mr. Wu and Ms. Wu, none of the Directors has material interest in the transactions contemplated under the New First Sub-Lease and the New Second Sub-Lease and none of them is required to abstain from voting on the relevant board resolutions.

## **INFORMATION ON THE COMPANY, BEIJING OSGH, GH MANAGEMENT CONSULTANCY AND THE SUB-LESSOR**

### **The Company**

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 Group is principally engaged in the production, financing and distribution of motion pictures as well as theatre operation. As of 31 August 2016, the Group operates 104 cinemas with a total of 760 screens across China, Hong Kong, Taiwan and Singapore, and is a leading distributor in the region.

### **Beijing OSGH**

Beijing OSGH is principally engaged in TV and films production.

### **GH Management Consultancy**

GH Management Consultancy is principally engaged in the management consultancy services.

### **Sub-lessor**

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

## DEFINITIONS

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

“Associate(s)”	has the meaning ascribed to it under 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 Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Board”	the board of Directors of the Company;
“Caps”	for the purpose of Chapter 14A of the Listing Rules, the proposed annual caps in respect of the transactions contemplated under the New First Sub-Lease and the New Second Sub-Lease for the year ending 31 December 2016 (from 1 January 2016 to 31 December 2016), the year ending 31 December 2017 (from 1 January 2017 to 31 December 2017), the year ending 31 December 2018 (from 1 January 2018 to 31 December 2018) and the year ending 31 December 2019 (from 1 January 2019 to 31 August 2019);
“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 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules;
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	director(s) of the Company;
“First Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor, as sub-lessor, and Beijing OSGH, as sub-lessee, in relation to the sub-leasing of the First Sub-Leased Premises to Beijing OSGH;
“First Sub-Leased Premises”	the office premises with a total floor area of approximately 166.49 square meters occupying the first floor and a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓1層及2層部分);

“First Sub-Lease Renewal Agreement”	the renewal agreement dated 5 September 2011 entered into between the Sub-lessor, as sub-lessor, and Beijing OSGH, as sub-lessee, in relation to the renewal of the First Sub-Lease in relation to the First Sub-Leased Premises;
“First Sub-Lease Second Renewal Agreement”	the renewal agreement dated 28 June 2013 entered into between the Sub-lessor, as sub-lessor, and Beijing OSGH, as sub-lessee, in relation to the renewal of the First Sub-Lease Renewal Agreement and sub-leasing of an additional floor area of approximately 25.39 square meters;
“GH Management Consultancy”	北京嘉禾影城管理諮詢有限公司 (Golden Harvest (Beijing) Cinema Management Consultancy Company Limited*), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company and a wholly-owned subsidiary of OSGH (China);
“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;
“Mr. Wu”	Mr. Wu Kebo, the chairman of the Board, a Director and the controlling shareholder of the Company, who is interested in approximately 67.15% of the entire issued share capital of the Company as at the date of this announcement;
“Ms. Wu”	Ms. Wu Keyan, a Director of the Company and the younger sister of Mr. Wu;
“New First Sub-Lease”	the agreement dated 31 August 2016 entered into between the Sub-lessor, as sub-lessor, and Beijing OSGH, as sub-lessee, in relation to the sub-leasing of the New First Sub-Leased Premises;
“New First Sub-Leased Premises”	the office premises with a total floor area of approximately 6.75 square meters occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓2層部分);
“New Second Sub-Lease”	the agreement dated 31 August 2016 entered into between the Sub-lessor, as sub-lessor, and GH Management Consultancy, as sub-lessee, in relation to the sub-leasing of the New Second Sub-Leased Premises;



“New Second Sub-Leased Premises”	the office premises with a total floor area of approximately 993.57 square meters occupying a portion of the second floor of House No. 3 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓2層部分);
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Previous Second Sub-Lease”	the agreement dated 28 June 2013 entered into between the Sub-lessor, as sub-lessor, and GH Management Consultancy, as sub-lessee, in relation to the sub-leasing of the Previous Second Sub-Leased Premises;
“Previous Second Sub-Leased Premises”	the office premises with a total floor area of approximately 1,020.61 square meters occupying the second floor and a portion of the third floor of House No. 3 and a portion of the first floor of House No. 7 situated at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC (中國北京市朝陽區小亮馬橋路安家樓1號院3號樓2層及3層部分以及7號樓1層部分);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“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 and Ms. Wu;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	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**  
**Leung Wing Chong**  
*Company Secretary*

Hong Kong, 23 September 2016

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

*Chairman and Executive Director:*

Mr. Wu Kebo

*Executive Directors:*

Mr. Mao Yimin

Mr. Li Pei Sen

Ms. Wu Keyan

Ms. Chow Sau Fong, Fiona

*Independent Non-Executive Directors:*

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry