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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 TRANSACTION

**SUPPLEMENTAL AGREEMENT TO SUB-LEASE OF OFFICE PREMISES
AND REVISED ANNUAL CAP**

Reference is made to the announcement of the Company dated 13 January 2011 in relation to, inter alia, the Second Sub-Lease entered into between the Sub-lessor and OSGH (China). On 1 April 2011, in light of the business expansion of the Group, OSGH (China) has entered into a supplemental agreement to the Second Sub-Lease with the Sub-lessor, under which the area of the premises sub-let to OSGH (China) under the Second Sub-Lease has been increased by a total floor area of 106 square metres.

The Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) constitutes continuing connection transaction under the Listing Rules. As the applicable percentage ratios in respect of the Revised Cap for the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) are more than 0.1% but less than 5%, the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) is subject to the reporting, announcement and annual review requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* For identification purposes only

Reference is made to the announcement of the Company dated 13 January 2011 in relation to, inter alia, the Second Sub-lease entered into between the Sub-lessor and OSGH (China). On 1 April 2011, in light of the business expansion of the Group, OSGH (China) has entered into the Supplemental Agreement with the Sub-lessor for the sub-letting of an additional area of the premises, details of which are set out below:

A. PRINCIPAL TERMS OF THE SUPPLEMENTAL AGREEMENT

Date:	1 April 2011
Parties:	The Sub-lessor as sub-lessor OSGH (China) as sub-lessee
Additional area of the premises to be sub-let:	Part of First Floor of House No.3 at No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC, with a total floor area of approximately 106 square metres
Term in respect of the additional area of the premises:	Commencing from 1 April 2011 and expiring on 30 June 2011 (being the expiry date of the Second Sub-Lease, both days inclusive)
Rental and management fee in respect of the additional area of the premises:	Rental: RMB4.00 per square metre per day (exclusive of management fee, other outgoings and government levies), equivalent to an approximate amount of RMB38,690 (equivalent to approximately HK\$44,880.40) for the additional area through the whole term Management fee: RMB0.51 per square metre per day, equivalent to an approximate amount of RMB4,932.97 (equivalent to approximately HK\$5,722.25) for the additional area through the whole term The rental and management fee are payable in cash in advance on a quarterly basis and shall be paid by the sub-lessee before the 10th day of the first month of the relevant quarter
Additional Deposit:	RMB43,622.97 (equivalent to approximately HK\$50,602.65) (being the aggregate amount of three months' rentals and management fees) has been paid by OSGH (China) to the Sub-lessor as additional deposit upon signing of the Supplemental Agreement

Save as amended pursuant to the Supplemental Agreement, all the terms and conditions of the Second Sub-Lease shall remain in full force and effect.

The terms of the Supplemental Agreement (including the rental payable thereunder) were negotiated on arm's length basis and are on normal commercial terms and were determined by reference to the prevailing market rent of similar properties in the nearby locations. The rental rate for the additional area sub-let under the Supplemental Agreement is the same as the rental rates under the Sub-Leases.

B. REVISED ANNUAL CAP

The original annual caps in respect of the Sub-Leases for the year ended 31 December 2010 (from 1 July 2010 to 31 December 2010) and the year ending 31 December 2011 (from 1 January 2011 to 30 June 2011) were approximately RMB1,200,000 (equivalent to HK\$1,392,000) and RMB1,200,000 (equivalent to HK\$1,392,000) respectively. The actual amount of rental and management fees paid by the Group under the Sub-Leases for the year ended 31 December 2010 (from 1 July 2010 to 31 December 2010 was RMB1,174,589 (equivalent to HK\$1,362,523.24)).

As a result of the entering into of the Supplemental Agreement, the total floor area sub-let to OSGH (China) under the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) is increased to 1,354.95 square metres and the total rental and management fees payable by the Group under the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) for the year ending 31 December 2011 are expected to exceed the original annual cap stated above.

As such, the annual cap in respect of the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) for the year ending 31 December 2011 (from 1 January 2011 to 30 June 2011) shall be revised to approximately RMB1,300,000 (equivalent to HK\$1,508,000).

The Revised Cap is determined based on the estimated approximate rental and management fees payable to the Sub-lessor under the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement).

C. REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTION

Due to the growth and expansion of the Group's operation in the PRC, the Board considers that an office of larger floor area is required to cope with such growth and expansion. The sub-letting of the additional area of premises, which is adjacent to its existing office premises sub-let under the Second Sub-Lease, under the Supplemental Agreement will enable the Company to expand its office in the same location at the same rate of rental.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement have been entered into in the ordinary and usual course of business of the Group and are on normal commercial terms and the terms thereof and the Revised Cap are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

D. INFORMATION OF THE COMPANY AND THE SUB-LESSOR

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 the Sub-lessor is investment holding.

E. LISTING RULES IMPLICATIONS

Mr. Wu is a Director and a substantial shareholder of the Company beneficially owning approximately 54.4% in aggregate of the total issued share capital of the Company as at the date of this announcement through Orange Sky, Skyera, Mainway and Cyber. Under the Listing Rules, Mr. Wu and his associates are, therefore, connected persons of the Company. As the entire equity interest of the Sub-lessor is owned by Mr. Wu, the Sub-lessor is an associate of Mr. Wu and a connected person of the Company, and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) constitutes continuing connected transaction under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Revised Cap for the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) are more than 0.1% but less than 5%, the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) is subject to the reporting, announcement and annual review requirements but are exempt from 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. In view of their interests above, Mr. Wu and Ms. Wu Keyan have abstained from voting on the relevant board resolution(s) for approving the Supplemental Agreement. Other than Mr. Wu and Ms. Wu Keyan, none of the Directors has material interest in the transactions contemplated under the Supplemental Agreement and none of them is required to abstain from voting on the relevant board resolutions.

F. DEFINITIONS

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

“associate(s)”	the meaning ascribed to it in 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 Co., Ltd.*), a company established in the PRC, an indirect wholly-owned subsidiary of the Company;
“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 limited liability company incorporated in Bermuda, the shares of which are listed on the Stock Exchange;
“connected person(s)”	the meaning ascribed to it in the Listing Rules;
“Cyber”	Cyber International Limited, a company which is owned by an associate of Mr. Wu and is holding approximately 7.08% of the total issued share capital of the Company as at the date of this announcement;
“First Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and Beijing OSGH in relation to the sub-leasing of an office premises with a total floor area of approximately 166.49 square metres at Part of First Floor and Second Floor of House No.3, No. 1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to Beijing OSGH at the rental and management fee of RMB4.00 and RMB0.51 per square metre per day respectively, the principal terms of which have been disclosed in the announcement of the Company dated 13 January 2011;
“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;
“Mainway”	Mainway Enterprises Limited, a company which is wholly owned by Mr. Wu and is holding approximately 16.07% of the total issued share capital of the Company as at the date of this announcement;

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“Mr. Wu”	Mr. Wu Kebo, a Director and substantial shareholder of the Company;
“Orange Sky”	Orange Sky Entertainment Group (International) Holding Company Limited (橙天娛樂集團(國際)控股有限公司), a company which is 80% beneficially owned by Mr. Wu and is holding approximately 15.94% of the total issued share capital of the Company as at the date of the announcement;
“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;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“Revised Cap”	for the purpose of Chapter 14A of the Listing Rules, the proposed revised annual cap of the First Sub-Lease and the Second Sub-Lease (as supplemented and amended by the Supplemental Agreement) for the year ending 31 December 2011 (from 1 January 2011 to 30 June 2011), being approximately RMB1,300,000 (equivalent to HK\$1,508,000);
“Second Sub-Lease”	the sub-lease agreement dated 13 January 2011 entered into between the Sub-lessor and OSGH (China) in relation to the sub-leasing of an office premises with a total floor area of approximately 1,248.95 square metres at Part of First Floor and Second Floor of House No. 3 at No.1 Anjialou, Xiaoliangmaqiao Ave, Chaoyang District, Beijing, the PRC to OSGH (China) at the rental and management fee of RMB4.00 and RMB0.51 per square metre per day respectively, the principal terms of which have been disclosed in the announcement of the Company dated 13 January 2011;
“Skyera”	Skyera International Limited, a company which is wholly owned by Mr. Wu and is holding approximately 15.31% of the total issued share capital of the Company as at the date of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sub-Leases”	First Sub-Lease and Second Sub-Lease;

“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;
“substantial shareholder”	the meaning ascribed to it in the Listing Rules;
“Supplemental Agreement”	the supplemental agreement dated 1 April 2011 entered into between the Sub-lessor and OSGH (China) to supplement and amend the Second Sub-Lease;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	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**
Yuen Kwok On
Company Secretary

Hong Kong, 1 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