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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)

**ANNOUNCEMENT PURSUANT TO RULE 14.36 OF
THE LISTING RULES IN RESPECT OF SUPPLEMENTAL AGREEMENTS
TO THE SALE AND PURCHASE AGREEMENT
VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE DISPOSAL OF CITY ENTERTAINMENT CORPORATION LIMITED**

Sole Financial Advisor to the Company



BNP PARIBAS

Reference is made to the announcement of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “**Company**”) dated 9 February 2017 in relation to the entering into of the Sale and Purchase Agreement and the Loan Repayment Agreement (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

THE SUPPLEMENTAL AGREEMENT

On 7 March 2017, the Vendor, the Company, the Purchaser and Nan Hai entered into the supplemental agreement to the Sale and Purchase Agreement (the “**Supplemental Agreement**”), pursuant to which, the parties agreed that, conditional upon the Target Company, the Purchaser’s nominee (Dadi Cinema Management Limited (大地影院管理有限公司) (“**Dadi Cinema**”), Nan Hai and Xin Ye entering into an agreement with respect to the purchase of Xin Ye Shares (the “**Proposed Xin Ye Agreement**”), to amend and add certain terms to the Sale and Purchase Agreement. The principal terms of the Supplemental Agreement are summarised as follows:

Default of Dadi Cinema

If Dadi Cinema defaults under the Proposed Xin Ye Agreement, the Vendor shall be entitled to deem that the Purchaser or its nominee has not paid the consideration in respect of the Xin Ye Shares in accordance to the payment arrangement under the Proposed Xin Ye Agreement, and the Vendor shall be entitled to forfeit the Deposit and the Total First Guarantee Amount.

* For identification purpose only

In addition, the Vendor shall be entitled to request to acquire the Xin Ye Shares, i.e. the Vendor (or its nominee) shall become the legal and beneficial owner of the Xin Ye Shares. The Purchaser and the Vendor (or its nominee) shall cooperate to (a) terminate the Proposed Xin Ye Transfer and (b) do all acts and things to complete the transfer of the Xin Ye Shares (including but not limited to executing necessary agreements and legal documents, passing necessary resolutions, completing the registration of the change of shareholder of OSGH (China) in respect of the transfer with the relevant industry and commerce department in the PRC and obtaining the approval from the competent commerce authorities in respect of the Sale) to the Vendor (or its nominee).

Default of Xin Ye

If as a result of (a) Xin Ye's act or omission, any of the all the conditions precedent in the Proposed Xin Ye Agreement ("**Xin Ye Conditions Precedent**") is not fulfilled by the long stop date under the Proposed Xin Ye Agreement (or such date as agreed by the parties under the Proposed Xin Ye Agreement) ("**Xin Ye Long Stop Date**") or (b) Xin Ye's failure to assist OSGH (China) in completing the Registration progress (including but not limited to the provision of necessary legal documents) or Xin Ye's withdrawal of the Registration application, the Proposed Xin Ye Transfer cannot be completed by the Xin Ye Long Stop Date, it is anticipated that, under the Proposed Xin Ye Agreement, Xin Ye has to, among others, (a) return the deposit in the amount of RMB5 million (the "**Xin Ye Deposit**") and the actual amount paid by Dadi Cinema to the joint bank account jointly managed by Xin Ye, Dadi Cinema and the Target Company (an amount equivalent to the Xin Ye Consideration deducting the Xin Ye Deposit amount) to Dadi Cinema and (b) pay an additional amount of RMB5 million to Dadi Cinema which would be set out in the Proposed Xin Ye Agreement, on the second Business Day following the Xin Ye Long Stop Date (the "**Payment Obligations**").

In the event that Xin Ye fails to perform the Payment Obligations, the Purchaser shall be entitled to serve the payment notice to the Company requesting the Company or its nominee to pay an amount equivalent to the amount payable by Xin Ye pursuant to the Payment Obligations (the "**Amount Payable**") to Dadi Cinema within 10 Business Days following the date of serving the payment notice. Upon paying the Amount Payable to Dadi Cinema, the Company or its nominee shall in turn be entitled to make a claim against Xin Ye in respect of its breach of the Payment Obligations.

Default of the Target Company

If due to (a) the reasons caused by the Target Company, the Vendor or its subsidiaries, any of the Xin Ye Conditions Precedent is not fulfilled before the Xin Ye Long Stop Date or (b) the Target Company's failure to procure OSGH (China) to complete the Registration with the relevant industry and commerce department in the PRC, Xin Ye or Dadi Cinema terminates the Proposed Xin Ye Agreement, the Purchaser shall have the right to require the Target Company to compensate its actual losses incurred under the Proposed Xin Ye Agreement.

In such event, the Vendor shall be deemed to have failed to complete the Disposal under the Sale and Purchase Agreement and, pursuant to the Sale and Purchase Agreement, the Vendor has to (a) return the Deposit and the Total First Guarantee Amount to the Purchaser and (b) pay the Purchaser an additional amount of RMB400 million.

In the event that the Proposed Xin Ye Transfer has been completed by the Xin Ye Long Stop Date:

- (i) due to the reasons caused by the Target Company, the Vendor or its subsidiaries, the Disposal under the Sale and Purchase Agreement cannot be completed and Closing cannot take place by the Xin Ye Long Stop Date (or such other date as may be agreed by the parties under the Sale and Purchase Agreement), the Company shall or shall procure the Target Company, to repurchase the Xin Ye Shares at the same consideration agreed under the Proposed Xin Ye Agreement (the “**Repurchase**”) on the second Business Day following (1) the breach of the Target Company, the Vendor or its subsidiaries or (2) the Xin Ye Long Stop Date (whichever date is earlier) (the “**Repurchase Date**”). The Repurchase shall be completed within four months from the Repurchase Date (or such date as agreed by the parties if a delay in the completion of the Repurchase is due to the PRC authority approval process of the Repurchase). The Vendor shall procure OSGH (China) to complete the registration of the change of shareholder of OSGH (China) in respect of the Repurchase with the relevant industry and commerce department in the PRC and obtain the approval from the competent commerce authorities in respect of the Repurchase and the Purchaser shall procure Dadi Cinema to assist in the registration and approval process by providing necessary legal documents; and
- (ii) due to reasons caused by Dadi Cinema, its shareholders or its subsidiaries, the Disposal under the Sale and Purchase Agreement cannot be completed and Closing cannot take place by the Xin Ye Long Stop Date (or such other date as may be agreed by the parties under the Sale and Purchase Agreement), the Company and/or the Vendor shall be entitled to request the Purchaser to procure Dadi Cinema to sell the Xin Ye Shares to the Target Company and/or the nominee of the Company at the same consideration agreed under the Proposed Xin Ye Agreement (the “**Sale**”) on the second Business Day following (1) the breach of Dadi Cinema, its shareholders or its subsidiaries or (2) the Xin Ye Long Stop Date (whichever day is earlier) (the “**Sale Date**”). The Sale shall be completed within four months from the Sale Date (or such date as agreed by the parties if a delay in the completion of the Sale is due to the PRC authority approval process of the Sale). The Vendor shall procure OSGH (China) to complete the registration of the change of shareholder of OSGH (China) in respect of the Sale with the relevant industry and commerce department in the PRC and obtain the approval from the competent commerce authorities in respect of the Sale and the Purchaser shall procure Dadi Cinema to assist in the registration and approval process by providing necessary legal documents.

Save as disclosed above, there is no other material variation to the Sale and Purchase Agreement pursuant to the Supplemental Agreement.

REASONS AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

As set out in the Announcement, the Target Company and Xin Ye hold 92.59% and 7.41% of OSGH (China), respectively. As the Purchaser intends to acquire the entire equity interest of OSGH (China), it is a condition precedent to Closing that the Proposed Xin Ye Agreement is signed and the Proposed Xin Ye Transfer has been approved by the competent commerce authorities of the foreign investment enterprise in the PRC.

As such, the Vendor, the Company, the Purchaser and Nan Hai have entered into the Supplemental Agreement, so as to set out the obligations of each of the parties under the Sale and Purchase Agreement upon default of the Proposed Xin Ye Agreement, and to assist in the satisfaction of the Conditions Precedent and the Closing of the Disposal.

The Directors are of the view that the terms of the Supplemental Agreement are on normal commercial terms and are fair and reasonable and the Supplemental Agreement is in the interests of the Company and the Shareholders as a whole.

By order of the Board
Orange Sky Golden Harvest Entertainment (Holdings) Limited
Man Tak Cheung
Company Secretary

Hong Kong, 7 March 2017

List of all Directors of the Company as of the time of 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 and Non-Executive Directors:

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry