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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)**

**UPDATE ON  
VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE DISPOSAL OF  
CITY ENTERTAINMENT CORPORATION LIMITED**

Reference is made to the announcements of the Company dated 9 February 2017 and 7 March 2017, and the circular dated 13 March 2017 (the “**Circular**”), in relation to the entering into of Sale and Purchase Agreement, the Loan Repayment Agreement and the Supplemental Agreement. Unless otherwise defined, terms used in this announcement shall have the same meanings as those that were set out in the Circular.

**XIN YE SPA**

The Board is pleased to announce that pursuant to the Conditions Precedent under the Sale and Purchase Agreement (for further details, please refer to condition (vi) of the paragraph headed “Conditions Precedent” under the section “Letter from the Board” in the Circular), on 19 April 2017, Xin Ye, Dadi Cinema, Nan Hai and City Entertainment Corporation Limited (the “**Target Company**”) entered into the sale and purchase agreement (the “**Xin Ye SPA**”) in respect of the transfer of the Xin Ye Shares from Xin Ye (being the vendor), to Dadi Cinema (being the purchaser) (the “**Xin Ye Transfer**”) at the Xin Ye Share Consideration.

**Xin Ye Share Consideration**

The Xin Ye Share Consideration is determined as follows:

- (i) in the event that the closing of Xin Ye Transfer (the “**Closing**”) takes place no later than 15 September 2017, the Xin Ye Share Consideration shall be RMB240 million; or
- (ii) in the event that Closing takes place after 15 September 2017, the Xin Ye Share Consideration shall be the aggregate amount of RMB240 million and the amount equivalent to rate of return of 20% per annum based on the amount of RMB200 million charged on a daily basis for the period from 16 September 2017 to the actual date of Closing.

\* For identification purposes only

## **Registration**

Following Dadi Cinema's payment of the deposit in the amount of RMB5 million to the designated bank account of Xin Ye and the satisfaction of all the conditions precedent under the Xin Ye SPA (the "**Xin Ye Conditions Precedent**"), by no later than the agreed date as stipulated under the Xin Ye SPA (the "**Agreed Date**"), the Target Company shall procure OSGH (China) to make the Application with the relevant industry and commerce department in the PRC and Xin Ye and Dadi Cinema shall assist in the Registration process (including but not limited to the provision of the necessary legal documents).

In the event that the Target Company is unable to procure OSGH (China) to complete the Registration in accordance to the Xin Ye SPA, the parties to the Xin Ye SPA shall be entitled to request the Target Company to compensate them for their actual losses.

In the event that due to the reasons caused by Dadi Cinema and/or Xin Ye, (i) the Xin Ye Conditions Precedent are not satisfied by the Agreed Date or (ii) the Xin Ye Conditions Precedent have been satisfied by the Agreed Date but Dadi Cinema and/or Xin Ye does not perform its obligations under the Xin Ye SPA, the defaulting parties shall compensate the other parties to the Xin Ye SPA for their actual losses.

In the event that Closing does not take place by the Agreed Date due to reasons caused by the relevant PRC authorities in the approval process of the Xin Ye Transfer or other reasons that are not caused by the parties to the Xin Ye SPA, the parties to the Xin Ye SPA shall not be subject to any breach of duty under the Xin Ye SPA and shall assist in the termination of the relevant approval and Registration process of the Xin Ye Transfer.

## **Termination of the Xin Ye SPA**

If as a result of the failure of the parties to the Sale and Purchase Agreement to confirm that all the conditions precedent under the Sale and Purchase Agreement have been satisfied, Xin Ye and the Target Company receive a notification from Dadi Cinema before the Agreed Date to consequently terminate the Xin Ye SPA:

- (i) the Xin Ye Transfer pursuant to the Xin Ye SPA will be terminated;
- (ii) the parties to the Xin Ye SPA shall not be subject to any breach of duty under the Xin Ye SPA due to the termination of the Xin Ye Transfer; and
- (iii) the parties to the Xin Ye SPA shall assist in the termination of the relevant approval and Registration process in respect of the Xin Ye Transfer.

In the event that the Disposal has been completed after the termination of the Xin Ye Transfer, Xin Ye shall have the right to request Dadi Cinema to continue with the Xin Ye Transfer and to perform its payment obligation under the Xin Ye SPA.

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

Hong Kong, 19 April 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 Non-executive Directors:*

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry