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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 REGARDING AMENDMENTS OF TERMS OF CONVERTIBLE BONDS

References are made to the announcements of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “**Company**”) dated 22 January 2016 (the “**First Announcement**”), 31 January 2016, 1 February 2016 and 27 May 2016 (the “**Second Announcement**”) in relation to the issue of Convertible Bonds under the General Mandate. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the First Announcement.

Reference is also made to the circular dated 13 March 2017 and announcements of the Company dated 9 February 2017 and 19 April 2017, respectively, regarding the very substantial disposal in relation to the disposal of City Entertainment Corporation Limited pursuant to a sale and purchase agreement (the “**Sale and Purchase Agreement**”) dated 25 January 2017 entered into between the Company, Giant Harvest Limited (the “**Vendor**”), True Vision Limited (the “**Purchaser**”) and Nan Hai Corporation Limited, pursuant to which the Purchaser has agreed to buy and the Vendor has agreed to sell the entire issued share capital of 橙天嘉禾影城有限公司 (City Entertainment Corporation Limited) (“**City Entertainment**”), an indirect wholly-owned subsidiary of the Company, for an aggregate consideration of approximately RMB 3.286 billion subject to certain adjustments (the “**Disposal**”).

On 30 June 2017, the Company and the Investor entered into the Third Amendment Agreement to the Subscription Agreement and the Second Amendment Deed to the Series 1 CB Instrument, pursuant to which the parties agree to amend certain terms in the Subscription Agreement and the Series 1 CB Instrument in light of the Disposal. In addition, on 30 June 2017, the Investor entered into a Deed of Release in favour of City Entertainment to release City Entertainment from all its guarantees, covenants, obligations and liabilities under a deed of guarantee dated 27 May 2016 between City Entertainment and the Investor (“**Guarantee**”).

* *For identification purpose only*

The Third Amendment Agreement, Second Amendment Deed and the Deed of Release shall collectively be referred to as the “**Amending Agreements**”, the details of which are set out below.

THIRD AMENDMENT AGREEMENT TO THE SUBSCRIPTION AGREEMENT

The principal terms of the Third Amendment Agreement to the Subscription Agreement are as follows:

Date: 30 June 2017

Parties: the Company and the Investor

Amendments:

1. The definition of “**Transaction Documents**” in the Subscription Agreement, as amended by the First Announcement is amended from:

““**Transaction Documents**” means the Subscription Agreement, (as supplemented and amended from time to time) the Series 1 CB Instrument, the Series 2 CB Instrument and the Corporate Guarantee;”

to

““**Transaction Documents**” means the Subscription Agreement, the Series 1 CB Instrument, the Series 2 CB Instrument, the Issuer Securities Account Charge and the Supplemental Deed (as supplemented and amended from time to time);”

2. Each of the following is inserted as a new definition in the Subscription Agreement and the First Announcement:

““**City Entertainment Disposal**” means the proposed transfer by Giant Harvest Limited of the entire issued share capital of City Entertainment to True Vision Limited for an initial consideration amount of RMB3,286,000,000 (subject to further adjustments), details of which are set out in the Stock Exchange announcement made by the Issuer dated 9 February 2017;”;

““**Issuer Securities Account**” means the cash securities trading account of the Issuer with a net cash balance no less than HK\$90,000,000, which is maintained with CCB International Securities Limited (including any renewal or re-designation thereof);”;

““**Issuer Securities Account Charge**” means the charge granted by the Issuer on 30 June 2017 in favour of the Investor over the Issuer Securities Account;”;

““**Supplemental Deed**” means the supplemental deed to the Cash Securities Trading Account Terms and Conditions of CCB International Securities Limited entered into between CCB International Securities Limited, the Investor and the Issuer on 30 June 2017;”.

3. The Group structure in Schedule 4 of the Subscription Agreement is replaced with an updated Group structure chart, which reflects the Group structure on the basis that the transactions contemplated under the Disposal have been completed.

The Issuer Securities Account is being pledged to the Investor to provide additional security to the Company's obligations under the Series 1 CB Instrument.

SECOND DEED OF AMENDMENT TO THE SERIES 1 CB INSTRUMENT

The principal terms of the Second Deed of Amendment to the Series 1 CB Instrument are as follows:

Date: 30 June 2017

Parties: the Company and the Investor

Amendments:

1. Condition 5.2.18 of the Series 1 CB Conditions in relation to the creation of encumbrances over the ordinary shares of City Entertainment (as referred to on page 5 of the Second Announcement) is deleted in its entirety.
2. Condition 10.1.2 of the Series 1 CB Conditions (and paragraph 2 on page 10 of the First Announcement (Events of Default)) is amended from:

“Disposal of business or assets: any disposal, sale, assignment or transfer by the Group of all or substantial part of its business or assets without prior Series 1 CB Holders' Approval”.

to

“Disposal of business or assets: any disposal, sale, assignment or transfer by the Group of all or substantial part of its business or assets without prior Series 1 CB Holders' Approval, except for the City Entertainment Disposal”.

3. Condition 5.2.16 of the Series 1 CB Conditions is amended from:

“it will not, and will procure that each of the Issuer and the Group Companies will not, consolidate with, merge or amalgamate into or dispose or transfer all or a substantial part of its assets as an entirety to any corporation or convey or transfer its properties and assets substantially as an entirety to any person;”

to

“it will not, and will procure that each of the Issuer and the Group Companies will not, consolidate with, merge or amalgamate into or dispose or transfer all or a substantial part of its assets as an entirety to a corporation or convey or transfer its properties and assets substantially as an entirety to any person, except for the City Entertainment Disposal;”

4. The internal rate of return under Condition 11.1.1(d) of the Series 1 CB Conditions for redemption at maturity (as referred to on page 13 of the First Announcement (Redemption at Maturity)) is increased from 11% to 12.5%.
5. The internal rate of return under Condition 11.2.1(d) the Series 1 CB Conditions for early redemption by the Company (as referred to on page 13 of the First Announcement (Early Redemption by the Company)) is increased from 11% to 12.5%.
6. A new Condition 11.2A is inserted into the Series 1 CB Conditions:

“11.2A Series 1 CB Holder Redemption

At any time during the period commencing from the date on which completion of the City Entertainment Disposal occurs in accordance with the terms and conditions therein and ending on the earlier of (i) the date falling two (2) months thereafter; and (ii) the date falling two (2) years after the Issue Date, the Series 1 CB Holder shall have the right to redeem the Series 1 CB (in full but not in part) held by a Series 1 CB Holder at an amount equal to the aggregate of:

- (a) the aggregate principal amount of the outstanding Series 1 CB held by such Series 1 CB holder;
- (b) any accrued but unpaid interest on the Series 1 CB;
- (c) any outstanding amounts due under the Transaction Documents (including, without limitation, default interest); and
- (d) an amount that would yield an Internal Rate of Return of 18% on the aggregate principal amount of the Series 1 CB calculated from the Issue Date until the Series 1 CB Holder redemption date.”

DEED OF RELEASE

The principal terms of the Deed of Release are as follows:

Date: 30 June 2017

Parties: City Entertainment (as Guarantor) and the Investor

Discharge and release:

1. The Investor hereby (without recourse, representation or warranty):
 - (a) releases and discharges the Guarantor from any and all of its past, present and future guarantees, covenants, liabilities and obligations to the Investor under the Guarantee and also from all actions, claims and demands under or in connection with the Guarantee; and
 - (b) cancels, surrenders and delivers up the Guarantee to the Guarantor.

2. The Guarantor shall be held freed and discharged from any and all of the obligations and liabilities created by, and all claims arising under, the Guarantee.

Save as aforesaid, there were no other material changes to the terms of the Transaction Documents.

REASONS FOR ENTERING INTO THE AMENDING AGREEMENTS

As mentioned in the circular of the Company dated 13 March 2017, the business to be disposed pursuant to the Sale and Purchase Agreement (“**Disposed Business**”) is currently sub-scale compared to its competitors in the PRC and the Company believes that a larger strategic player in the PRC would be able to better grow the Disposed Business and realise its full value and potential. The Company believes that significant investment would be required to grow the Disposed Business in order to compete with the larger players, which may lead to the Company incurring a significant amount of additional financing and depreciation expenses that would adversely impact the Company’s profitability in the future.

Under the Transaction Documents, the Disposal requires the Investor’s consent. If such consent is not obtained, the Investor is entitled to call an event of default redemption. After arm’s length negotiations between the Company and the Investor, the Investor has agreed to provide the requisite consent in the terms set forth in the Amending Agreements. The Company believes that its entry into the Amending Agreements is necessary and beneficial to the Company as they facilitate the completion of the Disposal contemplated under the Sale and Purchase Agreement.

IMPLICATIONS UNDER THE LISTING RULES

This announcement is published as a voluntary announcement for the information of the shareholders. Application has been made to the Stock Exchange for approval of the amendments to the Series 1 CB Conditions in accordance with Rule 28.05 of the Listing Rules. The Company and the Investor shall use best endeavours to further amend the Third Amendment Agreement to the Subscription Agreement and/or the Second Amendment Deed to the Series 1 CB Instrument if and to the extent required to reflect the comments of the Stock Exchange.

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

Hong Kong, 30 June 2017

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