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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 SUBSCRIPTION AGREEMENT**

(1) MAJOR TRANSACTION

DEEMED DISPOSAL OF EQUITY INTEREST IN OSGH (CHINA) AND

(2) POSSIBLE MAJOR TRANSACTIONS

POSSIBLE ACQUISITION AND POSSIBLE DISPOSAL

IN RELATION TO THE GRANT OF OPTIONS

AND CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “**Company**”) dated 15 March 2016 in relation to the entering into of the Subscription Agreement (the “**Announcement**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same as those defined in the Announcement.

A. THE FIRST SUPPLEMENTAL AGREEMENT AND THE LETTER OF UNDERTAKING

The First Supplemental Agreement

On 1 April 2016, City Entertainment, OSGH (China), Investor 1 and Investors 3 entered into a supplemental agreement (the “**First Supplemental Agreement**”), pursuant to which the parties thereto have agreed to amend certain terms of the Subscription Agreement as between City Entertainment, OSGH (China), Investor 1 and Investors 3. The principal terms of the First Supplemental Agreement are summarised as follows:

Date : 1 April 2016

Parties : (1) City Entertainment;
(2) OSGH (China);

(3) Investor 1; and

(4) Investor 3.

Rights and obligations of the Parties between the date of the Subscription Agreement and the date of Completion (inclusive)

: The parties to the First Supplemental Agreement have agreed that, from the date of the Subscription Agreement to the date of Completion (inclusive), should City Entertainment enter into any written agreement for the disposal of more than 50% of the equity interest in OSGH (China) to any third party purchaser (the date of such agreement being the “**Pre-Completion Third Party Agreement Date**”):

(1) the Subscription Agreement shall be terminated as between City Entertainment, OSGH (China), and each of Investor 1 and Investor 3 from the Pre-Completion Third Party Agreement Date onwards;

(2) in the event that each of Investor 1 and Investor 3 has already paid the deposits required of them under the Subscription Agreement, OSGH (China) shall return such deposit to the Investors on the Pre-Completion Third Party Agreement Date; and

(3) within 30 calendar days of the Pre-Completion Third Party Agreement Date, City Entertainment shall pay to Investor 1 and Investor 3 an aggregate of RMB25 million as compensation.

If Investor 1 and/or Investor 3 fail to perform its payment obligations pursuant to the Subscription Agreement within 30 calendar days of such amount becoming due, City Entertainment and OSGH (China) may collectively terminate the Subscription Agreement as among the parties to the First Supplemental Agreement and OSGH (China) is entitled to a maximum compensation of RMB6.25 million. In addition, if City Entertainment terminates the Subscription Agreement due to any reason caused by Investor 1 and/or Investor 3, Investor 1 and Investor 3 shall pay RMB6.25 million to City Entertainment within 30 calendar days of such termination.

If City Entertainment and/or OSGH (China) fail to complete the registration of the change of equity interest in OSGH (China) through the Subscription with the competent authorities pursuant to the Subscription Agreement within 30 calendar days of expiry of the period as agreed under the Subscription Agreement, Investor 1 and Investor 3 may collectively terminate the Subscription Agreement as among the parties to the First Supplemental Agreement and are entitled to a maximum compensation of RMB6.25 million. In addition, if Investor 1 and Investor 3 collectively terminate the Subscription Agreement due to any reason caused by City Entertainment, City Entertainment shall pay a maximum compensation of RMB6.25 million to Investor 1 and Investor 3; if the parties fail to complete the Subscription as a result of the failure of City Entertainment and the Subscription Agreement is terminated, and City Entertainment disposes its controlling interest in OSGH (China) to any third party or loses its controlling interest in OSGH (China) within 60 calendar days of such termination date, City Entertainment shall pay RMB25 million to Investor 1 and Investor 3 as compensation.

Amendment of the City Entertainment Buy-back Options provisions : The parties to the First Supplemental Agreement have agreed that, their respective rights and obligations under the Subscription Agreement with respect to the City Entertainment Buy-back Options, as previously disclosed on page 7 of the Announcement under the heading “*City Entertainment Buy-back Options*”, shall be replaced by an agreed clause (the “**New City Entertainment Buy-back Options**”). Under the New City Entertainment Buy-back Options, upon the occurrence of the triggering event as agreed in the Subscription Agreement, City Entertainment shall not only have the option, but also the obligation to require the sale of all the equity interest held by Investor 1 and Investor 3 at the relevant time; meanwhile, Investor 1 and Investor 3 also have the right to request City Entertainment to exercise such relevant New City Entertainment Buy-back Options.

Within 365 calendar days of Completion, if OSGH (China) commences trading on the National Equities Exchange and Quotations system in the PRC, the New City Entertainment Buy-back Options shall automatically expire.

Save as disclosed above, there is no other material variation to the Subscription Agreement as between Investor 1, Investor 3, City Entertainment and OSGH (China) pursuant to the First Supplemental Agreement.

The Letter of Undertaking

In connection with the entering into of the First Supplemental Agreement, on 1 April 2016, the Company issued a letter of undertaking to Investor 1, Investor 2 and Investor 3 (the “**Letter of Undertaking**”), pursuant to which the Company undertook as follows:

- (1) to guarantee all of the obligations and liabilities of City Entertainment under the Subscription Agreement and the First Supplemental Agreement; and
- (2) from the date of the Subscription Agreement, should the Company lose its controlling interest (“**Change of Control**”) in City Entertainment, the Change of Control shall be deemed as a transfer of City Entertainment’s controlling interest in OSGH (China), and the parties shall exercise their rights and obligations under the Subscription Agreement and the First Supplemental Agreement as if City Entertainment has lost its control in OSGH (China). All the obligations and liabilities of City Entertainment under the Subscription Agreement and the First Supplemental Agreement in a Change of Control event is guaranteed by the Company.

B. THE SECOND SUPPLEMENTAL AGREEMENT

On 1 April 2016, City Entertainment, OSGH (China), and Investor 2 entered into a supplemental agreement (the “**Second Supplemental Agreement**”), pursuant to which the parties thereto agreed to amend certain terms of the Subscription Agreement as between City Entertainment, OSGH (China), and Investor 2. The principal terms of the Second Supplemental Agreement are summarised as follows:

Date : 1 April 2016

Parties : (1) City Entertainment;
(2) OSGH (China); and
(3) Investor 2.

Termination of the Subscription Agreement as between the parties : The parties to the Second Supplemental Agreement agreed that, within 180 calendar days following the date of execution of the Subscription Agreement, Investor 2 on the one hand, and City Entertainment and OSGH (China) on the other hand, may by notice, unilaterally terminate all of its rights and obligations under the Subscription Agreement, without any claim or liability towards the other parties.

Save as disclosed above, there is no other material variation to the Subscription Agreement as between City Entertainment and OSGH (China) and Investor 2 pursuant to the Second Supplemental Agreement.

C. REASONS FOR AND BENEFITS OF THE FIRST SUPPLEMENTAL AGREEMENT, THE LETTER OF UNDERTAKING AND THE SECOND SUPPLEMENTAL AGREEMENT

In light of the relatively long period of time between the date of the Subscription Agreement and the date of Completion (being 180 days), the Parties have agreed to enter into the First Supplemental Agreement, the Letter of Undertaking and/or the Second Supplemental Agreement (as applicable), with an aim to clearly define the rights and obligations of each Party and to further protect their respective interests between the date of the Subscription Agreement and the Completion.

On the basis that (i) the Subscription will provide a strong source of ongoing funds for capital expenditure, to support future development of its cinema operation business; (ii) the signing of the First Supplemental Agreement, the Letter of Undertaking and the Second Supplemental Agreement will improve the certainty over the rights and obligations of each Party between the date of the Subscription Agreement and the Completion, the Directors (including the independent non-executive Directors) are of the view that the terms of the First Supplemental Agreement, the Letter of Undertaking and the Second Supplemental Agreement are fair and reasonable, and that the First Supplemental Agreement, the Letter of Undertaking and the Second Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

D. LISTING RULES IMPLICATIONS

This announcement is made by the Company pursuant to Rule 14.36 of the Listing Rules as the entering into of the First Supplemental Agreement, the Letter of Undertaking and the Second Supplemental Agreement constitutes a variation to the terms of the transactions previously announced under the Announcement. In addition, as the amendments set out in the First Supplemental Agreement and the Second Supplemental Agreement together constitute a material change to the terms of the Subscription Agreement, accordingly, pursuant to Rules 14.36 to 14.46 of the Listing Rules, the First Supplemental Agreement and the Second Supplemental Agreement should be subject to Shareholder's approval.

As no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the First Supplemental Agreement and the Second Supplemental Agreement, the Company has obtained a written approval of the First Supplemental Agreement and the Second Supplemental Agreement, pursuant to Rule 14.44 of the Listing Rules.

Accordingly, no extraordinary general meeting of the Company will be convened for the purpose of approving the First Supplemental Agreement and the Second Supplemental Agreement.

A circular containing, among other things, details of the First Supplemental Agreement, the Letter of Undertaking and the Second Supplemental Agreement will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 8 April 2016.

E. CLARIFICATIONS TO THE ANNOUNCEMENT

The Company wishes to clarify the following disclosures made under the Announcement:

- (1) With respect to the second paragraph under the heading “*Tag-along right and pre-emption right of the Investors*” on page 10 of the Announcement, that the paragraph should read as follows (with corrections made in bold):

“City Entertainment has undertaken to the Investors that, without the Investors’ written consent, **City Entertainment guaranteed that** it will not create any charge over or option on its **controlling** equity interest in OSGH (China) **representing more than 50% of the registered capital of OSGH (China)**, or set up any entrustment arrangements over **such** equity interest in OSGH (China).”

- (2) With respect to the second paragraph under the heading “*H. Information relating to the Investors*” on page 19 of the Announcement, that the paragraph should read as follows:

“Investor 2 is a company based in Beijing, the PRC, that is principally engaged, among other things, in developing and providing an on-line ticketing platform known as “Wepiao” in the PRC, which has leading market share in the on-line ticketing market in the PRC. Investor 2 was established in the year 2014 by a group of strategic investors, including the China Culture Industrial Investment Fund, as well as investment vehicles established by the Tencent and Wanda brand name conglomerates, all of whom are based in the PRC.”

- (3) With respect to the definition of “Investor 2” under the heading “*J. Definitions*” on page 21 of the Announcement, that the paragraph should read as follows:

“北京微影時代科技有限公司 (Beijing Weiyong Technology Co. Ltd*), a company established in the PRC or any of its associates, including 上海慧影投資中心(有限合夥)(Shanghai Huiying Investment Centre (Limited Partnership)*), a limited partnership established in the PRC”

The abovementioned corrections do not affect the other information contained in the Announcement.

By Order of the Board
Orange Sky Golden Harvest Entertainment (Holdings) Limited
Leung Wing Chong
Company Secretary

Hong Kong, 1 April 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

Independent Non-executive Directors:

Mr. Leung Man Kit

Mr. Huang Shao-Hua George

Ms. Wong Sze Wing

* *For identification purposes only*