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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)**

**MAJOR AND CONNECTED TRANSACTION  
ACQUISITION OF PROPERTIES IN THE PRC**

**THE SALE AND PURCHASE AGREEMENT**

The Board is pleased to announce that on 29 August 2018, the Purchaser, an indirectly wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement, pursuant to which, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Target Properties subject to the terms and conditions set out therein. On 29 August 2018, Mr. Wu as the guarantor entered into the Guarantee in connection with the Sale and Purchase Agreement to guarantee the due performance of the Seller of its obligations under the Sale and Purchase Agreement.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 25% and each of them is less than 100%, the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder constitute major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the announcement, the Seller is owned as 75% by Orange Sky Land and 25% by Beijing Orange Land. Orange Sky Land is indirect wholly-owned by Mr. Wu. Beijing Orange Land is owned as to 80% by Beijing Orange Sky, which is in turn owned as to 99% by Mr. Wu and 1% by Ms. Wu. Mr. Wu is the Director and controlling Shareholder and is interested in an aggregate of approximately 70.50% of the equity interests of the Company. Ms. Wu is the Director and the sister of Mr. Wu. Accordingly, the Seller, being the associate of Mr. Wu is a connected person of the Company and the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder constitute connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

\* For identification purposes only

## GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Acquisition and the Guarantee; (ii) the financial information of the Company; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition and the Guarantee; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Guarantee; (v) the valuation report of the Target Properties; and (vi) a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 October 2018 as additional time is required for the preparation of the relevant information, including but not limited to the final valuation report of the Target Properties, for inclusion in the circular.

**Shareholders and potential investors should note that the Target Properties Delivery is subject to, among other things, the satisfaction of the Conditions Precedents under the Sale and Purchase Agreement and therefore, the Sale and Purchase Agreement and the transactions contemplated thereunder may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## I. INTRODUCTION

The Board is pleased to announce that on 29 August 2018, the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Seller entered into the Sale and Purchase Agreement, pursuant to which, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire the Target Properties at a total consideration of RMB560 million. On 29 August 2018, Mr. Wu as the guarantor entered into the Guarantee to guarantee the due performance of the Seller of its obligations under the Sale and Purchase Agreement.

## II. THE SALE AND PURCHASE AGREEMENT

**Date** : 29 August 2018

**Parties** : (1) the Purchaser; and  
(2) the Seller.

As of the date of this announcement, the Company indirectly holds the entire equity interests in the Purchaser and hence, the Purchaser is an indirectly wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Seller is owned as to 75% by Orange Sky Land and 25% by Beijing Orange Land. Orange Sky Land is indirect wholly-owned by Mr. Wu. Beijing Orange Land is owned as to 80% by Beijing Orange Sky, which is in turn owned as to 99% by Mr. Wu and 1% by Ms. Wu. Mr. Wu is the Director and controlling Shareholder and Ms. Wu is the Director and the sister of Mr. Wu and is an associate of Mr. Wu under Chapter 14A of the Listing Rules. Accordingly, the Seller is an associate of Mr. Wu and a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

### A. Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Seller conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Target Properties.

The Target Properties are situated at Wuxing South Road, Xiagang Street, Jiangyin, China and west to Xiadong Road (中國江陰市夏港街道五星路南、夏東路西側). The Target Properties comprise of (i) the Complex with two buildings with 7 and 11 floors respectively and the Underground Area with 2 floors for commercial, hotel and cinema use with total gross floor area of approximately 93,137.68 square meters and (ii) the land use rights of land with total site area of approximately 23,334 square meters ("**Land Use Rights**").

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Land Use Rights were acquired by the Seller on 4 April 2011 at the original acquisition cost of RMB61,800,000 and the Complex was constructed and developed by the Seller. The construction of the Complex was completed on 20 December 2016.

### B. Consideration

The Consideration for the Acquisition is RMB560 million. The Consideration was determined:

- (a) based on arm's length negotiation between the Seller and the Purchaser under normal commercial terms; and

- (b) with reference to the property valuation of the Target Properties at RMB640 million as of 31 July 2018, as carried out by an independent professional valuer based on comparable sales evidences as available in the market, or where appropriate, by capitalizing the rental potential of the property.

The final valuation report of the Target Properties will be included in the circular to be despatched.

The Consideration will be funded by the Company's internal resources and/or bank borrowings.

### C. Payment

The Consideration shall be payable by the Purchaser and/or its designated third party in the PRC (the "**Designated Party**") in the following manner:

- (a) within 10 days from the date of signing the Sale and Purchase Agreement and the Sale and Purchase Agreement being Effective,
  - (i) in the event that the Purchaser is able to directly settle the Deposit (as defined below) with RMB funds derived from the settlement of foreign exchange capital, the Purchaser shall directly pay 10% of the Consideration amounting to RMB56 million (the "**Deposit**") to the Seller; or
  - (ii) in the event that the Purchaser is unable to directly settle the Deposit with RMB funds derived from the settlement of foreign exchange capital due to the incompleteness of the Filing Procedures, the Designated Party shall settle the Deposit on behalf of the Purchaser;
- (b) subject to the Retention (as defined below), within 10 days from (1) the completion of the Title Registration and (2) the initiation of legal proceedings against the Seller by OSGH China seeking for the return of the Repayment amount and the payment of damages arising from the Property Dispute (the "**Claim**") or the Property Dispute Settlement;
  - (i) in the event that the Purchaser has directly settled the Deposit pursuant to paragraph (C)(a)(i) above, the Purchaser shall pay 85% of the Consideration amounting to RMB476 million (the "**First Payment**") to the Seller and the Deposit shall become part of the payment of the Consideration; or
  - (ii) in the event that the Designated Party has settled the Deposit on behalf of the Seller pursuant to paragraph (C)(a)(ii) above, the Purchaser shall pay 95% of the Consideration amounting to RMB532 million (the "**Deposit and First Payment**") to the Seller and upon the receipt of the Deposit and First Payment from the Purchaser, the Seller shall repay an amount equivalent to the Deposit amounting to RMB56 million (the "**Repayment Amount**"), without any interest, to the Designated Party; and

- (c) within 10 days after 12 months of the completion of all of the following conditions, the Purchaser shall pay the remaining 5% of the Consideration amounting to RMB28 million (the “**Second Payment**”) to the Seller:
  - (i) the Title Registration having been completed;
  - (ii) the Target Properties Delivery having been completed; and
  - (iii) in the event that the Designated Party has settled the Deposit on behalf of the Seller pursuant to paragraph (C)(a)(ii), the Repayment Amount having been paid by the Seller to the Designated Party without any interest.

In the event that the Purchaser is unable to settle the Consideration with RMB funds derived from the settlement of foreign exchange capital (the “**Settlement**”) due to foreign exchange control in the PRC, any delay in payment of the Consideration (including the Deposit) to the Seller by the Purchaser shall not be considered as a breach of payment obligations under the Sale and Purchase Agreement. The Purchaser shall pay to the Seller interest (the basis of which is shall be calculated in accordance to the interest rate of bank loans issued by the People’s Bank of China during the corresponding period) in respect of any outstanding amount of the Consideration payable by the Purchaser to the Seller.

In the event that the Purchaser is unable to complete the Settlement due to foreign exchange control in the PRC within 2 years from the date of the completion of Title Registration, the Purchaser shall be entitled to notify the Seller in writing to terminate the Sale and Purchase Agreement and such act shall not be considered as breach of the Sale and Purchase Agreement and the Purchaser has no liability for the breach of the Sale and Purchase Agreement. Upon the receipt of the termination notice from the Purchaser to the Seller, the Seller shall return all amount received under the Sale and Purchase Agreement to the Purchaser or its Designated Party (as the case may be) (if any).

#### **D. Registrations and filings**

The Purchaser and the Seller agreed that:

- (a) within 7 months of the date of the signing of the Sale and Purchase Agreement, the Seller shall complete the Primary Registration and obtain the Real Estate Certificates;
- (b) within 30 days of the Discharge and the completion of the Primary Registration, the Purchaser and the Seller shall cooperate and complete the Filing Procedure;
- (c) subject to the approval from the board and shareholders of the Company in relation to the Acquisition (the “**Approvals**”), within 30 days from the completion of the Filing Procedure, the Purchaser and the Seller shall cooperate and complete the Title Registration; and

- (d) in the event that the incompleteness of the Underground Area Registrations is due to certain restrictions imposed by the PRC governmental authorities (which is not caused by the Seller), the Seller shall not be required to complete the Underground Area Registrations. The Purchaser and the Seller shall however cooperate and complete the Non-Civil Air Defence Underground Area Registrations within 60 days from the date of the Seller's notification of the lifting of such governmental restrictions regarding the Non-Civil Air Defence Underground Area Registrations. Despite the incompleteness of the Underground Area Registrations, upon the Target Properties Delivery, the Purchaser shall be entitled to the exclusive right to (i) occupy, use, dispose and earn from the Non-Civil Air Defence Underground Area and (ii) occupy, use and earn from the Civil Air Defence Underground Area;

#### **E. Conditions Precedents**

The Target Properties Delivery is conditional upon:

- (a) the satisfaction of certain delivery conditions which has been independently confirmed by third party organisation recognised or engaged by the Purchaser;
- (b) the Target Properties not being mortgaged, seized or subject to any other restrictions to the rights under the Target Properties;
- (c) save for the Property Dispute as disclosed by the Seller to the Purchaser prior to the signing of the Sale and Purchase Agreement, there being no unsettled disputes in relation to the Target Properties;
- (d) the State-owned Land Use Certificate and the Filing of As-built Inspection of Housing, Building and Municipal Infrastructure Projects (建築工程竣工驗收備案表) obtained by the Seller in respect of the Target Properties remaining to be valid; and
- (e) the Title Registration having been completed.

The completion of the Acquisition is conditional upon the obtaining of the Approvals. In the event that the Approvals have not been obtained, the Sale and Purchase Agreement shall be terminated and the Seller shall return all amount received under the Sale and Purchase Agreement (including the Deposit) to the Purchaser or its Designated Party (as the case may be) (if any).

#### **F. Target Properties Delivery**

Subject to fulfilment of the Conditions Precedents, the Target Properties Delivery shall take place within 20 days from the date of the settlement of the First Payment or the Deposit and First Payment (as the case may be pursuant to paragraph headed (C)(b) above).

## **G. Discharge of Mortgage**

As of the date of this announcement, the Land Use Rights have been mortgaged to the Wuxi branch of the Bank of Communications Limited to secure a loan of RMB49 million owed by the Seller to the Bank of Communications Limited.

It has been agreed that within 90 days from the settlement of the Deposit by the Purchaser or the Designated Party (as the case may be) pursuant to paragraph C(a) above, the Seller shall discharge the Mortgage.

## **H. Existing tenancy and potential dispute**

### *Background of the existing tenancy*

Reference is made to the announcement of the Company dated 25 September 2012. On 25 September 2012, the Seller and OSGH China entered into the Tenancy Agreement to lease the Leased Properties for a term of 240 months from the expiry of 4 months from the date of the Leased Property Delivery. Pursuant to the Tenancy Agreement, OSGH China paid the Prepayment amount of RMB46.5 million to the Seller.

As at the date of this announcement, (i) the Leased Properties have not been delivered to OSGH China due to its non-acceptance of the Seller's Leased Properties Delivery notification and (ii) the Seller has received a notice from OSGH China which intended to terminate the Tenancy Agreement. The Acquisition will not affect OSGH China's rights and obligations under the Tenancy Agreement.

### *Existing tenancy and potential dispute*

Pursuant to the Sale and Purchase Agreement, it has been agreed that upon the notification of the Purchaser, the Seller shall ensure that the Seller, the Purchaser and OSGH China will enter into a supplemental agreement to the Tenancy Agreement ("**Supplemental Agreement**") to change the landlord of the Leased Properties from the Seller to the Purchaser, unless the Tenancy Agreement is otherwise terminated.

Regardless of whether the Target Properties Delivery has been completed, the Seller shall continue to be responsible for the Leased Property Delivery under the Tenancy Agreement, and all costs and losses arising from such delivery obligation shall be borne by the Seller.

Prior to (i) the Leased Property Delivery or the termination of the Tenancy Agreement (as the case may be) or (ii) the Target Properties Delivery (whichever is later), the Seller shall be responsible for all obligations, responsibilities, risks and disputes arising from the Tenancy Agreement. In the event that the Purchaser suffered any loss or was subject to any disputes, litigations or claims arising from the Tenancy Agreement, the Seller shall indemnify and compensate the Purchaser for an amount equivalent to such loss or claim.

Before the completion of the Title Registration, in the event that the Property Dispute resulted in litigations, claims or Seizure Order, the Seller shall be responsible for (i) all costs, obligations and liabilities arising from the Property Dispute, (ii) using reasonable commercial endeavours to settle the Property Dispute, (iii) discharging the Seizure Order within 30 days from the receipt of such order or prior to the completion of the Title Registration (whichever is earlier) and (iv) the completion of the Title Registration and the Target Properties Delivery.

*Retention arrangement*

In the event of the Property Dispute, the Purchaser shall be entitled to retain an amount equivalent to any reasonably estimated Claim amount arising from the Property Dispute or the Property Dispute Settlement amount (the “**Retained Amount**”) upon the payment of the First Payment (the “**Retention**”). The Retained Amount shall be payable by the Purchaser to the Seller in the following manner:

- (a) if the Tenancy Agreement is terminated prior to the completion of the Title Registration, the Purchaser shall pay the Retained Amount to the Seller within 10 days after the completion of the Title Registration and the Property Dispute Settlement (if any) and the Purchaser shall have the right to deduct from the Retained Amount an amount equivalent to any losses caused to the Purchaser arising from the Property Dispute;
- (b) if the Tenancy Agreement is terminated after the completion of the Title Registration, the Purchaser shall pay the Retained Amount to the Seller within 10 days after the termination of the Tenancy Agreement and the Property Dispute Settlement. If the Tenancy Agreement has not been terminated and the Supplemental Agreement is subsequently entered into, the Purchaser shall pay the Retained Amount to the Seller within 10 days after the Leased Property Delivery and the Property Dispute Settlement. The Purchaser shall have the right to deduct from the Retained Amount an amount equivalent to any losses caused to the Purchaser arising from the Property Dispute; and
- (c) notwithstanding paragraphs (a) and (b) above, if OSGH China or any other third party applied to the court to seize the Target Properties or to impose any restrictions on the Target Properties (the “**Target Properties Restrictions**”) in the Property Dispute, the Purchaser shall be entitled to deposit an amount equivalent to all or part of the Retained Amount to the designated account of the court (the “**Court Deposit**”) as guarantee to discharge the Seizure Order or the Target Properties Restrictions, and the Purchaser shall be deemed to have paid all or part of the Retained Amount to the Seller upon the Court Deposit. In the event that the court subsequently returned the Court Deposit, the Seller shall be entitled to receive the Court Deposit returned by the court.



### *Termination*

In the event that the Retained Amount exceeds 30% of the Consideration, the Seller shall have the right to terminate the Sale and Purchase Agreement and such termination shall not constitute a breach of the Sale and Purchase Agreement. The Seller shall return all amount received under the Sale and Purchase Agreement (including the Deposit) to the Purchaser or its Designated Party (as the case may be) (if any).

In the event that the actual loss or the reasonably estimated loss of the Purchaser, based on the size of the Claim), exceeds 85% of the Consideration, the Independent Board Committee shall have the right to decide whether the Purchaser shall proceed with the Acquisition and in such case, the Purchaser shall have the right to terminate the Sale and Purchase Agreement.

### *Prepayment arrangement*

Within 10 days from the Leased Properties Delivery, the Seller shall pay an amount equivalent to the Prepayment amount to the Purchaser, unless the Tenancy Agreement has been terminated.

### *Leased Properties Arrangement upon Termination of Tenancy Agreement*

In the event that the Tenancy Agreement has been terminated after the Target Properties Delivery, the Company intends to either (i) lease the Leased Properties to a third party cinema operator for the purpose of operating a cinema or (ii) operate a cinema at the Leased Properties upon the expiry of the non-compete undertaking to engage in the operation of cinema business in the PRC pursuant to the sale and purchase agreement dated 25 January 2017 entered into between Giant Harvest Limited, the Company, True Vision Limited and Nan Hai Corporation Limited in respect of the Disposal. For further information of the non-compete undertaking of the Company, please refer to the announcement of the Company dated 9 February 2017.

## **III. PERSONAL GUARANTEE**

On 29 August 2018, Mr. Wu as the guarantor entered into the Guarantee to guarantee the due performance of the Seller of its obligations under the Sale and Purchase Agreement.

Pursuant to the Guarantee, Mr. Wu irrevocably and unconditionally:

- (a) guarantees to the Purchaser punctual performance by the Seller of all its obligations under the Sale and Purchase Agreement;
- (b) undertakes with the Purchaser that, whenever the Seller does not pay any amount when due under or in connection with the Sale and Purchase Agreement, he must, immediately on demand by the Purchaser, pay that amount (in the currency in which it is due) as if he was the principal debtor in respect of that amount; and

- (c) agrees with the Purchaser that if, for any reason, any amount claimed by the Purchaser is not recoverable from him on the basis of a guarantee, he will be liable as a principal debtor and primary obligor to indemnify the Purchaser in respect of any loss it incurs as a result of the Seller failing to pay any amount expressed to be payable by it under the Sale and Purchase Agreement on the date when it ought to have been paid. The amount payable by Mr. Wu under this indemnity will not exceed the amount it would have had to pay had the amount claimed been recoverable on the basis of a guarantee.

#### **IV. REASONS AND BENEFITS OF THE ACQUISITION**

The Company is an investment holding company and is principally engaged in theatrical exhibition, cinema operation, film, video and television production and distribution business in Hong Kong, Taiwan and Singapore.

In order to capitalise the goodwill and brand equity of the Group, leverage its resources, innovation and experience of its management team in the entertainment industry, and commercialise its intellectual properties, the Group intends to operate a movie-themed hotel with movie-inspired interior and an entertainment complex with augmented and virtual reality technology experiencing facilities, game centres and amusement arcades and themed restaurants at the Target Properties.

The Company has conducted a review on its business operations and financial position and has researched on the growth rate and the consumption pattern in Jiangyin, the area which the Target Properties are situated at. After which, the Company is of the view that Jiangyin, being one of the top-ranked city amongst the top 100 economically developed cities in the PRC, is a rapidly developing city with high consumption power and is a popular place for domestic tourists to visit. Local residents at Jiangyin are also well off and have sufficient leisure time. Having considered the above factors, the Company is of the view that there is strong market potential to develop an entertainment complex at Jiangyin as it is in line with the local consumption pattern. The entertainment complex will also be a more attractive and distinctive place for local residents and tourists to visit as compared to a conventional retail shopping mall.

As such, the Acquisition will provide a valuable opportunity for the Group to broaden its revenue source and to bring long-term stable cash flow to the Group. The Acquisition will also increase the property management profits of the Group, enhance its brand recognition and realise the value of the Target Properties, which its value cannot be realised by operating the entertainment complex through leasing the Target Properties.

In view of the above, the Board considered that the terms and conditions of the Acquisition are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **V. INFORMATION ABOUT THE PARTIES OF THE ACQUISITION**

### **The Purchaser**

The Purchaser is a company established in the PRC and is an indirect wholly-owned subsidiary of the Company. Its principal business activity is real estate development, enterprise management services (excluding investment and asset management), property management, corporate marketing planning, conference services, exhibition services, daily necessities, hardware products and sales of electronic products.

### **The Seller**

The Seller is a company established in the PRC and is the developer of the Target Properties. Its principal business activity is property development.

## **VI. LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) exceeds 25% and each of them is less than 100%, the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder are constitute major transaction for the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the announcement, the Seller is owned as 75% by Orange Sky Land and 25% by Beijing Orange Land. Orange Sky Land is indirect wholly-owned by Mr. Wu. Beijing Orange Land is owned as to 80% by Beijing Orange Sky, which is in turn owned as to 99% by Mr. Wu and 1% by Ms. Wu. Mr. Wu is the Director and controlling Shareholder and is interested in an aggregate of approximately 70.50% of the equity interests of the Company. Ms. Wu is the Director and the sister of Mr. Wu. Accordingly, the Seller, being the associate of Mr. Wu is a connected person of the Company and the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder are constitute connected transaction of the Company pursuant to Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The voting in respect of the Acquisition and Guarantee at the SGM will be conducted by way of poll. In view of the interests above, Mr. Wu and Ms. Wu are required to abstain from voting in respect of the resolution(s) approving the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder at the SGM.

Save for the aforesaid and to the Directors' best knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, no other Shareholder has a material interest in the Acquisition and the Guarantee and therefore no other Shareholder is required to abstain from voting on the resolution(s) approving the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder at the SGM.

## VII. GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders on whether the terms of the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement, the Guarantee and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

## VIII. DESPATCH OF CIRCULAR

A circular containing, among other things, (i) further details of the Acquisition and the Guarantee; (ii) the financial information of the Company; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition and the Guarantee; (iv) a letter of advice from the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Guarantee; (v) the valuation report of the Target Properties; and (vi) a notice convening the SGM is expected to be despatched to the Shareholders on or before 15 October 2018 as additional time is required for the preparation of the relevant information, including but not limited to the final valuation report of the Target Properties, for inclusion in the circular.

**Shareholders and potential investors should note that the Target Properties Delivery is subject to, among other things, the satisfaction of the Conditions Precedents under the Sale and Purchase Agreement and therefore, the Sale and Purchase Agreement and the transactions contemplated thereunder may or may not proceed. Accordingly, Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## IX. DEFINITIONS

“Acquisition”	means the acquisition of the Target Properties by the Purchaser from the Seller, as contemplated under the Sale and Purchase Agreement;
“Beijing Orange Land”	Beijing Orange Land Cinema Investment Management Company Limited* (北京橙地影院投資管理有限公司), a company established in the PRC with limited liability and is owned as to 80% by Beijing Orange Sky;
“Beijing Orange Sky”	Beijing Orange Sky Cinema Investment Management Company Limited* (北京橙天影院投資管理有限公司), a company established in the PRC with limited liability and is owned as to 99% by Mr. Wu and as to 1% by Ms. Wu;

“Board”	means the board of directors of the Company;
“Civil Air Defence Underground Area”	means the civil air defence area of the Underground Area;
“Complex”	means the complex comprises of two buildings and the Underground Area, with total gross floor area of approximately 93,137.68 square meters, located at Wuxing South Road, Xiagang Street, Jiangyin, PRC and west to Xiadong Road (中國江陰市夏港街道五星路南、夏東路西側);
“Company”	means Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1132);
“Conditions Precedent”	means the conditions precedents to Target Properties Delivery set out in “II. THE SALE AND PURCHASE AGREEMENT — E. Conditions Precedents”;
“Consideration”	means the consideration payable by the Purchaser to the Seller in respect of the Acquisition amounting to RMB560 million;
“Delivery Date”	means the date of the Target Properties Delivery;
“Director”	means a director of the Company;
“Discharge”	means the Discharge of the Mortgage within 90 days from the settlement of the Deposit by the Purchaser or the Designated Party;
“Disposal”	means the disposal of the entire issued share capital of the City Entertainment Corporation Limited by Giant Harvest Limited to True Vision Limited;
“Effective”	means the Sale and Purchase Agreement being effective upon the opening of the account of the Purchaser;
“Filing Procedures”	means the filing procedures in relation to the Acquisition as required by the Jiangyin City Real Estate Management Department in the PRC (江陰市房地產管理部門);
“Guarantee”	means the personal guarantee granted by Mr. Wu to the Purchaser dated 29 August 2018 to guarantee the due performance of the Seller of its obligations under the Sale and Purchase Agreement;

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the independent board committee of the Company, comprising all the independent non-executive Directors, namely Mr. Leung Man Kit, Ms. Wong Sze Wing and Mr. Fung Chi Man, Henry, formed to advise the Independent Shareholders as to the Acquisition;
“Independent Shareholders”	means Shareholders other than Mr. Wu and Ms. Wu;
“Leased Properties”	means three floors at the Target Properties leased by OSGH China pursuant the Tenancy Agreement;
“Leased Properties Delivery”	means the delivery of the Leased Properties by the Seller to OSGH China pursuant to the Tenancy Agreement;
“Listing Rules”	means The Rules Governing the Listing of Securities on the Stock Exchange;
“Mortgage”	means the mortgage of the Land Use Rights to Wuxi branch of the Bank of Communications to secure a loan of RMB49 million owed by the Seller to the Bank of Communications;
“Mr. Wu”	means Mr. Wu Kebo, the executive Director and the controlling Shareholder, who is indirectly interested in 70.50% of the entire issued share capital of the Company;
“Ms. Wu”	means Ms. Wu Keyan, the executive Director and the sister of Mr. Wu;
“Non-Civil Air Defence Underground Area”	means the Underground Area (excluding the Civil Air Defence Underground Area);
“Non-Civil Air Defence Underground Area Registrations”	means the Registrations of the Non-Civil Air Defence Underground Area;
“Orange Sky Land”	Orange Sky Land Holdings Company Limited* (橙天地控股有限公司), a company established in the PRC with limited liability, which is indirect wholly-owned by Mr. Wu;

“OSGH China”	means 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, which was previously a subsidiary of the Group and was sold in July 2017;
“Prepayment”	means an amount equivalent to RMB46.5 million, being the rental prepayment and deposit paid by OSGH China to the Seller pursuant to the Tenancy Agreement;
“Property Dispute”	means any dispute arising from the Tenancy Agreement;
“Property Dispute Settlement”	means the handing down of a court judgement or an arbitral award on the Claim or the reaching of a settlement agreement on the Claim between the respective parties of the Claim;
“Primary Registration”	means the primary registration of property rights in the PRC (產權初始登記) of the Target Properties;
“PRC”	means the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	means Jiangyin Orange Sky Golden Harvest Liuliu Property Co., Ltd* (江陰橙天嘉禾六六房產有限公司), an indirect wholly-owned subsidiary of the Company;
“Real Estate Certificate”	means the real estate certificate in the PRC (不動產權證書) of the Target Properties evidencing that the Purchaser is the registered owner of the Target Properties;
“Registrations”	means the Primary Registration, Filing Procedure and Title Registration;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	means the sale and purchase agreement dated 29 August 2018 entered into by the Purchaser and Seller in relation to the Acquisition;
“Seller”	means Jiangyin Orange Land Cinema Development Management Co., Ltd.* (江陰橙地影院開發管理有限公司), a company established in the PRC with limited liability, which is owned as to 25% by Beijing Orange Land and 75% by Orange Sky Land;

“Seizure Order”	means the order of the court or other relevant authorities to seize the Target Properties;
“SGM”	means an special general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder;
“Shareholder”	means the holder of Shares;
“Shares”	means ordinary share(s) of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Target Properties”	means the Land Use Rights and the Complex;
“Target Properties Delivery”	means the delivery of the Target Properties from the Seller to the Purchaser;
“Tenancy Agreement”	means the tenancy agreement dated 25 September 2012 entered into by the Seller as landlord and OSGH China as tenant to lease the Leased Properties;
“Title Registration”	means the registration of title of the Target Properties under the name of the Purchaser and the obtaining of the Real Estate Certificate;
“Underground Area”	means the underground area within the Complex, which comprises the Civil Air Defence Underground Area and the Non-Civil Air Defence Underground Area;
“Underground Area Registrations”	means the Registrations of the Underground Area; and
“%”	means per cent.

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

Hong Kong, 29 August 2018



*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