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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 "Announcement"), 31 January 2016 and 1 February 2016 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 Announcement.

Reference is also made to the announcement of the Company dated 15 March 2016 in relation to the subscription agreement ("OSGH (China) Subscription Agreement") entered into between City Entertainment Corporation Limited ("City Entertainment"), Orange Sky Golden Harvest Cinemas (China) Company Limited\* ("OSGH (China)"), both of which are indirect wholly-owned subsidiaries of the Company, and certain investors thereof, pursuant to which the investors subscribed for an aggregate of 13.79% of the equity interest in OSGH (China) (as enlarged by completion of the OSGH (China) Subscription Agreement) for an aggregate consideration of RMB400 million (the "OSGH (China) Share Issuance").

On 27 May 2016, the Company and the Investor entered into the Second Amendment Agreement and the Deed of Amendment to 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 OSGH (China) Share Issuance, which amendments shall take effect on the date of completion of all the transactions contemplated under the OSGH (China) Subscription Agreement (the "Effective Date"). City Entertainment will also enter into a Corporate Guarantee with the Investor, pursuant to which City Entertainment agrees to guarantee to the Investor punctual performance by the Company of all its obligations under the Transaction Documents.

\* For identification purposes only

References are made to the announcements of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “Company”) dated 22 January 2016 (the “Announcement”), 31 January 2016 and 1 February 2016 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 Announcement.

Reference is also made to the announcement of the Company dated 15 March 2016 in relation to the subscription agreement entered into between City Entertainment Corporation Limited (“City Entertainment”), Orange Sky Golden Harvest Cinemas (China) Company Limited\* (“OSGH (China)”), both of which are indirect wholly-owned subsidiaries of the Company, and certain investors thereof, pursuant to which the investors subscribed for an aggregate of 13.79% of the equity interest in OSGH (China) (as enlarged by completion of such subscription agreement) for an aggregate consideration of RMB400 million (the “OSGH (China) Share Issuance”).

On 27 May 2016, the Company and the Investor entered into the Second Amendment Agreement and the Deed of Amendment to Series 1 CB Instrument (collectively, the “Amendment Agreements”), pursuant to which the parties agree to amend certain terms in the Subscription Agreement and the Series 1 CB Instrument in light of the OSGH (China) Share Issuance, which amendments shall take effect on the date of completion of all the transactions contemplated under the OSGH (China) Subscription Agreement (the “Effective Date”). City Entertainment entered into a Corporate Guarantee with the Investor, pursuant to which City Entertainment agrees to guarantee to the Investor punctual performance by the Company of all its obligations under the Transaction Documents.

## **SECOND AMENDMENT AGREEMENT TO THE SUBSCRIPTION AGREEMENT**

The principal terms of the Second Amendment Agreement are as follows:

Date : 27 May 2016  
Parties : the Company and the Investor

Amendments : 1. The parties agree to replace the term “the net assets of the Group” with “the total equity attributable to equity holders of the Issuer” in clauses 3.4.8, 3.4.9, 7.2.3 and 7.2.4 of the Subscription Agreement, and in paragraphs 15.3, 15.4 and 15.5.2 under schedule 1 of the Subscription Agreement, so that,

(1) paragraphs (h) and (i) under the title “Series 2 CB Conditions Precedent” in the Announcement are deleted in their entirety and replaced with the following:

“(h) NAV:

(i) in the event that the Series 2 CB Closing Date is prior to the date on which the Issuer’s audited consolidated financial statements for the year ended December 31, 2015 are published, the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer’s most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB) is not less than HK\$1,550,000,000; and

(ii) in the event that the Series 2 CB Closing Date is on or after the date on which the Issuer’s audited consolidated financial statements for the year ended December 31, 2015 are published, the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer’s most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB and the costs associated with the Share Option Scheme) is not less than HK\$1,550,000,000;”

“(i) the ratio of (A) the sum of: (i) the value of the non-current assets of the Group; and (ii) the value of the current assets of the Group, (each as set out in the Issuer’s most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) to (B) the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer’s most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB and the costs associated with the Share Option Scheme) does not exceed 2.2;” and

(2) The Company's warranties and post-closing undertakings relating to the above two paragraphs have been amended accordingly.

2. the Group structure chart in Schedule 4 of the Subscription Agreement has been updated to reflect City Entertainment's shareholding percentage in OSGH (China) on the basis that the OSGH (China) Share Issuance is fully subscribed.
3. the form of the Series 2 CB Instrument set out in Schedule 6 of the Subscription Agreement is updated to reflect the amendments made to the Series 1 CB Instrument (as described below).

Other terms : The Second Amendment Agreement shall take effect on the Effective Date. The Company shall give written notice to the Investor immediately upon completion of the OSGH (China) Subscription Agreement.

#### **DEED OF AMENDMENT TO THE SERIES 1 CB INSTRUMENT**

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

Date : 27 May 2016

Parties : the Company and the Investor

Amendments : 1. The parties agree to replace the term "the net assets of the Group" with "the total equity attributable to equity holders of the Issuer" in Condition 5.1.1 and 5.1.2(b) of the Terms and Conditions of the Series 1 CB Instrument, so that the financial covenants under such conditions are deleted in their entirety and replaced with the following:

"5.1.1 NAV:

- (a) from the Issue Date to the date on which the Issuer's audited consolidated financial statements for the year ended December 31, 2015 are published, the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer's most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB and the Series 2 CB (if issued)) shall not be less than HK\$1,550,000,000; and

- (b) from the date on which the Issuer's audited consolidated financial statements for the year ended December 31, 2015 are published, the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer's most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB and the Series 2 CB (if issued) and the costs associated with the Share Option Scheme) shall not be less than HK\$1,550,000,000;

5.1.2 Total asset value-to-NAV ratio: the ratio of:

- (a) the sum of: (i) the value of the non-current assets of the Group; and (ii) the value of the current assets of the Group, (each as set out in the Issuer's most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable); to
- (b) the value of the total equity attributable to equity holders of the Issuer (as set out in the Issuer's most recent published consolidated interim financial accounts or audited consolidated annual accounts, as applicable) (excluding any changes in the fair value of the Series 1 CB and the Series 2 CB (if issued) and the costs associated with the Share Option Scheme),

shall not exceed 2.2.”

- 2. a new Condition 5.2.18 is added in the Terms and Conditions of the Series 1 CB Instrument:

“5.2.18

- (a) it (i.e., the Company) shall not create or permit to subsist any Encumbrance over the ordinary shares of City Entertainment, 100% of which is held indirectly by the Issuer as at the Effective Date; and
- (b) it (i.e., the Company) shall not, and shall procure that City Entertainment shall not, create or permit to subsist any Encumbrance over 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).”

3. paragraph 3.3 under Appendix A of the Series 1 CB Instrument is deleted in its entirety and replaced with the following:

“No person has (except pursuant to the Series 1 CB, the Series 2 CB, the Share Option Scheme or the OSGH (China) Subscription Agreement) the right (whether exercisable now or in the future and whether contingent or not) to call for the conversion, issue, registration, sale or transfer, amortization or repayment of any share capital or any other security giving rise to a right over, or an interest in, the capital of any Principal Group Company under any option, agreement or other arrangement (including conversion rights and rights of pre-emption).”

4. the Company’s warranties and post-closing undertakings relating to Condition 5.1.1 and 5.1.2(b) of the Terms and Conditions of the Series 1 CB Instrument have been amended accordingly.

Other terms : The parties agree that the Deed of Amendment shall take effect as from (and including) the Effective Date.

## **CORPORATE GUARANTEE**

The principal terms of the Corporate Guarantee are as follows:

Date : 27 May 2016

Parties : City Entertainment and the Investor

Guarantee and Indemnity : City Entertainment irrevocably and unconditionally:

- (1) guarantees to the Investor punctual performance by the Company of all its obligations under the Transaction Documents;
- (2) undertakes with the Investor that whenever the Company does not pay any amount when due under or in connection with any Transaction Document, City Entertainment shall immediately on demand pay that amount as if it was the principal obligor; and
- (3) agrees with the Investor that if any obligation expressed to be guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Investor immediately on demand against any cost, loss or liability suffered by the Investor as a result of the Company not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Transaction Document on the date on which it would have been due. The amount payable by City Entertainment under this indemnity shall not exceed the amount it would have had to pay under the guarantee if the amount claimed had been recoverable on the basis of the guarantee.

Other terms : This Guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by the Company under the Transaction Documents, regardless of any intermediate payment or discharge in whole or in part.

Save and except the changes mentioned above, all terms in the Transaction Documents (as varied or supplemented as aforesaid) shall remain unchanged and continue to be in full force and effect.

## **REASONS FOR ENTERING INTO THE AMENDMENT AGREEMENTS**

As mentioned in the announcement of the Company dated 15 March 2016, City Entertainment, OSGH (China) and certain investors thereof entered into the OSGH (China) Subscription Agreement, pursuant to which such investors subscribed for an aggregate of 13.79% of the equity interest in OSGH (China) (as enlarged by completion of the OSGH (China) Subscription Agreement) for an aggregate consideration of RMB400 million. Since the transactions contemplated under the OSGH (China) Subscription Agreement would affect certain warranties of the Company under the Transaction Documents, the Company consulted with the Investor and the parties agreed to enter into the Amendment Agreements. The Company believes the Amendment Agreements and the Corporate Guarantee are necessary and beneficial to the Company as they provide extra comfort to the Investor and also facilitate the completion of the transactions contemplated under the OSGH (China) Subscription Agreement.

## **IMPLICATIONS UNDER THE LISTING RULES**

The entering into the Amendment Agreements and the Corporate Guarantee does not constitute a transaction under Chapter 14 of the Listing Rules. This announcement is published pursuant to the requirement under Rule 14.36 of the Listing Rules.

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

Hong Kong, 27 May 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