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If you have sold or transferred all your shares in **Orange Sky Golden Harvest Entertainment (Holdings) Limited**, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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 TRANSACTION
IN RELATION TO
THE PROPOSED DISPOSAL OF MINORITY INTEREST
IN VIE SHOW CINEMAS CO. LTD**

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “*Definitions*” in this circular. A letter from the Board is set out on pages 6 to 19 of this circular.

This circular is despatched to the Shareholders for information purpose only, and a written Shareholder’s approval has been obtained in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

* *For identification purposes only*

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

- “Adjusted Consideration” has the meaning as defined under the section headed “*LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Post-Completion Adjustment of the Total Consideration*” in this circular
- “Adjustment Condition” has the meaning as defined under the section headed “*LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Post-Completion Adjustment of the Total Consideration*” in this circular
- “Board” the board of Directors
- “Business Day(s)” a day (other than a Saturday, a Sunday or a public holiday in Hong Kong and Taiwan) on which banks are open for business in Hong Kong and Taiwan
- “Buyer” Wanin International Co., Ltd., a company incorporated in Taiwan with limited liability
- “Buyer Group” the Buyer and its affiliates
- “Company” Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1132)
- “Comparable Companies” has the meaning as defined under the section headed “*LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Basis of the Total Consideration and Adjusted Consideration*” in this circular
- “Comparable Transactions” has the meaning as defined under the section headed “*LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Basis of the Total Consideration and Adjusted Consideration*” in this circular
- “Comparables” has the meaning as defined under the section headed “*LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Basis of the Total Consideration and Adjusted Consideration*” in this circular

DEFINITIONS

“Condition(s)”	has the meaning as defined under the section headed “ <i>LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Basis of the Total Consideration and Adjusted Consideration</i> ” in this circular
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the Directors of the Company
“Enterprise Value”	NT\$3.5 billion
“First WY Consideration”	has the meaning as defined under the section headed “ <i>LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Payment of the Total Consideration</i> ” in this circular
“GH”	GH Investment Limited, an indirectly wholly owned subsidiary of the Company incorporated under the laws of Labuan with limited liability
“GH Completion”	the completion of the sale and purchase of all of the GH Sale Shares in accordance with the Share Purchase Agreement
“GH Sale Shares”	12,500 shares of the Target Company held by GH, representing approximately 0.01% of the total issued capital of the Target Company
“GH Sale Shares Consideration”	NT\$437,500, being the consideration for the GH Sale Shares
“GHGS Completion”	the GS Completion and the GH Completion
“GHGS Completion Date”	15 September 2026 (or any other time earlier than 15 September 2026 (i) as mutually agreed by the Sellers and the Buyer in writing; or (ii) when all directors and supervisors of the Target Company are re-elected prior to the expiration of the term of office of existing directors and supervisors of Target Company (whichever is earlier)), being the date of the GH Completion and the GS Completion (where applicable and as the case may be)
“GHGS Dividend and Distribution”	all dividend or distribution declared and distributed by the Target Company in respect of the GHGS Sale Shares
“GHGS Sale Shares”	the GH Sale Shares and GS Sale Shares

DEFINITIONS

“GHGS Sale Shares Consideration”	the GH Sale Shares Consideration and the GS Sale Shares Consideration
“GHGS Transition Period”	has the meaning as defined under the section headed “ <i>LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Rights to the Target Sale Shares during the Transition Period</i> ” in this circular
“Group”	the Company and its subsidiaries
“GS”	Golden Sky Entertainment Limited, an indirectly wholly owned subsidiary of the Company incorporated under the laws of Labuan with limited liability
“GS Completion”	the completion of the sale and purchase of all of the GS Sale Shares in accordance with the Share Purchase Agreement
“GS Sale Shares”	10,000 shares of the Target Company held by GS, representing approximately 0.01% of the total issued capital of the Target Company
“GS Sale Shares Consideration”	NT\$350,000, being the consideration for the GS Sale Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 August 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Local Audit NAV”	has the meaning as defined under the section headed “ <i>INFORMATION OF THE TARGET COMPANY</i> ” in this circular
“Mr. Wu”	Mr. Wu Kebo
“NT\$”	New Taiwan dollar(s), the lawful currency of Taiwan
“P/B Ratio”	price-to-book ratio
“Parties”	the Sellers and the Buyer

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Disposal”	the proposed disposal of the Target Sale Shares by GH and GS respectively to the Buyer pursuant to the Share Purchase Agreement
“Registration Completion”	any of the followings, whichever takes place first: <ul style="list-style-type: none">(i) the endorsement by the Target Company on all the original share certificate(s) of the WY Sale Shares;(ii) the recordation of the Buyer’s title and address as the holder of the WY Sale Shares in the shareholders’ roster of the Target Company; or(iii) the issuance of certificate(s) of stockholding by Target Company to the Buyer in respect of all the WY Sale Shares, confirming the Buyer as the holder of all the WY Sale Shares; or(iv) the exercise of any rights attached to the WY Sale Shares, including, without limitation, the transfer or disposal of any of the WY Sale Shares, by the Buyer, but excluding the actions to ensure the completion of either (i), (ii) or (iii) above.
“Registration Long Stop Date”	the day falling on the 31st day after the date of the Share Purchase Agreement or any other days as agreed between the Parties
“Remaining WY Consideration”	has the meaning as defined under the section headed “ <i>LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Payment of the Total Consideration</i> ” in this circular
“Seller(s)”	GH and GS
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Share Purchase Agreement”	the agreement entered into between the Sellers and the Buyer on 21 June 2024 in respect of the Proposed Disposal
“Shareholders”	the shareholders of the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Vie Show Cinemas Co. Ltd. (威秀影城股份有限公司), a company incorporated in under the laws of Taiwan with limited liability
“Target Sale Shares”	the WY Sale Shares, the GH Sale Shares and the GS Sale Shares
“Total Consideration”	NT\$1,249,834,985, being the total consideration for the Proposed Disposal
“WY Completion”	the completion of the sale and purchase of the WY Sale Shares in accordance with the Share Purchase Agreement
“WY Completion Date”	the date of the WY Completion
“WY Dividend Distribution”	all dividend or distribution declared and distributed and by the Target Company in respect of the WY Sale Shares
“WY Sale Shares Consideration”	NT\$1,249,047,485, being the consideration for the WY Sale Shares
“WY Sale Shares”	the 35,687,071 shares of the Target Company held by GS, representing approximately 35.69% of the total issued capital of the Target Company
“WY Transition Period”	has the meaning as defined under the section headed “ <i>LETTER FROM THE BOARD — THE SHARE PURCHASE AGREEMENT — Rights to the Target Sale Shares during the Transition Period</i> ” in this circular

Unless otherwise stated, for the purpose of this circular, the exchange rate of NT\$1.00 = HK\$0.24 has been used for currency translation, including, for the avoidance of doubt, the computation of the applicable percentage ratios pursuant to Chapter 14 of the Listing Rules. Such exchange rates are for the purposes of illustration only and do not constitute a representation that any amount in NT\$ or HK\$ have been, or could have been or may be converted at such or any other rates.

LETTER FROM THE BOARD



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)

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Li Pei Sen

Ms. Chow Sau Fong, Fiona

Ms. Go Misaki

Mr. Peng Bolun

Independent Non-executive Directors:

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business

in Hong Kong:

Unit 2101, YF Life Tower

33 Lockhart Road

Wan Chai

Hong Kong

30 August 2024

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE PROPOSED DISPOSAL OF MINORITY INTEREST
IN VIE SHOW CINEMAS CO. LTD.***

INTRODUCTION

Reference is made to the announcement of the Company dated 21 June 2024 in relation to the entering into of the Share Purchase Agreement between the Sellers (being indirectly wholly-owned subsidiaries of the Company) and the Buyer, pursuant to which the Sellers have agreed to sell, and the Buyer has agreed to purchase the Target Sale Shares on an “as is” basis at a Total Consideration of NT\$1,249,834,985 (and may be further adjusted to NT\$1,428,382,840 upon the fulfillment of the Adjustment Conditions). The Target Sale Shares represent approximately 35.71% of the total issued capital of the Target Company. The Target Company is principally engaged in cinema operation and film distribution and investment holding in Taiwan.

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LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Proposed Disposal and the Share Purchase Agreement, and the transactions contemplated therein, together with such other information as required by the Listing Rules.

THE SHARE PURCHASE AGREEMENT

The principal terms of the Share Purchase Agreement are summarised as follows:

- Date : 21 June 2024
- Parties : (i) GH (as one of the Sellers);
(ii) GS (as one of the Sellers); and
(iii) Wanin International Co., Ltd. (as the Buyer).

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

Pursuant to the Share Purchase Agreement, the Buyer shall purchase and:

- (i) GH shall sell the GH Sale Shares at the GH Sale Shares Consideration; and
(ii) GS shall sell the WY Sale Shares and the GS Sale Shares at the WY Sale Shares Consideration and GS Sale Shares Consideration, respectively.

The Target Sale Shares represent approximately 35.71% of the total issued capital of the Target Company.

Total Consideration

The Total Consideration shall be NT\$1,249,834,985, which comprises of:

- (i) NT\$1,249,047,485, being the WY Sale Shares Consideration;
(ii) NT\$437,500, being the GH Sale Shares Consideration; and
(iii) NT\$350,000, being the GS Sale Shares Consideration.

For the basis of the Total Consideration, please refer to the section headed “*Basis of the Total Consideration and Adjusted Consideration*” in this circular.

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Payment of the Total Consideration

The WY Sale Shares Consideration

Prior to the signing of the Share Purchase Agreement, the Buyer deposited an amount equivalent to the WY Sale Shares Consideration in escrow.

On the WY Completion Date, 85% of the WY Sale Shares Consideration, being NT\$1,061,690,362 (“**First WY Consideration**”), together with the interests accrued on the First WY Consideration, was released from the escrow to GS.

On the Registration Completion Date, 15% of the WY Sale Shares Consideration, being NT\$187,357,123 (“**Remaining WY Consideration**”), together with the interests accrued on the Remaining WY Consideration, shall be released from the escrow to GS.

GHGS Sale Shares Consideration

The Buyer paid the GHGS Sale Shares Consideration in full to the Sellers on the GHGS Completion Date.

Registration Completion

If Registration Completion does not occur on or before the Registration Long Stop Date, the Sellers shall have the sole discretion to (i) terminate the Share Purchase Agreement, in which case, the WY Sale Shares, together with, among other things, any WY Dividend and Distribution received by the Buyer after the WY Completion Date shall be returned to GS, and GS shall return the First WY Consideration (together with all the interests received from the escrow) and release the Remaining WY Consideration from the escrow to the Buyer; or (ii) waive the right to receive the Remaining WY Consideration.

If Registration Completion does not occur on or before the Registration Long Stop Date and the Sellers do not make any election, the Sellers shall be deemed to waive the right to receive the Remaining WY Consideration.

As at the Latest Practicable Date, the Registration Completion had been completed and the Sellers have received the WY Sale Shares Consideration in full.

Appointment of directors and supervisor of Target Company

Upon (i) Registration Completion; or (ii) if Registration Completion did not take place on or before the Registration Long Stop Date and the Sellers elect to waive the right to receive the Remaining Consideration; or (iii) if the Sellers did not elect to terminate the Share Purchase Agreement before the Registration Long Stop Date, on the Registration Long Stop Date (whichever is earlier), GH and GS shall use reasonable efforts to cause the written notification of the appointment of the representatives nominated by the Buyer to be supervisor and directors of the Target Company.

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WY Completion and Registration Completion

The WY Completion and Registration Completion took place on the same date as the signing of the Share Purchase Agreement.

Conditions Precedent to the GHGS Completion

The GHGS Completion shall be subject to and conditional upon (i) the completion of the WY Completion; and (ii) the obtaining of the approval of the Department of Investment Review in Taiwan in respect of the transfer of the GHGS Sale Shares by GH and GS to the Buyer pursuant to the Share Purchase Agreement (the “**Conditions**”).

None of the Conditions is waivable, whether in full or in part, by the Sellers or the Buyer. As at the Latest Practicable Date, condition (i) have been fulfilled.

GHGS Completion

Subject to the fulfilment of the Conditions on or before the GHGS Completion Date, the GHGS Completion shall take place on the GHGS Completion Date. If for any reason, the GH Completion and/or the GS Completion did not take place, the Buyer shall still be required to complete the acquisition of the WY Sale Shares.

Post-Completion Adjustment of the Total Consideration

At anytime from the date of the Share Purchase Agreement until two years from the date of (i) the Registration Completion; or (ii) the receipt of the notice served by the Sellers to the Buyer to waive the right to receive the Remaining Consideration before the Registration Long Stop Date; or (iii) if the Sellers did not elect to terminate the Share Purchase Agreement before the Registration Long Stop Date, on the Registration Long Stop Date, any one or more of the members of the Buyer Group, directly or indirectly, individually or collectively, holds or controls more than 50% of the total issued capital or voting shares of the Target Company (in aggregate or on a standalone basis) (the “**Adjustment Condition**”), the Buyer shall immediately inform the Sellers of the fulfilment of the Adjustment Condition, and the Parties agreed to increase the Total Consideration to NT\$1,428,382,840 (the “**Adjusted Consideration**”).

The Buyer shall, within 14 Business Days of the satisfaction of the Adjustment Condition, pay the Sellers an additional amount equivalent to NT\$178,547,855, regardless of whether the GHGS Completion has taken place or not.

Rights to the Target Sale Shares during the Transition Period

The WY Sale Shares

Upon the WY Completion and until Registration Completion (the “**WY Transition Period**”), the Parties agreed that:

- (i) GS will make reasonable efforts to transfer the WY Dividend and Distribution (if any) declared after the WY Completion Date to the Buyer as soon as reasonably practicable upon actual receipt of the WY Dividend and Distribution; and

LETTER FROM THE BOARD

- (ii) GS shall appoint one person nominated by the Buyer as its representative in respect of the WY Sale Shares to attend and vote in the general meetings of the Target Company held during the WY Transition Period.

The GHGS Sale Shares

Upon the GHGS Completion and until the Buyer is the registered owner of the GHGS Sales Shares (the “**GHGS Transition Period**”), the Parties agreed that:

- (i) each of the Sellers will make reasonable efforts to transfer the GHGS Dividend and Distribution (if any) declared after the GHGS Completion Date to the Buyer as soon as reasonably practicable upon actual receipt of the GHGS Dividend and Distribution; and
- (ii) each of the Sellers shall appoint such person nominated by the Buyer as its representative to attend and vote in the general meeting(s) of the Target Company during the GHGS Transition Period.

Basis of the Total Consideration and Adjusted Consideration

The Total Consideration was determined after arm’s length negotiations between the Buyer and the Sellers with reference to the following:

- (i) the Enterprise Value of Target Company as at the date of the Share Purchase Agreement, which was largely determined based on the net asset value of the Target Company as at 31 December 2023 as set out in the local audit report in proportion to the shareholding interest of the Target Sale Shares of the Target Company;
- (ii) that the Target Sale Shares represent a minority interest in the Target Company;
- (iii) the P/B Ratios of the Comparables as set out in section headed “*P/B Ratios of the Comparable Companies and Comparable Transactions*” below; and
- (iv) the benefits of the Proposed Disposal, the details of which are set out in the section headed “*REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL*” below.

The Adjusted Consideration was determined after arm’s length negotiations between the Buyer and the Sellers with reference to the following:

- (i) the Enterprise Value of Target Company as at the date of the Share Purchase Agreement, which was largely determined based on the net asset value of the Target Company as set out in the local audit report in proportion to the shareholding interest of the Target Sale Shares of the Target Company;
- (ii) in the event that the Buyer acquires further shares from other shareholders and obtain a controlling interest in the Target Company, the “minority interest” discount issue when determining the Total Consideration would become less relevant;

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- (iii) the P/B Ratios of the Comparable Companies and Comparable Transactions as set out in section headed “P/B Ratios of the Comparable Companies and Comparable Transactions” below; and
- (iv) the benefits of the Proposed Disposal, the details of which are set out in the section headed “REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL” below.

In light of the above, the Board is of the view that the Proposed Disposal is in the interest of the Company and the Shareholders as a whole.

P/B Ratios of the Comparable Companies and Comparable Transactions

Given the niche nature of the cinema operation business, there is a limited amount of readily available information regarding the valuation of comparable companies. In selecting the valuation methodology, the Company considered various options, such as the earnings per share method and the price-to-earnings ratio method. However, given the severe impact of COVID-19 on the cinema operation industry and the overall economic conditions in Hong Kong and globally throughout 2023, the Company considered that these methods could not truly reflect the worth of a company and might potentially undervalue the Target Company. The Company therefore has made reference to (a) the P/B Ratios of 13 comparable companies (including 4 listed companies principally engaged in the cinema business in the US, Canada, Australia, and Belgium, and 9 listed companies principally engaged in the cinema business in Asia) (the “**Comparable Companies**”). These companies represent an exhaustive list of companies that are principally engaged in the cinema operation business and are listed on the Hong Kong Stock Exchange, the New York Stock Exchanges, Euronext Brussels, the Toronto Stock Exchange, the Shenzhen Stock Exchange, the National Stock Exchange of India, the Jakarta Stock Exchange, the Korea Stock Exchange, the Stock Exchange of Thailand, and the Stock Exchange of Singapore; and (b) the P/B Ratios of 2 comparable transactions involving the acquisition of a controlling stake in the cinema operation business conducted by its peers in the PRC (the “**Comparable Transactions**”).

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(a) the Company has identified the following Comparable Companies:

Global Cinemas	Scope of Business	Type of Company and its Listing Venue	P/B Ratio ¹
Cinemark Holdings, Inc. (NYSE: CNK)	A US based movie theatre chain engaged in the motion picture exhibition business	Public company listed on the New York Stock Exchange	6.63 as of 20 May 2024
Kinepolis Group (EBR: KIN)	A Belgium based diversified media company engaged in operating in the cinema industry	Public company listed on the Euronext Brussels	5.33 as of 20 May 2024
EVT Limited (ASX: EVT)	An Australia based company that principally engaged in cinema exhibition operations	Public company listed on the Australian Securities Exchange	1.89 as of 20 May 2024
AMC Entertainment Holdings (NYSE: AMC)	A US based company that engages in the theatrical exhibition business through its subsidiaries	Public company listed on the New York Stock Exchange	Not available ²
Cineplex Inc. (TSX:CGX)	A Canadian based company that operates movie theatre and family entertainment centres	Public company listed on the Toronto Stock Exchange	89.15 as of 17 May 2024

¹ Save as otherwise disclosed, the PB Ratios of the relevant companies are extracted from publicly available information

² Given that the value of equity attributable to the owners of AMC Entertainment Holdings for the year ended 31 December 2023 is negative, the Company is unable to calculate the P/B Ratio of AMC Entertainment Holdings

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Asia Cinemas	Scope of Business	Type of Company and its Listing Venue	P/B Ratio ²
Emperor Culture Group Limited (HKEX:0491)	An investment holding company, engages in entertainment, media and cultural development businesses, which mainly include cinema operation	Public company listed on the Stock Exchange	Not available ³
eSun Holdings Limited (HKEX:0571)	The principal activities of such company include the production and distribution of films and TV programs, music production and publishing, management and production of concerts, artiste management and cinema operation	Public company listed on the Stock Exchange	0.17 as of 31 January 2024 ⁴
Wanda Cinema Line Co., Ltd (002739.SZ)	A PRC-based company that is principally engaged in the investment, construction, operation and management of cinemas	Public company listed on the Shenzhen Stock Exchange	3.69 as of 21 May 2024
Shaw Brothers Holdings Limited (HKEX:00953)	An investment holding company, engages in the production of films, drama and non-drama, and artiste and event management	Public company listed on the Stock Exchange	0.32 as of 31 December 2023 ⁵
PVR INOX Limited (NSE: PVRINOX)	A diversified media company engaged in the film entertainment industry in India	Public company listed on the National Stock Exchange of India	1.78 as of 17 May 2024

³ Given that the value of equity attributable to the owners of Emperor Culture Group Limited for the six months ended 31 December 2023 is negative, the Company is unable to calculate the PB Ratio of Emperor Culture Group Limited

⁴ Which was calculated by the Company based on information extracted from the 2024 interim report of eSun Holdings Limited published on 18 April 2024

⁵ Which was calculated by the Company based on information extracted from the 2023 annual report Shaw Brothers Holdings Limited published on 30 April 2024

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Asia Cinemas	Scope of Business	Type of Company and its Listing Venue	P/B Ratio ²
Cinema XXI (PT Nusantara Sejahtera Raya Tbk) (CNMA: JKT)	The largest cinema chain operator in Indonesia with years of experience in the film exhibition industry	Public company listed on the Jakarta Stock Exchange	3.62 as of 20 May 2024
CJ CGV Co., Ltd. (079160: Korea SE)	The largest multiplex cinema chain in South Korea and also has branches in China, Indonesia, Myanmar, Turkey, Vietnam, and the United States	Public company listed on the Korea Stock Exchange	1.31 as of 20 May 2024
Major Cineplex Group Public Company Limited (MAJOR.BK)	A Thailand based diversified media company primarily engaged in the operation of cinemas	Public company listed on the Stock Exchange of Thailand	1.96 as of 20 May 2024
mm2 Asia Ltd. (SGX:1B0)	A regional film studio, production, and distribution company, headquartered in Singapore	Public company listed on the Singapore Stock Exchange	1.61 as of 20 May 2024

Among the Comparable Companies, the Company noted that for companies that are engaged in the cinema operation business around the world, the average P/B Ratio is 9.79, and the range of P/B Ratios is from 0.17 to 89.15. Considering that the P/B Ratio of Cineplex Inc. is an outlier when comparing to the other P/B Ratios, the Company considers that the P/B Ratio of Cineplex Inc. should be excluded when determining the average and range of P/B Ratios of Comparable Companies. After excluding the P/B Ratio of Cineplex Inc., the average P/B Ratio is 2.57, and the P/B Ratios range from 0.17 to 6.63; for companies that are engaged in cinema operation business in Asia, the average P/B Ratio is 1.8 and the range of P/B Ratios is from 0.17 to 3.69.

- (b) the Company has also made reference to the P/B Ratios of the following Comparable Transactions, which includes:
- a. the acquisition of 97.6% interests in Changzhou Hengxuan Consulting Management Co. Ltd (“**Changzhou Hengxuan**”), a company incorporated in the PRC, by a Hong Kong company in September 2023. Changzhou Hengxuan operates its business through its PRC subsidiary, which is principally engaged in the investment and management in the cinematic industry in the PRC. Since Changzhou Hengxuan is a private company and the Company is unable to ascertain its market capitalization based on publicly available information, the

LETTER FROM THE BOARD

Company has assumed that the market capitalization of Changzhou Hengxuan is equivalent to the consideration of the acquisition, and accordingly, the P/B Ratio of Changzhou Hengxuan was approximately 8.23x; and

- b. the acquisition of 49% and 51% interests in Beijing Wanda Investment Co., Ltd. (北京萬達投資有限公司) (“**Wanda Investment**”) by two PRC companies in July 2023 and December 2023, respectively. Wanda Investment held approximately 20% interest in a PRC-based company that is listed on the Shenzhen Stock Exchange and is principally engaged in the investment, construction, operation and management of cinemas. The P/B Ratio of Wanda Investment as of 21 May 2024 was approximately 3.69x.

While the Comparable Companies and the companies the Company made reference to in the Comparable Transactions (together with the Comparable Companies, the “**Comparables**”) are situated in different geographic locations and are listed on different stock exchanges around the world, considering that the list of Comparables represents an exhaustive list of companies that are principally engaged in the cinema operation business, the Board is of the view that it has adequately represents the performance of the cinema operation business globally, and that the Comparables that the Company had made reference to are adequate, fair and representative.

In light of the above and after taking into the account factors as set out above, the Company noted that the Target Sale Shares only represent a minority interest in the Target Company, and the P/B Ratios of 4.76X (being the product of the Enterprise Value of the Target Company divided by the net asset value of the Target Company as set out in the local audit report of the Target Company as of 31 December 2023 (the “**Local Audit NAV**”)) and 5.44X (being the product of the Enterprise Value of the Target Company after obtaining a controlling stake in the Target Company divided by the net asset value of the Target Company as set out in the Local Audit NAV) are within the range of the Comparables. Therefore, the Company considered that the Total Consideration and the Adjusted Consideration are fair and reasonable.

LETTER FROM THE BOARD

INFORMATION OF THE TARGET COMPANY

The Target Company

The Target Company is a company incorporated under the laws of Taiwan with limited liability and is principally engaged in cinema operation and film distribution and investment holding in Taiwan. The Target Company is the largest cinema chain in Taiwan operating a total of 18 cinemas, comprising of 196 screens as at the Latest Practicable Date.

Set out below is the Group's audited financial information of the Target Company for the two years ended 31 December 2023:

	For the year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Revenue	1,112,604	862,198
Equity	56,184	130,396
Profit/(Loss) before tax	10,855	(47,611)
Profit/(Loss) after tax	6,483	(63,806)

As at 31 December 2023, based on the Group's audited financial information of the Target Company, the net asset value of the Target Company is approximately HK\$56.2 million.

Based on the Local Audit NAV, the net asset value of the Target Company amounted to NTD734.6 million (amounting to HK\$176.3 million).

The difference between the Local Audit NAV and the net asset value as set out in the Company's audited financial statement for the year ended 31 December 2023 was attributable to the difference in accounting standards adopted by the Company and the local audit of the Target Company. The Target Company adopted the Taiwan GAAP in preparing its financial statements for local statutory audit, while the Company adopted the HKFRS in preparing the financial statements of the Group.

In addition, under Taiwan GAAP, there is no right-of-use assets and lease liabilities to be recognised. However, under HKFRS 16, companies are required to recognise both right-of-use assets and lease liabilities for all lease agreements. While these two items are initially recorded at the same value, their values change over time. This difference between the two accounting standards arises due to the way of depreciation recorded versus the payment pattern of lease liabilities. The depreciation of right-of-use assets under HKFRS 16 usually adopts the straight-line method, whereas the payment of lease liabilities is amortised using a step-up basis given the earlier period payments are less than later period payments. As a result of timing differences, lease liabilities recorded at 31 December 2023 are higher than the related right-of-uses recorded under HKFRS 16 which leads to the Local Audit NAV being higher than the net asset value set out in the Company's audited financial statement at 31 December 2023.

LETTER FROM THE BOARD

INFORMATION OF THE BUYER

The Buyer is a company incorporated in Taiwan and is wholly owned by Hsiao Cheng-Hao (蕭政豪). The Buyer is principally engaged in game research and development, development of application program, film production and cinema operations. The Buyer also provide supports to cutting-edge media, E-Sports, Startup cultivation, and social charity. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer and its ultimate beneficial owner are independent from the Company and its connected persons.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the counterparty of the transaction (i.e. the Buyer) and (b) the Company, any connected person at the Company's level and/or any connected person of the Company's subsidiaries involved in the transaction.

INFORMATION OF THE GROUP

The Company is an investment holding company. The principal activities of the Group consist of worldwide film and video distribution, film exhibition and the provision of advertising and consultancy services in Hong Kong, Taiwan and Singapore and film and television programmes production in Hong Kong and the PRC. Following the Proposed Disposal, the Group will continue to own and engage in the following businesses:

- (i) its entire operations in Hong Kong, which engages in theatrical exhibition, film, video and television production and distribution business in Hong Kong;
- (ii) the 360 Stage operations and film and television programme distribution and production in the PRC; and
- (iii) the exhibition and film distribution business in Singapore.

The Group will continue to manage and generate revenue from the cinema operation businesses in Hong Kong and Singapore. As at the Latest Practicable Date, the Group operated 33 screens in 8 cinemas in Hong Kong, and 125 screens in 16 cinemas in Singapore.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

Taking into consideration the current financial position and business operation of the Group and the overall economy, the Board is of the opinion that the Proposed Disposal represents a favourable opportunity to realise the value of the Target Sale Shares at a reasonable price.

It is estimated that (i) 40% of the net proceeds received from the Proposed Disposal is expected to be used to as general working capital of the Group; and (ii) 60% of the net proceeds will be used to repay the Group's existing bank loans in order to reduce the Group's leverage and also to reduce the finance cost of the Group under the high interest environment.

LETTER FROM THE BOARD

The Board believes that the Proposed Disposal would not affect the operations of the Group's business. The Board is also of the view that the terms of the Share Purchase Agreement and transactions contemplated under the Share Purchase Agreement are on normal commercial terms and are fair and reasonable to the Company and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

Upon completion of the Proposed Disposal, the Group will no longer hold any interests in the Target Company. It is expected that (a) the Company will record a gain from the Proposed Disposal of approximately HK\$270,000,000, which is calculated based on the difference between (i) the Total Consideration received by the Company after deducting all the estimated costs in relation to the Proposed Disposal, and (ii) the Group's interest in the Target Company based on the Group's consolidated financial statement of approximately HK\$20,063,000 as at 31 December 2023; and (b) the Company will record a gain from the Proposed Disposal of approximately HK\$286,000,000, which is calculated based on the difference between (i) the Total Consideration received by the Company after deducting all the relevant costs (being HK\$7,000,000) in relation to the Proposed Disposal; and (ii) the Group's interest in the Target Company based on the Group's consolidated financial statement of approximately HK\$9,000,000 as at the Latest Practicable Date. The Group's assets is expected to increase by approximately HK\$286,000,000 and there is no impact on the Group's liabilities. Shareholders should note that the exact amount of the gain on the Proposed Disposal to be recorded in the consolidated income statement of the Group at the financial year where the Proposed Disposal had been completed, and will be subject to audit and the relevant price adjustment, and calculated based on the net asset value of the Target Company as at WY Completion and/or GHGS Completion and net of any incidental expenses, tax expenses, transaction costs and any exchange rate fluctuation before WY Completion and/or GHGS Completion and therefore may vary from the figures provided above.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under Rule 14.04(9) of the Listing Rules and confirmed by the Hong Kong Stock Exchange) for the Proposed Disposal is more than 25% but less than 75%, the Proposed Disposal constitutes a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company having the right to attend and vote at the general meeting to approve the Share Purchase Agreement and the transactions contemplated thereunder. As of the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Share Purchase

LETTER FROM THE BOARD

Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder.

WRITTEN SHAREHOLDERS' APPROVAL

On 21 June 2024, the Company obtained a written Shareholder's approval for the Proposed Disposal from a closely allied group of Shareholders, namely (i) Mainway Enterprises Limited, a company wholly owned by Mr. Wu Kebo (which is interested in 1,432,858,549 Shares, representing approximately 51.18% of the entire issued share capital of the Company as at the Latest Practicable Date); and (ii) Orange Sky Entertainment Group (International) Holding Company Limited, a company which is 80% owned by Mr. Wu Kebo (which is interested in 565,719,948 Shares, representing approximately 20.21% of the entire issued share capital of the Company as at Latest Practicable Date. Accordingly, no Shareholders' meeting will be convened by the Company to approve the Proposed Disposal and the transactions contemplated under the Share Purchase Agreement.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the opinion that the terms and conditions of the Share Purchase Agreement, which have been reached after arm's length negotiations between the Sellers and the Buyer, are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting was to be convened, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution to approve the Proposed Disposal, the Share Purchase Agreement and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn towards the information set out in the appendices to this circular.

Yours faithfully,

By order of the board of directors of

Orange Sky Golden Harvest (Entertainment) Holdings Limited

Wu Kebo

Chairman and Executive Director

FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2023, 2022 and 2021 are disclosed in the following documents, which has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.osgh.com.hk>):

- annual report of the Company for the year ended 31 December 2023, on pages 94 to 167;
- annual report of the Company for the year ended 31 December 2022, on pages 92 to 159; and
- annual report of the Company for the year ended 31 December 2021, on pages 90 to 162.

WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the effect of the Proposed Disposal and the financial resources available to the Group including internally generated funds and other financial resources, the Group will have sufficient working capital for its present requirements, that is for at least the next twelve months from the date of publication of this circular, in the absence of unforeseeable circumstances.

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2024, being the latest practicable date of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the details of the Group's indebtedness are as follows:

Bank borrowings

The Group had aggregate outstanding bank borrowings of approximately HK\$259,640,000, details of which are set out below:

	<i>HK\$</i>
Bank borrowings — secured and guaranteed	256,400,000
Bank borrowings — unsecured and guaranteed	3,240,000
Total bank borrowings	259,640,000

The bank borrowings granted to the Group were secured by pledged cash, two properties and the equity interests in 12 subsidiaries of the Company.

Lease liabilities

The Group had lease liabilities with outstanding principal amount of approximately HK\$457,400,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 July 2024, being the latest practicable date of ascertaining information contained in this statement of indebtedness prior to the printing of this circular, the Group did not have any material mortgages, charges, debentures, loan capital, debt securities, term loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade payables) or acceptance credits, guarantees or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Since the outbreak of COVID-19 in early 2020, the business environment of the Group and the overall economic condition of Hong Kong have been severely impacted by the strict quarantine and social distancing measures implemented by the governments in Hong Kong and various countries. Cinemas are being forced to close for an extended period of time, and the box office and the financial performance of the Group have been adversely affected.

Notwithstanding the above, the Company is of view that the drop in the Company's financial performance is only temporary. The cinema operation business has moved on from the COVID-19 era to the post-COVID era.

Based on the reasons set out below, the Company is of the view that the cinema related industry has already shown indications that it is gradually recovering to the pre-COVID level and is ready for a rebound:

(a) Increase in the Group's Revenue and Admissions

The Group recorded a 15% increase in the film exhibition segment revenue for the year ended 31 December 2023 as compared to 2022, and the total number of admissions for the year ended 31 December 2023 increased 20% as compared to 2022, which indicate that the number of admission is gradually resuming to the pre-COVID level.

(b) Proven Demand for Quality Movies

During the pandemic, the release of many Hollywood blockbuster movies, including Black Adam, Black Widow, Black Panther: Wakanda Forever, Doctor Strange in the Multiverse of Madness, and Dune, were delayed due to COVID-19. Moreover, a number of movies, including but not limited to Mulan and The Trial of the Chicago 7, have been rescheduled from theatrical release to online streaming. These highly anticipated film releases usually attract viewers to attend movies in the cinema. The delay or change of the airing platforms would demotivate viewers from attending movie cinemas, which in turn has led to a decrease in admission and revenue for the Group.

While 2023 was a challenging year for film industry, the successful box offices of the Barbie, Oppenheimer and the Taylor Swift's blockbuster concert movie show signs that the streaming tide was starting to flip. The market is projecting a positive outlook for the performance of the box office in the long run.

(c) Successful Local Movies

Apart from Hollywood blockbusters and above contents, the film industry is also inspired by the success of local productions. Based on publicly available information, the box office of Twilight of the Warriors: Walled In (九龍城寨之圍城) has already surpassed RMB500 million in the PRC and HK\$65 million in Hong Kong as of 20 May 2024. Additionally, the producer of Twilight of the Warriors: Walled In (九龍城寨之圍城) has already announced the confirmation of a prequel and a sequel for Twilight of the Warriors, which demonstrated that there is investor sentiment for quality movie products, and investors are willing to invest in the movie production industry again.

In addition to the above, the Company is of view that the traditional cinema still offers a better visual technology and better equipment than home theatre, the traditional cinema operation business still offers a unique form of immersive experience and could not be replaced by other forms of entertainment.

As supported by the box office of the latest release, the number of admissions, the revenue growth of the Group for the year ended 31 December 2023, and the upcoming pipelines, it is expected that public will gradually restore confidence in the traditional cinema operation business may gradually restore to the pre-COVID level.

MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date of the latest published audited financial statements of the Group were made up to) and up to and including the Latest Practicable Date.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

DISCLOSURE OF INTERESTS IN SECURITIES**Interests and short positions of Directors and chief executive in Shares, underlying Shares and debentures**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of Director/ Chief Executive	Capacity	Note	Number of Shares held	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company
Wu Kebo	Interest of controlled corporations	1	1,998,578,497 (L)	—	1,998,578,497 (L)	71.39%
Li Pei Sen	Beneficial owner	—	200,000 (L)	—	200,000 (L)	0.01%
Leung Man Kit	Beneficial owner	—	370,000 (L)	—	370,000 (L)	0.01%
Wong Sze Wing	Beneficial owner	—	170,000 (L)	—	170,000 (L)	0.01%

Abbreviations:

“L” stands for long position in the Shares.

Note:

* Such percentages have been compiled based on the total number of Shares in issue (i.e. 2,799,669,050) as at the Latest Practicable Date.

1. By virtue of the SFO, as at the Latest Practicable Date, Mr. Wu was deemed to be interested in a total of 1,998,578,497 Shares, of which (i) 565,719,948 Shares were held by Orange Sky Entertainment Group (International) Holding Company Limited (a company which is 80% owned by Mr. Wu); and (ii) 1,432,858,549 Shares were held by Mainway Enterprises Limited (a company wholly-owned by Mr. Wu).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Notifiable interests and short positions of substantial shareholders and other persons in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company in accordance with disclosure by the substantial shareholders under Part XV of the SFO, the following persons, other than Directors and chief executive of the Company, had an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the section 336 of Part XV of the SFO:

Name of Director/ Chief Executive	Capacity	Note	Number of Shares held	Number of underlying Shares	Total number of Shares and underlying Shares	*Approximate percentage of Shares and underlying Shares in the issued share capital of the Company
Wu Kebo	Interest of controlled corporations	1	1,998,578,497 (L)	—	1,998,578,497 (L)	71.39%
Orange Sky Entertainment Group (International) Holding Group Limited 橙天娛樂集 團(國際)控股有限公司	Beneficial owner	2	565,719,948 (L)	—	565,719,948 (L)	20.21%
Mainway Enterprises Limited	Beneficial owner	3	1,432,858,549 (L)	—	1,432,858,549 (L)	51.18%

Abbreviations:

“L” stands for long position in the Shares.

Notes:

- * *Such percentages have been compiled based on the total number of Shares in issue (i.e. 2,799,669,050) as at the Latest Practicable Date.*
1. By virtue of the SFO, as at the Latest Practicable Date, Mr. Wu was deemed to be interested in a total of 1,998,578,497 Shares, of which (i) 565,719,948 Shares were held by Orange Sky Entertainment Group (International) Holding Company Limited (a company which is 80% owned by Mr. Wu); and (ii) 1,432,858,549 Shares were held by Mainway Enterprises Limited (a company wholly-owned by Mr. Wu).
 2. Orange Sky Entertainment Group (International) Holding Company Limited (a company 80% owned by Mr. Wu) was interested in 565,719,948 Shares. Mr. Wu is a director of Orange Sky Entertainment Group (International) Holding Company Limited and Mr. Li Pei Sen is the associate Chairman of OSEG.
 3. Mainway Enterprises Limited is a company wholly owned by Mr. Wu, who is also a director of Mainway Enterprises Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person other than a Director or chief executive of the Company who had, as at the Latest Practicable Date, an interest or a short position in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and was required to be notified to the Company pursuant to section 336 of Part XV of the SFO.

Directors' interests in contracts, arrangements and assets

As at the Latest Practicable Date,

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to the Company or any of its subsidiaries, or are proposed to be acquired or disposed of by, or leased to, the Company or any of its subsidiaries; and
- (ii) none of the Directors is materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which contract or arrangement is subsisting at the date of this circular and which is significant in relation to the business of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any service contract with any member of the Group which will not expire or be terminable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MATERIAL CONTRACTS

Save for the Share Purchase Agreement, and the escrow agreement entered into between the escrow agent, the Buyer and the Sellers, there is no other contract, not being contract entered into in the ordinary course of business, which has been entered into by members of the Group within two years preceding the Latest Practicable Date, and is or may be material.

LITIGATION

Legal proceedings relating to the Target Company

On 27 May 2014, the Company announced that there has been a shareholders' dispute in the Target Company. Prior to the completion of the Proposed Disposal, 35.71% interest of the Target Company is owned by Golden Sky Entertainment Limited, a wholly-owned subsidiary of the Company ("GSE"), and one of the principal businesses of which is to operate and manage cinemas in Taiwan, whereby GSE and two other shareholders of the Target Company (the "**Vie Show Shareholders**") served a written notice on Bau Tzuoh Investment Co., Ltd. (寶座投資股份有限公司), Taijian Investment Holdings Co., Ltd.* (泰建投資股份有限公司) and Tailuen Investment Holdings Co., Ltd.* (泰聯投資股份有限公司) (collectively, "**Bau Tzuoh Companies**") to, among other things, terminate the shareholders' agreement with the Bau Tzuoh Companies with effect on 23 May 2014 according to the laws of Taiwan and requesting for a forced sale of all of the issued shares of Target Company held by Bau Tzuoh Companies to Vie Show Shareholders.

On 21 July 2014 and 20 January 2016, the Company further issued announcements (the "**Vie Show Announcements**") that, among other things, (i) the Vie Show Shareholders had filed a lawsuit against the Bau Tzuoh Companies the "**Claim**") with the Taipei District Court of Taiwan (the "**Court**") on 15 July 2014, (ii) on 15 January 2016, the Court issued judgment and dismissed the Claim, and (iii) in November 2014, the Bau Tzuoh Companies filed a separate law suit against the Vie Show Shareholders with the Court, seeking the Court's judgment for a transfer of the entire issued shares held by the Vie Show Shareholders to the Bau Tzuoh Companies (the "**Bau Tzuoh Companies Claim**").

On 30 December 2016, the Court issued judgment and dismissed the Bau Tzuoh Companies Claim. Both the Vie Show Shareholders and the Bau Tzuoh Companies had filed respective appeals against the Court's judgments to the Taiwan High Court. On 19 and 25

October 2017, the Taiwan High Court issued judgements and dismissed both appeals respectively. Both the Vie Show Shareholders and the Bau Tzouh Companies filed appeals against the Taiwan High Court judgement to the Supreme Court of Taiwan on 15 and 30 November 2017, respectively.

On 21 January 2019, the Supreme Court of Taiwan issued judgment to vacate the judgement for the Bau Tzuoh Companies Claim made by the Taiwan High Court, and remitted the case to the Taiwan High Court. On 31 March 2020, the Taiwan High Court issued judgment and dismissed the appeal filed by Bau Tzuoh Companies. Bau Tzuoh Companies filed an appeal against the Taiwan High Court's judgment to the Supreme Court of Taiwan. On 15 July 2021, the Supreme Court of Taiwan issued judgment to vacate the judgment for the Bau Tzuoh Companies Claim made by the Taiwan High Court, and remitted the case to the Taiwan High Court again. On 13 October 2023, the Taiwan High Court once again issued judgment and dismissed the appeal filed by Bau Tzuoh Companies. Bau Tzuoh Companies has filed an appeal against the Taiwan High Court's judgment to the Supreme Court of Taiwan. The case is currently being heard by the Supreme Court of Taiwan.

On 27 June 2019, the Supreme Court of Taiwan dismissed the appeal filed by the Vie Show Shareholders regarding the judgement for the Vie Show Shareholders Claim made by the Taiwan High Court. The Vie Show Shareholders filed a motion for a retrial for the judgement made by the Supreme Court of Taiwan on 5 August 2019. The motion for retrial filed by the Vie Show Shareholders was dismissed by the Supreme Court of Taiwan on 12 March 2020. The Vie Show Shareholders lodged an appeal for a retrial in respect of the certain judgement for the Vie Show Shareholders Claim made by the Taiwan High Court on 12 August 2019. The Taiwan High Court issued judgment and dismissed the appeal for retrial lodged by the Vie Show Shareholders on 10 August 2021. The Vie Show Shareholders filed an appeal against the Taiwan High Court's judgment to the Supreme Court of Taiwan. The Supreme Court of Taiwan issued judgment and dismissed the appeal filed by the Vie Show Shareholders on 2 March 2022.

As disclosed in the Vie Show Announcements, the Company intends to actively defend the Bau Tzuoh Companies Claim or any other claims that may be brought by the Bau Tzuoh Companies.

Legal proceeding relating to the Group

On 4 September 2018, the Company announced that Giant Harvest Limited ("**Giant Harvest**"), the indirect wholly-owned subsidiary of the Company, has commenced legal proceedings against True Vision Limited ("**True Vision**") and Nan Hai Corporation Limited ("**Nan Hai**") claiming a sum of US\$37,383,975 (the "**Third Guarantee Amount**"), being the balance of the total consideration under the sale and purchase agreement dated 25 January 2017 entered into between Giant Harvest, the Company, True Vision and Nan Hai in respect of the disposal of the entire issued share capital of City Entertainment Corporation Limited ("**City Entertainment**") by Giant Harvest to True Vision (the "**CE Sale and Purchase Agreement**"), and seeking other remedies, including interest and costs.

Pursuant to the CE Sale and Purchase Agreement, on the next business day following six months from the closing date, the Third Guarantee Amount shall be transferred from an escrow account designated by Giant Harvest and True Vision which was operated by an escrow agent (the “**Joint Account**”), to the offshore bank account designated by the Vendor (“**Offshore Bank Account**”). As True Vision did not execute the joint written instructions to the escrow agent of the Joint Bank Account (the “**Joint Instruction**”) for the purpose of instructing to transfer the Third Guarantee Amount to the Offshore Bank Account, the escrow agent was unable to pay the Third Guarantee Amount to Giant Harvest. Despite repeated demands made by Giant Harvest, True Vision failed to execute the Joint Instruction to enable the escrow agent to pay the Third Guarantee Amount to Giant Harvest. Giant Harvest subsequently demanded Nan Hai, the guarantor of True Vision, to perform the obligations of True Vision by paying the Third Guarantee Amount to Giant Harvest, but Nan Hai has failed to perform such payment obligation.

Having reviewed outstanding claims and taking into account legal advice received, the Directors are of the opinion that even if the claims are found to be valid, there will be no material adverse effect on the financial position of the Group.

Save for the above matter, as at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any member of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The principal place of business of the Company is at Unit 2101, YF Life Tower, 33 Lockhart Road, Wan Chai, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (d) The company secretary of the Company is Ms. Cheung Hei Ming, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators respectively.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

DOCUMENTS ON DISPLAY

The Share Purchase Agreement and the escrow agreement entered into between the escrow agent, the Buyer and the Sellers will be published on both the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.osgh.com.hk>) for a period of 14 days from the date of this circular.