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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)

COMMENCEMENT OF LEGAL PROCEEDINGS

This announcement is made by Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Unless otherwise defined, terms used in this announcement shall have the same meanings as those that were set out in the Circular (as defined below).

BACKGROUND

Reference is made to the announcements of the Company dated 9 February 2017, 7 March 2017, 19 April 2017, 21 June 2017, 27 June 2017, 20 July 2017, 28 July 2017, 10 August 2017 and 31 August 2017, and the circular dated 13 March 2017 (the “**Circular**”), in relation to, among others, the entering into of the sale and purchase agreement dated 25 January 2017 (the “**Sale and Purchase Agreement**”) by (i) Giant Harvest Limited (“**Giant Harvest**”), an indirect wholly-owned subsidiary of the Company, as the vendor, (ii) the Company, as the guarantor of Giant Harvest, (iii) True Vision Limited (“**True Vision**”), as the purchaser, and (iv) Nan Hai Corporation Limited (“**Nan Hai**”), as the guarantor of True Vision.

Pursuant to the Sale and Purchase Agreement, Giant Harvest agreed to sell, and True Vision agreed to purchase, the entire equity interests in City Entertainment Corporation Limited (“**City Entertainment**”) at a consideration based on the enterprise value of City Entertainment of RMB3.387 billion (subject to adjustments with reference to, inter alia, the closing audit) (the “**Disposal**”). The Disposal was completed on 28 July 2017.

As agreed by the Parties, on the next Business Day following six months from the Closing Date, the Third Guarantee Amount (which is in effect the balance of the total consideration) 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. Pursuant to, inter alia, the closing audit, Giant Harvest has calculated the Third Guarantee Amount to be RMB252,207,249 (equivalent to US\$37,383,975).

* For identification purpose only

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.

COMMENCEMENT OF LITIGATION

In order to safeguard the legitimate rights and interests of the Group, Giant Harvest has commenced legal proceedings against True Vision and Nan Hai on 4 September 2018 (the “**Litigation**”) claiming a sum of US\$37,383,975, being the Third Guarantee Amount, and seeking other remedies, including interest and costs.

The Company will make further announcement as appropriate in relation to the progress of the Litigation.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 4 September 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