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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)

UPDATE ON LEGAL PROCEEDINGS

Reference is made to the announcements of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the “**Company**”) dated 4, 10 September, 2, 9 November 2018 and 27 April 2026 (the “**Announcements**”). This announcement is made by the Company pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and 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 Announcements.

FURTHER DETAILS OF THE JUDGMENT

As disclosed in the Announcement dated 27 April 2026, the Court has handed down the Judgment in respect of the Litigation.

As explained in the Judgment, True Vision counterclaimed against the Company and Giant Harvest (the “**OSGH Parties**”) for:

- **Counterclaim 1:** The amount of RMB380,000,000 as stipulated in paragraph 2.3 of Schedule 6 of the Sale and Purchase Agreement (the “**Compensation Amount**”), as Giant Harvest purportedly failed to: (1) procure the renewal of the lease (the “**MIXC Lease**”) of a commercially valuable cinema located in an upmarket shopping mall in Shenzhen known as 萬象城 (“**MIXC Cinema**”), in accordance with the renewal conditions in clause 8.2(b) of the Sale and Purchase Agreement (“**Renewal Conditions**”), and (2) secure any leases for other cinemas in tier-1 Mainland cities (“**Substitute Cinemas**”) in accordance with the agreed stipulated conditions (“**Prescribed Conditions**”), *in lieu* of the MIXC Lease. Schedule 5 of the Sale and Purchase Agreement named five such Substitute Cinemas and set out their respective Prescribed Conditions. In the Litigation, the parties disputed whether the Prescribed Conditions for three such Substitute Cinemas — namely, the Beijing Great Wall Cinema, Shenzhen Xinghui Cinema, and Shanghai Xinghui Cinema — were met.

- **Counterclaim 2:** Damages for Giant Harvest’s purported breach of various warranties, representations and/or undertakings as stipulated in the Sale and Purchase Agreement (“**Damages Amount**”), as Giant Harvest failed to pay for various construction expenditures, taxes, theatre rentals and other outstanding amounts in the normal and usual course of business. The sums said to be unpaid were particularized in section F and Schedules 1 to 3 of True Vision’s Re-re-Amended Consolidated Defence and Counterclaim.

In respect of **Counterclaim 1**, the Court found that True Vision was entitled against the OSGH Parties jointly and severally to the sum of RMB294,500,000, being the Compensation Amount minus the agreed commercial value of the Shanghai Xinghui Cinema (RMB85,500,000), together with interest at the prevailing HSBC prime rate plus 1% from 11 October 2018 until judgment.

In reaching that conclusion, the Court first found in favour of True Vision’s claim for the Compensation Amount of RMB380,000,000, as the MIXC Lease was not renewed.

The Court then considered the question of whether Giant Harvest secured leases in respect of the Beijing Great Wall Cinema, Shenzhen Xinghui Cinema, and Shanghai Xinghui Cinema that met the Prescribed Conditions, such that their agreed commercial values could be deducted from the Compensation Amount.

- **Beijing Great Wall Cinema:** The Court found that the lease for this cinema had not been signed, despite that the pleadings of both sides proceeded on the premise that it was. Therefore, the Court ruled that the Beijing Great Wall Cinema did not qualify as a “Substitute Cinema”, and its agreed commercial value (RMB150,000,000) could not be deducted from the Compensation Amount.
- **Shenzhen Xinghui Cinema:** The Court ruled that (as a matter of contractual interpretation or by implication) to qualify as a “Substitute Cinema”, the premises of the Substitute Cinemas must be capable of being operated as a cinema and must meet, or alternatively be objectively capable of meeting, all applicable PRC laws and regulations for that purpose. The Court found that the burden was on the OSGH Parties to prove that the Shenzhen Xinghui Cinema premises met the aforesaid condition and the Court held that this condition was not satisfied on the evidence. Accordingly, the Court found that the Shenzhen Xinghui Cinema did not qualify as a “Substitute Cinema”, and its agreed commercial value (RMB133,000,000) could not be deducted from the Compensation Amount.
- **Shanghai Xinghui Cinema:** The Court ruled that to qualify as a “Substitute Cinema”, the premises of the Substitute Cinemas do not have to be objectively capable of achieving the “*agreed annual box office revenues*” in Schedule 5 to the Sale and Purchase Agreement and/or Schedule 4 of the SPA Confirmation Letter (as defined in the Judgment) Accordingly, the Court found that the Shanghai Xinghui Cinema qualified as a “Substitute Cinema”.

The Court also decided that True Vision was entitled to set off the sum of RMB294,500,000 plus interest against the Third Guarantee Amount (in the sum of US\$37,434,469) plus interest that Giant Harvest was entitled to (“**Set-off**”).

At paragraph 279 of the Judgment, the Court ordered the parties to use their best endeavours to work out arithmetically the *quantum* of the sum due from the OSGH Parties to True Vision after the Set-off (“**Sum**”) within 14 days of the Judgment (11 May 2026). On 11 May 2026, the parties jointly applied for a time extension in relation thereto. On 18 May 2026, the parties were unable to agree on the *quantum* of the Sum and filed their respective submissions in relation to this issue. As of the date of this Announcement, the Court has not made any determination.

In respect of **Counterclaim 2**, the Court dismissed it and found that True Vision was not entitled to the Damages Amount or any part thereof, as it failed to prove that Giant Harvest was in breach of any of the warranties, representations and/or undertakings pursuant to clauses 7.1(b), 7.1(d), and 10.1 of the Sale and Purchase Agreement. Accordingly, Counterclaim 2 was dismissed.

THE COMPANY’S APPEAL AND STAY APPLICATION

On 26 May 2026, after taking legal advice, a notice of appeal in relation to the Judgment was served on the Nan Hai Parties and submitted to Court under CACV 532/2026 (the “**Appeal**”). Materially, the OSGH Parties claim for orders that (*inter alia*) “*judgment be entered in favour of the OSGH Parties against True Vision and Nan Hai on a joint and several basis in the sum of RMB433,529,087.28, or any other sum as the Court thinks fit, together with interest at the prevailing HSBC prime rate plus 1% from 28 April 2026 until judgment and interest at judgment rate thereafter until payment*”. The Company will make further announcements as appropriate in relation to the progress of the Appeal.

Furthermore, on 27 May 2026, in view of True Vision and Nan Hai’s financial situation, the Company filed an application to stay the execution and proceedings on two orders made in the Judgment, namely that: (1) there be judgment in favour of True Vision against the OSGH Parties in the Sum, together with interest on that Sum at judgment rate until payment, and (2) there be an Order that Giant Harvest and True Vision execute the Joint Instruction to release the appropriate amount to True Vision after the aforesaid Set-off from the Joint Account (“**Stay Application**”). As of the date of this Announcement, the Court has not made any determination in relation thereto. The Company will make further announcements as appropriate in relation to the Stay Application.

BOARD’S ASSESSMENT ON IMPACT OF THE JUDGMENT

The Board has considered the Judgment and has sought advice from the Company’s legal advisors. From an accounting perspective, the Company expects to make appropriate provision(s) in respect of the net amount payable according to the Judgment, despite the fact that the Appeal and Stay Application are still in progress. The Board notes that any potential payment obligation would be reflected through provisioning and that the Group’s existing cash and financial resources are sufficient to cover such obligation, if required. Accordingly, the Board is of the view that the Judgment does not have a material adverse impact on the Group’s overall operations or financial position.

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, 27 May 2026

List of all directors of the Company as of the time issuing this announcement:

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Ms. Chow Sau Fong, Fiona

Mr. Go Tomohiro

Mr. Peng Bolun

Ms. Kong Minru

Independent Non-executive Directors:

Mr. Leung Man Kit

Ms. Wong Sze Wing

Mr. Fung Chi Man, Henry