

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealers in securities, bank manager, solicitor, professional accountant or other professional advisers.

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 DISPOSAL OF PROPERTY**

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular. A letter from the Board is set out on pages 4 to 8 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. This circular is being despatched to the Shareholders for information only.

* For identification purpose only

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — VALUATION REPORT	II-1
APPENDIX III — GENERAL INFORMATION	III-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Company dated 7 December 2021 in relation to the Disposal
“associate(s)”	the meaning ascribed to it in the Listing Rules
“Board” or “Director(s)”	the board of directors of the Company
“Business Day”	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong and PRC
“Company”	Orange Sky Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion, being on or before 29 April 2022
“connected person(s)”	the meaning ascribed to it in the Listing Rules
“Consideration”	the consideration in the amount of HK\$225,000,000, being the consideration for the Disposal
“Cyber International”	Cyber International Limited, a company owned by an associate of Mr. Wu, which is interested in 0 Shares as at the Latest Practicable Date, representing 0.00% of the entire issued share capital of the Company
“Disposal”	the disposal of the Property, subject to the terms and conditions of the SPA
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accounts
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company

DEFINITIONS

“Latest Practicable Date”	28 March 2022, which is the latest practicable date for inclusion of information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mainway Enterprises”	Mainway Enterprises Limited, a company wholly owned by Mr. Wu, which is interested in 1,158,174,120 Shares as at the Latest Practicable Date, representing approximately 41.37% of the entire issued share capital of the Company
“Mr. Wu”	Mr. Wu Kebo, the Chairman of the Company and an executive Director, who is beneficial owner of 274,684,429 Shares as at the Latest Practicable Date, representing approximately 9.81% of the entire issued share capital of the Company
“Orange Sky Entertainment”	Orange Sky Entertainment Group (International) Holding Company Limited, a company which is 80% owned by Mr. Wu, which is interested in 565,719,948 Shares as at the Latest Practicable Date, representing approximately 20.21% of the entire issued share capital of the Company
“PRC”	means the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Property”	24/F and car parking space No. 421, No. 422 and No. 423 on 4/F of Capital Centre, No. 151 Gloucester Road, Hong Kong
“Purchaser”	Power Sage Enterprises Limited, a company incorporated in the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shares”	means ordinary share(s) of the Company
“Shareholder(s)”	means the holder(s) of the Share(s)

DEFINITIONS

“Skyera International”	Skyera International Limited, a company wholly owned by Mr. Wu, which is interested in 0 Shares as at the Latest Practicable Date, representing 0.00% of the entire issued share capital of the Company
“SPA”	the sale and purchase agreement dated 7 December 2021 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report on the Property issued by Asset Appraisal Limited on 31 March 2022
“Vendor”	Golden Properties (Pacific) Limited, a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *For identification purposes only*

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 HM11

Bermuda

Principal Place of Business:

24th Floor

Capital Centre

151 Gloucester Road

Wan Chai

Hong Kong

31 March 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO DISPOSAL OF PROPERTY**

INTRODUCTION

Reference is made to the Announcement of the Company dated 7 December 2021 (after trading hours) in relation to the Disposal.

LETTER FROM THE BOARD

The Board announces that on 7 December 2021 (after trading hours), the Vendor, an indirect wholly-owned subsidiary of the Company and the Purchaser (an Independent Third Party of the Company), entered into the SPA, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property at the Consideration of HK\$225,000,000. Pursuant to the SPA, the Property will be sold with vacant possession, on an “as is” basis and in the physical state and condition as it stands.

The purpose of this circular is to provide you with, among other things, further details of the SPA and such other information as required under the Listing Rules.

THE SPA

The principal terms of the SPA are set out below:

Date	7 December 2021 (after trading hours)
Parties	Golden Properties (Pacific) Limited, as the Vendor Power Sage Enterprises Limited, as the Purchaser
Property	24/F and car parking space No. 421, No. 422 and No. 423 on 4/F of Capital Centre, No. 151 Gloucester Road, Hong Kong

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties. The Vendor was only acquainted with the Purchaser through an agent and had no direct contact with the Purchaser and its ultimate beneficial owner(s). Accordingly, the Directors are not aware of the identity of the ultimate beneficial owner(s) of the Purchaser.

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 Purchaser, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of the Purchaser who can exert influence on the Transaction; and (b) the Company, any connected person at the Company’s level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Transaction).

CONSIDERATION

The Consideration of HK\$225,000,000 was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market price of properties in similar properties in nearby location.

HK\$22,500,000, being the deposits, have been paid by the Purchaser to the Vendor’s solicitors as stakeholders as of the date of the SPA. The Purchaser shall pay to the Vendor HK\$202,500,000 in cash, representing the remaining balance of the Consideration upon Completion on or before 29 April 2022.

LETTER FROM THE BOARD

The Directors believe that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

COMPLETION

Completion shall take place on or before 29 April 2022.

If the Purchaser shall fail to complete the purchase in accordance with any of the terms and conditions of the SPA (other than due to the default of the Vendor), (i) all sums paid by the Purchaser by way of deposits to the Vendor shall be forfeited by the Vendor, (ii) the Vendor may terminate the SPA without the need to complete the Disposal and (iii) upon the termination of the SPA, the Vendor may resell the Property and on such resale, any deficiency in price shall be made good to the Vendor and all reasonable expenses in respect of such resale shall be borne by the Purchaser. If the Vendor shall fail to complete the Disposal in accordance with the terms and conditions of the SPA (other than due to the default of the Purchaser), (i) all deposits paid by the Purchaser to the Vendor shall be returned to the Purchaser, (ii) the Purchaser shall be entitled to recover from the Vendor damages which the Purchaser may sustain by reason of such failure on the part of the Vendor and (iii) the Purchaser may terminate the SPA without the need to complete the Disposal.

OTHERS

If any restriction (including any hospitalisation, isolation or quarantine order) under the Prevention and Control of Disease Ordinance (Cap. 599) (the “PCDO”) and its subsidiary regulations or other similar legislation or government policy is imposed on the directors of the Vendor or the Purchaser causing quorum of a directors’ meeting not being able to be constituted, or the business of either of their respective solicitors is suspended pursuant to PCDO, the Public Order Ordinance (Cap. 245) or their respective subsidiary regulations or other similar legislation/government policy, the date of the Completion Date shall be deferred to the 7th working day after such restriction is ended or business of such solicitors is resumed (as the case may be).

INFORMATION ON THE COMPANY AND THE VENDOR

The Company is an investment holding company incorporated in Bermuda. The Company and its subsidiaries and its joint venture principally engaged in theatrical exhibition, cinema operation, film, video and television production and distribution business in Hong Kong, Taiwan and Singapore, and live entertainment in the PRC. The Vendor is an indirect wholly-owned subsidiary of the Company and is an investment holding company incorporated in the British Virgin Islands.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands and principally engaged in investment holding. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser is an Independent Third Party. The Vendor

LETTER FROM THE BOARD

was only acquainted with the Purchaser through an agent and had no direct contact with the Purchaser and its ultimate beneficial owner(s). Accordingly, the Directors are not aware of the identity of the ultimate beneficial owner(s) of the Purchaser.

FINANCIAL EFFECT OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Pursuant to the Valuation Report set out in Appendix II, the market value of the Property as at 30 November 2021 is valued at HK\$220,000,000. As at 30 November 2021, the unaudited carrying value of the Property was HK\$161,036,000. The Group expects to record a gain of approximately HK\$61,024,000 (after deducting relevant transaction costs of approximately HK\$2,940,000 for the Disposal, and subject to adjustment and audit) from the Disposal. This amount is calculated based on the difference between the net consideration of the Disposal (after deducting the related transaction costs) and the carrying value of the Property as at 30 November 2021, which is expected to accrue to the Group upon Completion. The actual gain or loss to be recorded by the Company can only be ascertained when the net book values of the Property and the incidental transaction costs are determined upon Completion and will be subject to audit. The Company intended to use the full amount of the net proceeds from the Disposal to repay debts of the Group. Save as disclosed above, the Disposal will not have any material adverse impact on the earnings and assets and liabilities of the Group.

REASONS AND BENEFITS OF THE DISPOSAL

The Board has been assessing the property market in Hong Kong and reviewing the Group's options over the Property as held by the Group. In view of the prospects of the property market and economy in Hong Kong and taking into consideration the current financial position of the Group, the Directors consider that the Disposal represent an opportunity for the Group to realise the appreciated value of the Property and to repay debts of the Group for enhancing the financial position of the Group.

Having considered the above, the Board considers that the terms of the Disposal are on normal commercial terms, fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Disposal is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Disposal and therefore no Shareholder would be required to abstain from voting on the proposed resolutions to approve the SPA, and the transactions contemplated thereunder in a general meeting of the Shareholders.

LETTER FROM THE BOARD

WRITTEN SHAREHOLDERS' APPROVAL

The Company obtained written shareholders' approval for the Disposal from a closely allied group of Shareholders, holding in aggregate approximately 71.39% of the entire issued share capital in the Company on 2 December 2021, pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting for the purpose of approving the Disposal. Such closely allied group of Shareholders consists of: (i) Mr. Wu, the chairman and an executive Director of the Company; (ii) Skyera International, (iii) Mainway Enterprises, (iv) Orange Sky Entertainment and (v) Cyber International.

RECOMMENDATION

Having taken into account the reasons and the benefits of the Disposal as set out in this Letter from the Board above, the Board considers that the terms of the SPA, which have been reached after arm's length negotiations between the Vendor and the Purchaser, are on normal commercial terms, fair and reasonable, and is in the interests of the Company and the Shareholders as a whole. Accordingly, if a general meeting were to be convened, the Board would recommend the Shareholders to vote in favour of the ordinary resolution to approve the SPA and the transactions contemplated thereunder at such general meeting.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices on this circular.

Yours faithfully,

By order of the Board

Orange Sky Golden Harvest Entertainment (Holdings) Limited

Cheung Hei Ming

Company Secretary

SUMMARY OF FINANCIAL INFORMATION

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2020, 2019 and 2018 and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2021 together with the relevant notes thereto are disclosed in the following documents, which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.osgh.com.hk>):

- interim report of the Company for the six months ended 30 June 2021, on pages 12 to 48:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0929/2021092900223.pdf>

- annual report of the Company for the year ended 31 December 2020, on pages 88 to 157:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902307.pdf>

- annual report of the Company for the year ended 31 December 2019, on pages 76 to 149:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042801971.pdf>

- annual report of the Company for the year ended 31 December 2018, on pages 68 to 200:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0425/ltm201904251840.pdf>

WORKING CAPITAL

As at 31 December 2021, the Group had net current liabilities of HK\$424,445,000, primarily as a result of bank loans amounting to HK\$1,062,128,000 classified as current liabilities, as the Group did not fulfill certain financial covenants under the Group's banking facilities. If the Group were to breach the covenants, the drawn down facilities would become payable on demand, upon demanded by majority lenders. The Group's ability to meet these liquidity requirements depends on its ability to generate sufficient net cash inflows from future operations and/or other sources.

As at 31 December 2021, the Group had cash and cash equivalents and pledged bank deposits totalling HK\$745,369,000 which are insufficient to fully repay those bank loans if the lenders exercise the repayable on demand clause unless the Group is able to generate sufficient net cash inflows from its operations and/or other sources.

The Directors have been taking various actions to improve the Group's liquidity, which include:

- (a) implementing various strategies to improve the Group's exhibition, distribution and production income to generate additional operating cash inflows;

- (b) the Group has obtained commitment letters from certain existing banks lenders and is in the process to enter into a facility agreement for a term loan of HK\$573,000,000 to early refinance the existing banking facility; and
- (c) disposal of the Group's properties, including entering into the SPA in relation to the Disposal for a consideration of HK\$225,000,000 with Completion scheduled on or before 29 April 2022.

As such, the Directors are of the opinion that, assuming the success of measures (b) and (c) mentioned above and after taking into account the internal resources, the present and expected available financing facilities, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular. If in the event that the Group is unable to obtain sufficient cash sources through measures (b) or (c) mentioned above or other alternative measures or sources despite the above efforts, based on the current assessment, the Group may not have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

1. STATEMENT OF INDEBTEDNESS

At the close of business on 28 February 2022, being the latest practicable date for the purpose 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

As at 28 February 2022, the Group had aggregate outstanding bank borrowings of approximately HK\$1,027,384,000, details of which are set out below:

	<i>HK\$</i>
Bank borrowings — secured and guaranteed	<u>1,027,384,000</u>

The bank borrowings granted to the Group were secured by pledged cash, an office property, two commercial properties and the equity interests in four subsidiaries of the Company.

Lease liabilities

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liabilities over the lease term. As at 28 February 2022, the Group had lease liabilities with outstanding principal amount of approximately HK\$708,608,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, at the close of business on 28 February 2022, 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 acceptance (other than normal trade payables) or acceptance credits, guarantee or other material contingent liabilities.

FINANCIAL AND TRADING PROSPECT OF THE GROUP

COVID-19 remained an unprecedented challenge to worldwide economy since 2020, and the film and cinema industry is undoubtedly one of the worst hit segments. While the Group received financial support from governments and landlords over the course of 2020 and 2021, but in order for cinemas to recover to become a sustainable operation, further subsidy and rental rebate is necessary.

As shown in the improvement in box office and admissions during the first half of 2021, the Group is confident that cinemas will remain a vital form of entertainment worldwide once COVID-19 restrictions alleviate and blockbuster movie returns. The Group will strategise to maximise non-film income by increasing merchandise sales, food and beverage offerings, and event organising to increase overall profitability.

In the PRC, the Group has signed cooperation agreements with local PRC governments in Suzhou and Xian to operate 4 stages and bring in unique live performances that marries advanced stage technology from Europe, local Chinese stories, created by renowned talents from all over the world, dedicated to providing a stunning theatrical experience to local audience. The Group will be responsible for the content creation and operation of the theatres and not be responsible for the capital expenditures in relation to the building of the theatre infrastructure. The unique business model allows the Group to venture into the traditionally asset heavy theatre operations with relatively modest investment.

In Hong Kong, the Group will continue to explore opportunities to further expand our cinema network. Riding on the success of alternative contents in previous years, particularly live broadcasting of Japanese and Korean mini-concerts, the Group is exploring possibility to expand into live entertainment businesses locally. At the same time, the Group is dedicated to look for investment opportunities in quality film and/or distribution projects in the territory. The Group is of the view that successful COVID-19 containment measures in Hong Kong and improvement in overall consumer confidence against releases of Hollywood blockbusters will lead to rapid increase in cinema admissions in 2022 notwithstanding recent developments from the Omicron outbreak.

In Singapore, the Group will continue to grow by actively pursuing suitable cinema sites. The Group is dedicated to maintain high quality services in regular and Gold Class auditoriums and to introduce creative product offerings such as toys merchandise to its customers. Golden Village will continue to look for new opportunities to further strengthen its cinema network to solidify its market leadership position and obtain further synergy from the leading market shares.

In Taiwan, Vie Show will continue to expand its cinema network with a stable pipeline of potential sites to be opened in the coming years, supplemented by further diversification into film productions and distributions, as well as food and beverage businesses.

Looking ahead, the Group will continue to actively seek investment opportunities in the regional media, entertainment, technology and lifestyle sectors that are related and/or creating synergies to the Group's existing businesses. The Group's strong liquidity on hand also allowed us to explore opportunistic acquisitions of fellow regional players, and development of new business in entertainment, technology and lifestyle industries that would create synergies to the Group and add values to the Shareholders.

MATERIAL CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020 (being the date to which the latest published audited financial statements of the Company have been made up) and up to and including the Latest Practicable Date.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation of the Property as at 31 December 2021.



Asset Appraisal Limited
中誠達資產評值顧問有限公司

Rm 901, 9/F., On Hong Commercial Building
145 Hennessy Road, Wanchai, Hong Kong
香港灣仔軒尼詩道145號安康商業大廈9字樓901室
Tel : (852) 2529 9448 Fax : (852) 3521 9591

31 March 2022

The Board of Directors

Orange Sky Golden Harvest Entertainment (Holdings) Limited

24/F, Capital Centre

No. 151 Gloucester Road

Wanchai

Hong Kong

Dear Sirs,

Re: Valuation of the whole of 24th Floor, Car Parking Space Nos. 421, 422 and 423 on 4th Floor, Capital Centre, No. 151 Gloucester Road, Wanchai, Hong Kong

In accordance with the instructions from **Orange Sky Golden Harvest Entertainment (Holdings) Limited** (the “**Company**”) to value the captioned property interests (the “**Property**”) situated in Hong Kong, we confirm that we have carried out inspection of the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at **31 December 2021** (the “**date of valuation**”).

BASIS OF VALUATION

Our valuation of the Property represents the market value which is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion*”.

TITLESHIP

We have caused searches to be made at the Hong Kong Land Registry for the Property. However, we have not verified ownerships of the Property or to verify the existence of any amendments which do not appear on the registration details retrieved by us from the Hong Kong Land Registry. All registration details have been disclosed herein for reference only. We do not accept liability for any interpretation that we have placed on such registration details which is more properly within the sphere of the legal advisers. No responsibility is assumed for any legal matters concerning legal title to the Property set out in this report.

VALUATION METHODOLOGY

The Property is valued by the comparison method where comparison based on prices realised or market prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

Our valuation has been made on the assumption that the Group sell the Property on the market in their existing states without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the value of the Property.

As the Property is held by the owner by means of long term Government lease, we have assumed that the owner has a free and uninterrupted right to use the Property for the whole of the unexpired term of its Government Lease.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the floor areas in respect of the Property but have assumed that the areas shown on the documents and official plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

The Property was last inspected on 1 December 2021 by the undersigned. She has inspected the exterior and, where possible, the interior of the buildings and structures of the Property. However, no structural survey has been made for them. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment. During the site inspection, he has ascertained the following matters of the Property as at the date of site inspection:

- the general environment and development conditions of the area in which the Property is situated;
- the existing use of the Property;
- the occupancy of the Property;
- the facilities provided by the Property;
- the existence of any non-conformity use within the Property;
- the repair and maintenance conditions of the Property; and
- the existence of any closure order and resumption order affixed to the Property.

The market value estimate contained within this report specifically excludes the impact of environmental contamination resulting from abnormal soil movement or other causes. It is recommended that the reader of this report consult a qualified environmental auditor for the evaluation of possible environmental defects, the existence of which could have a material impact on market value.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, or other subsurface minerals use rights or conditions investigated.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards (2020 Edition) published by The Hong Kong Institute of Surveyors.

We enclose herewith our valuation certificate.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Valuation Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property held by the Group for self-occupation

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2021 HK\$
The whole of 24th Floor, Car Parking Space Nos. 421, 422 and 423 on 4th Floor Capital Centre No. 151 Gloucester Road Wanchai Hong Kong	The Property comprises the entire office space on 24th floor and 3 private car parking spaces on 4th floor within a 25-storey (plus one basement level) office building of reinforced concrete construction completed in about 1982.	As at the date of valuation, the Property was owner-occupied.	220,000,000
58/2119th shares and 3/113 of 132/2119th shares of and in the Remaining Portion of Section A of Inland Lot No. 2755 and the Remaining Portion of Inland Lot No. 2755	The office portion of the property has a saleable area of approximately 8,290 square feet. The property is held under a Government lease for a term of 99 years renewable for 99 years commencing on 14 April 1928. The annual Government rent of the subject land parcel is HK\$234.		

Notes:

1. The registered owner of the Property is Golden Properties (Pacific) Limited registered via memorial no. 19092302020037 dated 4 September 2019.
2. The following salient encumbrances were registered in the land registry against the Property as at 15 November 2021:
 - i. Deed of Mutual Covenant and Management Agreement registered via memorial no. UB3575200 dated 20 November 1987; and
 - ii. Tripartite Legal Charge/Mortgage in favour of Standard Chartered Bank (Hong Kong) Limited registered via memorial no. 20051400820026 dated 29 April 2020.
3. The property falls within an area zoned as “Commercial” under Wan Chai Outline Zoning Plan No. S/H5/29 gazetted on 19 November 2021.
4. The locality is an established commercial area. Developments in the vicinity are predominated with high-rise commercial buildings intermingling with some high-rise residential buildings or residential/commercial composite buildings of various ages. Shopping facilities are available within the lower floors of the subject development. Public transports serving the vicinity include buses and taxi. MTR Wanchai station is within walking distance of the subject development.
5. For this valuation, we have targeted office properties within those strata-title office developments within the immediate vicinity and at the same street of the subject property. Based on the transaction records registered in the Land Registry, 4 comparable transactions (i) involving office with saleable floor area greater than 1,000 square feet and (ii) taken place within 12 months prior to the Valuation Date have been identified and analyzed.

6. Details of the 4 comparable transactions are set out as follows:

Comparable 1

Land Registry Memorial No.	21110301060320
Date of Transaction:	25 October 2021
Property Address:	23/F and Car Parking Space No. 20 on 1/F, The Sun's Group Centre No. 200 Gloucester Road
Consideration (HK\$):	142,200,000
Saleable Area (sq.ft.):	5,060
Unit Rate (HK\$/sq.ft. Saleable):	28,103

Comparable 2

Land Registry Memorial No.	2109210830040
Date of Transaction:	6 September 2021
Property Address:	29/F, The Sun's Group Centre No. 200 Gloucester Road
Consideration (HK\$):	140,000,000
Saleable Area (sq.ft.):	4,920
Unit Rate (HK\$/sq.ft. Saleable):	28,455

Comparable 3

Land Registry Memorial No.	21072000840034
Date of Transaction:	28 June 2021
Property Address:	5/F, Pico Tower, No. 66 Gloucester Road
Consideration (HK\$):	43,100,000
Saleable Area (sq.ft.):	1,965
Unit Rate (HK\$/sq.ft. Saleable):	21,934

Comparable 4

Land Registry Memorial No.	21022300750247
Date of Transaction:	9 February 2021
Property Address:	Unit 2, 15/F, Capital Centre, No. 151 Gloucester Road
Consideration (HK\$):	39,000,000
Saleable Area (sq.ft.):	1,748
Unit Rate (HK\$/sq.ft. Saleable):	22,311

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**Directors' and chief executive's interests and short positions in Shares, underlying Shares or 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	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 as at the Latest Practicable Date ⁽¹⁾
Wu Kebo	Interest of controlled corporations ⁽²⁾	1,723,894,068 (L)	—	1,723,894,068 (L)	61.57%
	Beneficial owner ⁽²⁾	274,684,429 (L)	—	274,684,429 (L)	9.81%
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%

(L) — Long position in the Shares

Notes:

- (1) Calculated based on the total number of issued Shares of 2,799,669,050 as at the Latest Practicable Date.
- (2) By virtue of the SFO, as at the Latest Practicable Date, Mr. Wu was deemed to be interested in a total of 1,723,894,068 Shares, of which (i) 1,158,174,120 Shares were held by Mainway Enterprises (a company wholly-owned by Mr. Wu); and (ii) 565,719,948 Shares were held by Orange Sky Entertainment (a company which is 80% owned by Mr. Wu).

In addition, Mr. Wu is interested in 274,684,429 Shares as at the Latest Practicable Date which were beneficially held by him in his own name.

Save as disclosed above and save for the disclosure referred to under the paragraph headed “Share Options” below, 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.

Substantial Shareholders’ and other persons’ interests and short positions 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 a Director 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 section 336 of Part XV of the SFO:

Name of Shareholders	Capacity	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 as at the Latest Practicable Date ⁽¹⁾
Wu Kebo	Interest of controlled corporations ⁽²⁾	1,723,894,068 (L)	—	1,723,894,068 (L)	61.57%
	Beneficial owner ⁽²⁾	274,684,429 (L)	—	274,684,429 (L)	9.81%
Mainway Enterprises	Beneficial owner ⁽³⁾	1,158,174,120 (L)	—	1,158,174,120 (L)	41.37%
Orange Sky Entertainment	Beneficial owner ⁽⁴⁾	565,719,948 (L)	—	565,719,948 (L)	20.21%

(L) — Long position in the Shares

Notes:

- (1) Calculated based on the total number of issued Shares of 2,799,669,050 as at the Latest Practicable Date.
- (2) By virtue of the SFO, as at the Latest Practicable Date, Mr. Wu was deemed to be interested in a total of 1,723,894,068 Shares, of which (i) 1,158,174,120 Shares were held by Mainway Enterprises; and (ii) 565,719,948 Shares held by Orange Sky Entertainment.

In addition, Mr. Wu is interested in 274,684,429 Shares as at the Latest Practicable Date which were beneficially held by him in his own name.

- (3) Mainway Enterprises is a company wholly owned by Mr. Wu, who is also a director of Mainway Enterprises as at the Latest Practicable Date.
- (4) Orange Sky Entertainment (a company which is 80% owned by Mr. Wu) was interested in 565,719,948 Shares as at the Latest Practicable Date. Mr. Wu is a director of Orange Sky Entertainment and Mr. Li Pei Sen is the associate Chairman of Orange Sky Entertainment as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person who had, as at the Latest Practicable Date, an interest or a short position in Shares or underlying Shares which 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.

Share Options

The Company adopted its existing share option scheme on 19 June 2020 (the “**Share Option Scheme**”), which enables the Company to grant options to eligible participants as incentives or rewards for their contribution to the growth of the Group and provides the Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the eligible participants.

As at the Latest Practicable Date, no share option under the Share Option Scheme has been granted by the Company nor share option outstanding under the Share Option Scheme.

Share options granted or to be granted under the Share Option Scheme do not confer rights on the holders to dividends or to vote at the shareholders' meetings.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had 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 CONTRACT

Save for the SPA, there is no other contract, not being contract entered into in the ordinary course of business, has been entered into by members of the Group within two years preceding the Latest Practicable Date, and is or may be material.

LITIGATION

Certain subsidiaries of the Group are involved in litigation arising in the ordinary course of their respective businesses. 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.

EXPERT AND CONSENT

The qualification of the expert or professional adviser who has given opinion or advice contained in this circular is as follows:

Name	Qualification
Asset Appraisal Limited (“ Asset Appraisal ”)	Property valuer

As at the Latest Practicable Date, Asset Appraisal has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear. As at the Latest Practicable Date, Asset Appraisal did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe securities in any member of the Group. As at the Latest Practicable Date, Asset Appraisal was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2020, the date to which the latest audited financial statements of the Company were made up.

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 24/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, 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 AVAILABLE FOR INSPECTION

Copies of the following documents will be published on both the Stock Exchange's website (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:

- (a) the Valuation Report, the text of which is set out in Appendix II to this circular;
- (b) the consent letter referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (c) the SPA.