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GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

ISSUE OF HK\$20,000,000 4 PER CENT. CONVERTIBLE NOTES DUE 2008 UNDER GENERAL MANDATE AND RESUMPTION OF TRADING OF SHARES

The Directors are pleased to announce that on 6 May 2006, the Company and See Corporation entered into the Subscription Agreement, under which, subject to certain conditions, the Company agreed to issue, and See Corporation agreed to subscribe for, the Notes with an aggregate principal amount of HK\$20,000,000.

The Notes are convertible into Shares at a conversion price of HK\$0.22. The Conversion Shares to be issued pursuant to the Notes will be issued under the General Mandate. The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be issued pursuant to the Notes.

Upon full conversion of the Notes, and based on the Conversion Price (assuming no adjustment to the Conversion Price), a total of 90,909,090 new Shares will be issued, representing approximately 6.8% of the existing issued share capital of the Company and 6.4% of the issued share capital of the Company as enlarged by the issue of such Shares.

The net proceeds of the issue of the Notes are estimated to be an aggregate amount of approximately HK\$19 million. The Group intends to apply the net proceeds for use as its general working capital.

The terms and conditions of the Notes were negotiated between the Company and See Corporation on an arm's length basis and the Directors consider that they are fair and reasonable so far as the Company is concerned and in the interest of the Shareholders.

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 9:30 a.m. on 8 May 2006 pending the release of this announcement. Application for the resumption of trading in the Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9:30 a.m. on 9 May 2006.

SUBSCRIPTION AGREEMENT

Date:

6 May 2006

Issuer:

The Company

Notes to be issued:

HK\$20,000,000 4 per cent. convertible notes due 2008.

Subscriber of the Notes:

See Corporation. To the best knowledge, information and belief of the Directors, See Corporation is a third party independent of the Company and any connected person of the Company and not a connected person of the Company, and does not as at the date of this announcement hold any Shares. The shares of See Corporation are listed on the Main Board of the Stock Exchange.

Principal amount of the Notes:

HK\$20,000,000 payable in cash by See Corporation to the Company on the Issue Date.

Principal terms of the Notes:

Maturity:

The second anniversary of the Issue Date.

Unless previously converted or purchased or redeemed, the Notes shall be redeemed by the Company at 104 % of their principal amount on the Maturity Date.

Interest:

The Notes bear interest from the Issue Date at the rate of 4 per cent. per annum. Interest is payable semi-annually in arrears.

Transferability:

Subject to the terms and conditions of the Subscription Agreement, the Notes may be transferred to any person. However, the Notes may not be assigned or transferred to a connected person of the Company without the prior written consent of the Company. Any assignment and/or transfer of the Notes is subject to (1) the Listing Rules for so long as the Shares are listed on the Stock Exchange and all applicable laws and regulations and (2) the approval of the shareholders of the Company in a general meeting if so required and in compliance with the Listing Rules if such assignment and/or transfer is proposed to be made to a connected person of the Company.

Conversion Price:

HK\$0.22 per Share, subject to adjustments under the Conditions.

The initial Conversion Price of HK\$0.22 per Share represents a premium of approximately 25.7% to the closing price on the Stock Exchange of HK\$0.175 per Share on 4 May 2006, being the last trading day prior to the suspension in the trading of the Shares on the Stock Exchange pending the issue of this announcement, a premium of approximately 26.6% to the average closing price on the Stock Exchange of HK\$0.1738 per Share for the last 5 trading days up to and including 4 May 2006 and a premium of approximately 23.7% to the average closing price on the Stock Exchange of HK\$0.1779 per Share for the last 30 trading days up to and including 4 May 2006.

Conversion Period:

The Noteholder shall have the right at any time during the Conversion Period to convert the Notes held by such Noteholder.

Conversion Shares:

The Notes are convertible into new Shares at the Conversion Price, subject to adjustments, during the Conversion Period. Under the terms of the Notes, adjustments will be made to the Conversion Price if one or more of the following events or circumstances occur: (a) if the Shares by reason of any consolidation or sub-division become of a different nominal amount; (b) if the Company issues (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalization of profits or reserves; (c) if the Company makes any Capital Distribution (as defined in the Notes) to holders of Shares or grants to such holders rights to acquire for cash assets of the Company or any of its subsidiaries; (d) if the Company offers to holders of Shares new Shares for subscription by way of rights or grants to holders of Shares any options or warrants to subscribe new Shares, at a price which is less than 90% of the Market Price (as defined in the Notes) at the date of the announcement of the terms of the offer or grant; (e) if the Company issues wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total Effective Consideration per Share (as defined in the Notes) initially receivable for such securities is less than 90% of the Market Price (as defined in the Notes) at the date of the announcement of the terms of issue of such securities or if the rights of conversion or exchange or subscription attached to any such securities are modified so that the total Effective Consideration per Share (as defined in the Notes) initially receivable for such securities shall be less than 90% of the Market Price (as defined in the Notes) at the date of announcement of the proposal; (f) if the Company issues wholly for cash any Shares at a price per Share which is less than 90% of the Market Price (as defined in the Notes) at the date of the announcement of the terms of such issue; and (g) if the Company issues Shares for the acquisition of any asset at a total Effective Consideration per Share (as defined in the Notes) which is less than 90% of the Market Price (as defined in the Notes) as at the date of the announcement of the terms of such issue. Such new Shares which fall to be issued on conversion of the Notes shall rank pari passu in all respects with existing Shares in issue on the date of issue of such new Shares.

Conditions and completion:

The obligation of See Corporation to subscribe for the Notes is conditional upon, amongst others, the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares. Completion of the Subscription Agreement (including the issue of the Notes) will take place on the third Business Day following fulfilment of the conditions (or such later date as the parties may agree).

General Mandate:

The Conversion Shares to be issued pursuant to the Notes will be issued under the General Mandate. The maximum number of new Shares which may be issued upon conversion of the Notes based on the Conversion Price (assuming no adjustment) is 90,909,090, representing approximately 6.8 % of the existing issued share capital of the Company and approximately 6.4% of the enlarged issued share capital of the Company, respectively.

USE OF PROCEEDS AND REASONS FOR THE ISSUE OF THE NOTES

The net proceeds of the issue of the Notes are estimated to be an aggregate amount of approximately HK\$19 million. The Group intends to apply the net proceeds for use as its general working capital.

The terms and conditions of the Subscription Agreement and the Notes were negotiated between the Company and See Corporation on an arm's length basis and the Directors consider that they are fair and reasonable so far as the Company is concerned and in the interest of the Shareholders.

LISTING

No application will be made for the listing of, or permission to deal in, the Notes on the Stock Exchange or any other stock exchange. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon conversion of the Notes.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company before any conversion and after conversion in full of the Notes:

Name of Shareholders	Approximate shareholding percentages before any conversion	Approximate shareholding percentages after conversion in full
Raymond Chow Ting Hsing (and/or associates)	22.03%	20.62%
Li Ka-Shing (and/or associates)	16.73%	15.66%
Typhoon Music (PRC) Limited	11.65%	10.91%
PAMA Group Inc.	9.27%	8.67%
See Corporation	—	6.40%
Public	40.32%	37.74%
	<hr/>	<hr/>
	Total percentage: <u>100.00%</u>	<u>100.00%</u>

GENERAL

Save for the transactions disclosed in this announcement, the Company has not carried out any fund raising activities during the 12-month period immediately preceding the date of this announcement.

SUSPENSION AND RESUMPTION OF TRADING OF SHARES

At the request of the Company, trading in the Shares was suspended on the Stock Exchange from 9:30 a.m. on 8 May 2006 pending the release of this announcement. Application for the resumption of trading in the Shares has been made by the Company to the Stock Exchange to the effect that trading in the Shares will resume at 9:30 a.m. on 9 May 2006.

DEFINITIONS

Unless otherwise defined herein, capitalised terms used in this announcement shall have the following meanings.

“Business Day”	any day other than a Saturday on which banks in Hong Kong are open for business
“Company”	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

“Conditions”	the terms and conditions of the Notes, as may be modified or varied from time to time, as set out herein
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Period”	the period commencing on the 7th day after the Issue Date up to and including the date which is 7 days prior to the Maturity Date
“Conversion Price”	means HK\$0.22 per Share, subject to adjustments pursuant to the Conditions
“Conversion Rights”	the rights of the Noteholder(s) to subscribe for fully paid Shares pursuant to the Notes as set out in the Instrument
“Conversion Shares”	Shares to be issued upon conversion of the Notes
“Directors”	directors of the Company
“General Mandate”	the General Mandate granted by the shareholders of the Company to the Directors in the annual general meeting of the Company held on 28 November 2005
“Group”	the Company and its subsidiaries
“HK\$” (and cents)	Hong Kong dollars (and cents), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Date”	the date on which the Notes are issued
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the day before the second anniversary of the Issue Date
“Notes”	convertible notes with an aggregate principal amount of HK\$20,000,000 to be issued by the Company, the principal terms of which are set out in the section headed “Principal terms of the Notes” of this announcement
“Noteholder(s)”	holder(s) of the Notes
“See Corporation”	See Corporation Limited, a company incorporated in Bermuda, the shares of which are listed on the Main Board of the Stock Exchange and a third party independent of the Company and any connected person of the Company and not a connected person of the Company
“Shareholders”	shareholders of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Agreement” the agreement dated 6 May 2006 entered into between the Company and See Corporation relating to, among other matters, the subscription of the Notes

“subsidiary” has the meaning given to it under the Listing Rules and “subsidiaries” shall be construed accordingly

List of the Directors of the Company as of the date of this announcement:

Executive Directors:

Mr. Raymond Chow Ting Hsing

Mr. Phoon Chiong Kit

Mr. David Chan Sik Hong

Mrs. Roberta Chin Chow Chung Hang

Mr. Lau Pak Keung (*alternate to Mr. Phoon Chiong Kit*)

Non-executive Director

Mr. Eric Norman Kronfeld

Independent non-executive Directors:

Mr. Paul Ma Kah Woh

Mr. Frank Lin

Prince Chatrichalerm Yukol

On behalf of the Board
Raymond Chow Ting Hsing
Chairman

Hong Kong, 8 May 2006