

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Golden Harvest Entertainment (Holdings) Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



Golden Harvest

**GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED**  
**(嘉禾娛樂事業(集團)有限公司\*)**

*(Incorporated in Bermuda with limited liability)*  
(Stock Code: 1132)

**PROPOSED GRANT OF AN OPTION**

---

A notice convening a special general meeting of the Company to be held at Function Room – Peach and Cherry, M/F, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on Monday, 10 January 2005 at 1:20 p.m. is set out on pages 6 to 7 of this circular. A form of proxy for use at the special general meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)).

Whether or not you are able to attend the special general meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

\* For identification purposes only

---

## CONTENTS

---

|   | <i>Page</i> |
|---|-------------|
| <b>DEFINITIONS</b> .....  | 1           |
| <b>LETTER FROM THE CHAIRMAN</b>                                       |             |
| Introduction .....  | 2           |
| Grant of an Option to Mr. Phoon .....                                 | 2           |
| Special General Meeting .....   | 3           |
| Responsibility Statement .....  | 4           |
| Recommendations .....   | 4           |
| <b>Appendix I – Letter from the Independent Board Committee</b> ..... | 5           |
| <b>Notice of Special General Meeting</b> .....                        | 6           |

---

## DEFINITIONS

---

*Unless the context otherwise requires, the following terms and expressions used in this circular shall have the following meanings:*

|                               |  |
|-------------------------------|--|
| “associate”                   | has the meaning given to this term in the Listing Rules  |
| “Board”                       | the board of Directors   |
| “Company”                     | Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange  |
| “Directors”                   | the directors of the Company   |
| “Group”                       | the Company and its subsidiaries   |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Independent Board Committee” | an independent committee of the Board comprising the three independent non-executive Directors, Mr. Lin, Frank, Prince Yukol, Chatrichalerm and Mr. Ma Kah Woh, Paul   |
| “Latest Practicable Date”     | 22 December 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular   |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Mr. Phoon”                   | Mr. Phoon Chiong Kit, who is the Managing Director of the Company  |
| “SFO”                         | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “Shares”                      | ordinary shares of HK\$0.10 each in the issued share capital of the Company  |
| “Shareholders”                | holders of Shares  |
| “Share Option Scheme”         | the share option scheme approved by Shareholders and adopted by the Company on 28 November 2001  |
| “Special General Meeting”     | the special general meeting of the Company to be held on Monday, 10 January 2005 and convened pursuant to the notice contained in this circular  |
| “Specified Limit”             | the maximum entitlement of an eligible person under the Share Option Scheme stipulated in the Note to Rule 17.03(4) of the Listing Rules, namely, that the aggregate number of Shares issued and to be issued upon exercise of the options granted to such eligible person (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue of the Company |
| “Stock Exchange”              | The Stock Exchange of Hong Kong Limited  |
| “HK\$”                        | Hong Kong dollars, the lawful currency of Hong Kong  |
| “%”                           | per cent   |

---

## LETTER FROM THE CHAIRMAN

---



### **GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED** **(嘉禾娛樂事業(集團)有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1132)

*Executive Directors:*

Chow Ting Hsing, Raymond (*Chairman*)  
Phoon Chiong Kit  
Chan Sik Hong, David  
Chin Chow Chung Hang, Roberta  
Lau Pak Keung (alternate director to  
Phoon Chiong Kit)

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Non-executive Director:*

Kronfeld, Eric Norman

*Principal Place of Business  
in Hong Kong:*

16th Floor  
The Peninsula Office Tower  
18 Middle Road  
Tsimshatsui  
Kowloon  
Hong Kong

*Independent Non-executive Directors:*

Lin, Frank  
Prince Yukol, Chatrichalerm  
Ma Kah Woh, Paul

23 December 2004

*To the Shareholders*

Dear Sir/Madam,

### **PROPOSED GRANT OF AN OPTION**

#### **INTRODUCTION**

The Board proposes to seek the approval of the Shareholders to confirm, ratify and approve the proposed grant, which was determined effective by the remuneration committee of the Board and the Independent Board Committee on 9 December 2004, of an option beyond the Specified Limit to Mr. Phoon, the Managing Director of the Company, as an incentive to Mr. Phoon for his continuing contribution to the Group who has over the past years dedicated great efforts towards the development and growth of the Group.

The purpose of this circular is to provide the Shareholders with information relevant to the proposed grant of an option to Mr. Phoon. This circular also sets out a notice of the Special General Meeting to be convened to consider and, if thought fit, to pass a resolution to approve the grant of an option to Mr. Phoon under the Share Option Scheme beyond the Specified Limit.

#### **GRANT OF AN OPTION TO MR. PHOON**

The Board proposes to seek the approval of the Shareholders to confirm, ratify and approve the proposed grant, which was determined effective by the remuneration committee of the Board and the Independent Board Committee on 9 December 2004, of an option beyond the Specified Limit to Mr. Phoon, the Managing Director of the Company, as an incentive to Mr. Phoon for his continuing contribution to the Group who has over the past years dedicated great efforts towards the development and growth of the Group.

It has been determined by the remuneration committee of the Board and the Independent Board Committee that, subject to obtaining the approval of the Shareholders, an option be granted to Mr. Phoon entitling him to subscribe for an aggregate number of 15,000,000 Shares (representing 1.44% of the Shares in issue as at the Latest Practicable Date and exceeding the Specified Limit of 10,392,875 Shares by 4,607,125 Shares) at an exercise price of HK\$0.260 per Share. The exercise price is higher than the closing price of the Shares on 9

\* For identification purposes only

---

## LETTER FROM THE CHAIRMAN

---

December 2004, being HK\$0.2550, and compares with the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding 9 December 2004, being HK\$0.2534, as calculated in accordance with the Note to Rule 17.03(4) and Note 1 to Rule 17.03(9) of the Listing Rules. There is no performance target which must be achieved before the option conditionally granted to Mr. Phoon can be exercised and that the consideration payable for the grant of the option of HK\$1.00 has been paid by Mr. Phoon on acceptance of the offer for the proposed grant of the option. The principal terms of the option conditionally granted to Mr. Phoon are as follows:

| <b>Exercise period</b>  | <b>No. of Shares in respect of which the options can be exercised</b> | <b>Exercise price per Share</b> |
|---|---|---------------------------------|
| From the date the grant is approved by the Shareholders ("Date of Approval") to 30 October 2011 | 5 million   | HK\$0.260                       |
| From the date of the first anniversary of the Date of Approval to 30 October 2011               | 5 million   | HK\$0.320                       |
| From the date of the second anniversary of the Date of Approval to 30 October 2011              | 5 million   | HK\$0.380                       |

Except as otherwise stated above, the option conditionally granted to Mr. Phoon will be subject to the terms of the Share Option Scheme. The rules of the Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at 16th Floor, The Peninsula Office Tower, 18 Middle Road, Tsimshatsui, Kowloon, Hong Kong during normal business hours on any week day (except public holidays) from the date of this circular up to and including 10 January 2005 and will also be available for inspection at the Special General Meeting.

The details of the two options previously granted to Mr. Phoon under the Share Option Scheme are set out below:

| <b>Date of grant</b> | <b>Exercise price per Share</b> | <b>No. of Shares in respect of which options were granted</b> | <b>No. of Shares in respect of which options are outstanding as at the Latest Practicable Date</b> | <b>Expiry date</b> |
|----------------------|---------------------------------|---|--|--------------------|
| 25 July 2000         | HK\$0.78                        | 4,600,000   | 4,600,000  | 24 July 2010       |
| 31 October 2001      | HK\$0.62                        | 10,000,000  | 10,000,000   | 30 October 2011    |

None of his options has been exercised, cancelled or lapsed by the Latest Practicable Date.

### **SPECIAL GENERAL MEETING**

A notice convening the Special General Meeting at which an ordinary resolution will be proposed to the Shareholders to consider, and if thought fit, to approve the proposed grant of an option to Mr. Phoon and all matters relating thereto is set out on pages 6 to 7 of this circular.

A form of proxy for use at the Special General Meeting is also enclosed. Such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). Whether or not you are able to attend the Special General Meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

Mr. Phoon and his associates shall abstain from voting in respect of the ordinary resolution at the Special General Meeting to approve the grant of an option to Mr. Phoon which exceeds the Specified Limit. In accordance with the requirements of the Listing Rules, the vote to be taken at the Special General Meeting to approve the grant of an option to Mr. Phoon shall be conducted by poll.

---

## LETTER FROM THE CHAIRMAN

---

An announcement will be made by the Company following the conclusion of the Special General Meeting to inform you of the results of the Special General Meeting.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement in this circular misleading.

### RECOMMENDATIONS

The Directors are of the opinion that the proposed grant of an option to Mr. Phoon which exceeds the Specified Limit will serve to provide a great incentive to Mr. Phoon for his continuing contribution to the Group, and the terms of the proposed option are fair and reasonable. Accordingly, the resolution to be proposed at the Special General Meeting as described in this circular is in the interests of the Company and of the Shareholders as a whole, and the Directors recommend you to vote in favour of the resolution set out in the notice of the Special General Meeting contained in this circular.

Your attention is drawn to the “Letter from the Independent Board Committee” set out on page 5 of this circular, which sets out the recommendation by the Independent Board Committee to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of an option to Mr. Phoon.

Yours faithfully,  
on behalf of the Board  
**Chow Ting Hsing, Raymond**  
*Chairman*



**GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED**  
**(嘉禾娛樂事業(集團)有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1132)

23 December 2004

*To the Shareholders*

**PROPOSED GRANT OF AN OPTION TO  
MR. PHOON CHIONG KIT (“MR. PHOON”)**

We refer to the circular of Golden Harvest Entertainment (Holdings) Limited (the “Company”) dated 23 December 2004 to the shareholders of the Company (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Shareholders as to voting in relation to the resolution to be proposed at the Special General Meeting for the approval of the proposed grant of an option beyond the Specified Limit to Mr. Phoon under the Share Option Scheme (the “Proposed Grant”). Details of the terms of the Proposed Grant are contained in the letter from the Chairman set out on pages 2 to 4 of the Circular.

Having considered Mr. Phoon’s continuing contribution to the Group who has over the past years served as the Managing Director of the Company and dedicated great efforts towards the development and growth of the Group, and also the terms of the Proposed Grant, we consider such terms to be fair and reasonable. We also consider the Proposed Grant to be in the interest of the Company and of the Shareholders as a whole, and accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Special General Meeting to approve the Proposed Grant.

|                   |  |                         |
|-------------------|--|-------------------------|
|                   | Yours faithfully,                          |                         |
|                   | the Independent Board Committee            |                         |
| <b>Lin, Frank</b> | <b>Prince Yukol,</b>                       | <b>Ma Kah Woh, Paul</b> |
|                   | <b>Chatrichalerm</b>                       |                         |
|                   | <i>Independent Non-executive Directors</i> |                         |

\* For identification purposes only

---

## NOTICE OF SPECIAL GENERAL MEETING

---



### **GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED** **(嘉禾娛樂事業(集團)有限公司\*)**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1132)

**NOTICE IS HEREBY GIVEN** that a Special General Meeting of the Company will be held at Function Room – Peach and Cherry, M/F, InterContinental Hong Kong, 18 Salisbury Road, Kowloon, Hong Kong on 10 January 2005 at 1:20 pm for the purposes of considering and, if thought fit, passing the following resolution as an ordinary resolution:

#### **ORDINARY RESOLUTION**

“**THAT** the grant of an option to Mr. Phoon Chiong Kit, the Managing Director of the Company, pursuant to the share option scheme of the Company adopted on 28 November 2001 which would entitle him, upon full exercise thereof, to subscribe for an aggregate number of 15,000,000 Shares (subject to the restrictions referred to in the circular dated 12 November 2001 issued by the Company to its shareholders, a copy of which has been produced to the Meeting and marked “B” and signed by the Chairman of the Meeting for the purpose of identification), be and is hereby confirmed, ratified and approved and the board of directors of the Company (or an appointed committee thereof) be and is hereby authorised to do all such acts as may be necessary or expedient in order to give full effect to such grant of an option.”

By Order of the Board  
**Ang Puay Koon, Susan**  
*Company Secretary*

Hong Kong, 23 December 2004

*Registered office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place of Business in Hong Kong:*  
16th Floor  
The Peninsula Office Tower  
18 Middle Road  
Tsimshatsui  
Kowloon  
Hong Kong

\* *For identification purposes only*



---

## NOTICE OF SPECIAL GENERAL MEETING

---

*Notes:*

1. A form of proxy for use at the meeting is being dispatched to the shareholders of the Company together with a copy of this notice.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any member entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Company's Share Registrar in Hong Kong, Tengis Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting convened or any adjourned meeting and in such event, the form of proxy shall be deemed to be revoked.
6. Where there are joint holders of any Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.
7. MR. PHOON AND HIS ASSOCIATES (AS DEFINED IN THE CIRCULAR) SHALL ABSTAIN FROM VOTING IN RELATION TO THE ORDINARY RESOLUTION AS SET OUT IN THIS NOTICE AT THE MEETING CONVENED BY THE ABOVE NOTICE.