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Golden Harvest

# GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liabilities)

(Stock Code: 1132)

## ANNOUNCEMENT RELATING TO THE PRICE FLUCTUATIONS OF THE SHARES OF THE COMPANY

### RESIGNATION OF DIRECTORS AND CHANGE IN SUBSTANTIAL SHAREHOLDER OF THE COMPANY

The Directors note the price fluctuations of the shares of the Company on 5 May, 2004 and wish to state that, save as the possible reasons mentioned in this announcement, the Directors are not aware of any reason for such price fluctuations.

Reference is also made to the announcements of the Company dated 30 May, 11 July, 18 August, 24 September, 23 October, 21 November, 19 December, 2003, 16 January, 19 January, 19 February, 19 March, and 19 April, 2004. The Directors wish to state that the Company intends to continue to pursue its discussions with Independent Third Parties. However, no terms have been reached yet as a result of such discussions and such discussions may or may not lead to any agreement.

The Directors wish to remind shareholders of and potential investors in the Company to exercise caution in dealing in Shares.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange as from 9:30 a.m. on 6 May, 2004. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 May, 2004.

#### Share Price Fluctuations

The directors (the "Directors") of Golden Harvest Entertainment (Holdings) Limited (the "Company") note the price fluctuations of the shares of the Company on 5 May, 2004 and wish to state that, save as the possible reasons mentioned in this announcement, the Directors are not aware of any reason for such price fluctuations.

#### Change in Substantial Shareholder

The Company was informed by Acer SoftCapital Incorporated and Acer Digital Services (Cayman Islands) Corp. (together, "Acer") which together had been beneficially interested in an aggregate of 150,414,000 shares ("Shares") of the Company, representing approximately 17.01% of the issued share capital of the Company, that they had disposed of their entire shareholding in the Company at the price of HK\$0.23 per Share. The Company has been further informed that the purchaser of these Shares is Garex Resources Limited ("Garex"), a company which is ultimately beneficially owned by Mr. Li Ka-shing ("Mr. Li") who is not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries and/or their respective associates. Prior to such acquisition, Mr. Li had an interest in 27,640,000 Shares representing approximately 3.12% of the issued share capital of the Company; following his acquisition, through Garex, of 150,414,000 Shares from Acer, Mr. Li is beneficially interested in an aggregate of 178,054,000 Shares representing approximately 20.13% of the issued share capital of the Company. Mr. Huang Shao-Hua, George and Mr. Peng, Philip, being Acer's representatives on the board of directors of the Company, resigned as directors of the Company upon completion of the sale of Acer's shareholding in the Company with effect from 14 May, 2004 and they confirmed in their notices of resignation that they were not aware of any matters that needed to be brought to the attention of the shareholders of the Company. The board of Directors has not to date received any request from Garex to appoint as an additional Director any person(s) to be nominated by Garex.

The Directors confirm that, save as disclosed in this announcement, there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Rule 13.23 of The Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), neither are they aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

#### Shareholding of Substantial Shareholders and Directors

The effect of the aforesaid disposal on the percentage shareholdings of the substantial shareholders (as defined in the Listing Rules) of the Company and the Directors is as follows:

Name	Number of Shares	Percentage of shareholding in the Company
Chow Ting Hsing, Raymond ( <i>Note 1</i> )	250,537,223	28.33%
PAMA Group Inc.	123,284,027	13.94%
Mr. Li ( <i>Note 2</i> )	178,054,000	20.13%
Phoon Chiong Kit	6,000,000	0.68%
Chu Siu Tsun, Stephen	5,959,375	0.67%
Chan Sik Hong, David	5,859,375	0.66%

*Note 1* : Chow Ting Hsing, Raymond is interested in 250,537,223 Shares by virtue of his 100% beneficial holding in each of Planet Gold Associates Limited and Net City Limited, which hold 146,568,473 Shares and 103,968,750 Shares, respectively.

*Note 2* : Mr. Li is interested in 178,054,000 Shares by virtue of his 100% beneficial holding in a company which in turn owns the entire interest in each of Garex, which holds 150,414,000 Shares, Podar Investment Limited, which holds 25,000,000 Shares, and Oscar Resources Limited, which holds 2,640,000 Shares.

#### Discussions with Third Parties

It was stated in the announcement dated 30 May, 2003 that the Company had preliminary discussions with a number of independent third parties about the possibility of their acquisition of new shares in the Company which might amount to a possible change in controlling shareholding and which might or might not result in a general offer being made to shareholders of the Company to acquire their shares of the Company.

The Directors wish to state that the Company intends to continue to pursue its discussions with independent third parties who are not connected persons (as defined in the Listing Rules) of the Company ("Independent Third Parties"). (For the avoidance of doubt, no such discussion is intended to be held with Mr. Li.) However, no terms have been reached yet as a result of such discussions and such discussions may or may not lead to any agreement. Further announcements will be made should there be any significant development of the discussions as and when appropriate, including announcements in accordance with Rule 3.7 of the Code on Takeovers and Mergers (the "Code") if such discussions result in a possible offer under the Code for the Shares.

It was stated in the announcement dated 19 January, 2004 that the Company and its financial advisers had been in discussion with two shareholders of Warner Village Cinemas Co., Ltd. ("Warner Village"), who were Independent Third Parties, in relation to a possible acquisition by the Company of their combined 100% shareholding in Warner Village. To finance the proposed acquisition if it proceeded, the Company and its financial advisers had also been considering the possibility of raising new equity financing by the issue of new Shares by the Company. The Directors confirm that discussions relating to the possible acquisition and new share issue described above are continuing. However, as at the date of this announcement, no binding agreement of any nature has been entered into and the transactions may or may not proceed. The Company will comply with the requirements of the Listing Rules should the above described acquisition proceed.

The Directors wish to remind shareholders of and potential investors in the Company to exercise caution in dealing in Shares.

#### **Share Trading Suspension**

At the request of the Company, the Shares were suspended from trading on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as from 9:30 a.m. on 6 May, 2004. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 21 May, 2004.

#### **List of all Directors of the Company as of the date of this announcement:**

##### **Executive Directors:**

Mr. Chow Ting Hsing, Raymond  
Mr. Phoon Chiong Kit  
Mr. Chu Siu Tsun, Stephen  
Mr. Chan Sik Hong, David

##### **Independent non-executive Directors:**

Mr. Lin, Frank  
Prince Yukol, Chatrichalerm

On behalf of the Board  
**Chow Ting Hsing, Raymond**  
Chairman

Hong Kong, 20 May, 2004

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*