
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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Golden Harvest Entertainment (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer 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 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 ENTERTAINMENT (HOLDINGS) LIMITED
嘉禾娛樂事業(集團)有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

**DISCLOSEABLE TRANSACTION – ACQUISITION OF
APPROXIMATELY 66.66% SHAREHOLDING IN GLOBAL
ENTERTAINMENT AND MANAGEMENT SYSTEMS SDN. BHD.**

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
APPENDIX I – GENERAL INFORMATION	8

DEFINITIONS

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

“associate(s)”	has the meaning given to this term in the Listing Rules
“Acquisitions”	the PPB Acquisition and the Tanjong Acquisition
“Board”	the board of the 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
“GEMS”	Global Entertainment and Management Systems Sdn. Bhd., a company incorporated in Malaysia, which is currently owned as to 33.33% by each of Golden Harvest Cinemas, PPB and Tanjong
“Golden Harvest Cinemas”	Golden Harvest Cinemas Holding Ltd., a company incorporated in the British Virgin Islands, which is a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	23 March, 2005, 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
“PPB”	PPB Group Bhd., a company incorporated in Malaysia
“PPB Acquisition”	the acquisition by Golden Harvest Cinemas of an approximately 33.33% shareholding interest in GEMS from PPB pursuant to the PPB Acquisition Agreement
“PPB Acquisition Agreement”	the agreement dated 3 March, 2005 entered into between Golden Harvest Cinemas and PPB in respect of the PPB Acquisition

DEFINITIONS

“PPB Sale Shares”	100,000 ordinary shares of RM1.00 each in the capital of GEMS
“RM”	Ringgit Malaysia, the lawful company of Malaysia
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tanjong”	Tanjong Entertainment Sdn. Bhd., a company incorporated in Malaysia
“Tanjong Acquisition”	the acquisition by Golden Harvest Cinemas of an approximately 33.33% shareholding interest in GEMS from Tanjong pursuant to the Tanjong Acquisition Agreement
“Tanjong Acquisition Agreement”	the agreement dated 3 March, 2005 entered into between Golden Harvest Cinemas and Tanjong in respect of the Tanjong Acquisition
“Tanjong Sale Shares”	100,000 ordinary shares of RM1.00 each in the capital of GEMS
“TGV”	TGV Cinemas Sdn. Bhd. (formerly known as Tanjong Golden Village Sdn. Bhd.), a company incorporated in Malaysia, which is owned as to 25% by GEMS, 25% by Golden Harvest Cinemas and 50% by Tanjong
“%”	per cent

For the purpose of this circular, amounts in RM have been translated into HK\$ at an exchange rate of RM1.00 to HK\$2.0525.

LETTER FROM THE BOARD



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:

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

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Eric Norman Kronfeld

*Principal Place of Business
in Hong Kong:*

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

Independent Non-executive Directors:

Frank Lin
Prince Chatrichalerm Yukol
Paul Ma Kah Woh

29 March, 2005

To the Shareholders

Dear Sirs,

DISCLOSEABLE TRANSACTION – ACQUISITION OF APPROXIMATELY 66.66% SHAREHOLDING IN GLOBAL ENTERTAINMENT AND MANAGEMENT SYSTEMS SDN. BHD.

INTRODUCTION

The Board announced that on 3 March, 2005, Golden Harvest Cinemas, a wholly-owned subsidiary of the Company, and PPB entered into the PPB Acquisition Agreement pursuant to which Golden Harvest Cinemas agreed to acquire from PPB the PPB Sale Shares (representing approximately 33.33% of the issued share capital of GEMS) and a related shareholder's loan. The consideration for the PPB Acquisition is RM4,289,424 (approximately HK\$8,804,043).

LETTER FROM THE BOARD

On 3 March, 2005, Golden Harvest Cinemas also entered into the Tanjong Acquisition Agreement with Tanjong pursuant to which Golden Harvest Cinemas agreed to acquire from Tanjong the Tanjong Sale Shares (representing approximately 33.33% of the issued share capital of GEMS) and a related shareholder's loan. The consideration for the Tanjong Acquisition is also RM4,289,424 (approximately HK\$8,804,043).

The Acquisitions together constitute a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to give you further information in relation to the Acquisitions and other information as required under the Listing Rules.

A. PPB ACQUISITION AGREEMENT DATED 3 MARCH, 2005

1. Parties to the PPB Acquisition Agreement

Vendor: PPB

PPB is principally engaged in sugar cane cultivation and investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of PPB and its ultimate beneficial owners is a third party independent of the Company and not a connected person (as defined under the Listing Rules) of the Company.

Purchaser: Golden Harvest Cinemas (a wholly owned subsidiary of the Company)

2. Assets to be acquired

Pursuant to the PPB Acquisition Agreement, Golden Harvest Cinemas has agreed to acquire from PPB the PPB Sale Shares (representing approximately 33.33% of the issued share capital of GEMS) and a related shareholder's loan in the principal amount of RM3,457,000 (approximately HK\$7,095,492) as at the Latest Practicable Date. The principal asset of GEMS is its 25% shareholding interest in TGV.

3. Consideration

The consideration payable by Golden Harvest Cinemas to PPB for the PPB Acquisition is RM4,289,424 (approximately HK\$8,804,043). Pursuant to the PPB Acquisition Agreement, the consideration for the PPB Acquisition will be satisfied in cash and is payable upon completion. The payment for the consideration will be funded by the Group's existing banking facility.

The consideration for the PPB Acquisition was determined after arm's length negotiations between the parties to the PPB Acquisition Agreement taking into account PPB's cost of investment of approximately RM3,560,998 (approximately HK\$7,308,948) (including the shareholder's loan of approximately RM3,457,000 (approximately HK\$7,095,492) and its cost of capital of the aforesaid investment cost of approximately RM728,426 (approximately HK\$1,495,095)). The Directors consider that the terms of the PPB Acquisition are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

4. Completion

Completion of the PPB Acquisition took place on 10 March, 2005 and the relevant consideration was duly paid by Golden Harvest Cinemas.

B. TANJONG ACQUISITION AGREEMENT DATED 3 MARCH, 2005

1. Parties to the Tanjong Acquisition Agreement

Vendor: Tanjong

Tanjong is an investment holding company. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Tanjong and its ultimate beneficial owners is a third party independent of the Company and not a connected person (as defined under the Listing Rules) of the Company.

Purchaser: Golden Harvest Cinemas (a wholly owned subsidiary of the Company)

2. Assets to be acquired

Pursuant to the Tanjong Acquisition Agreement, Golden Harvest Cinemas has agreed to acquire from Tanjong the Tanjong Sale Shares (representing approximately 33.33% of the issued share capital of GEMS) and a related shareholder's loan in the principal amount of RM3,457,000 (approximately HK\$7,095,492) as at the Latest Practicable Date. The principal asset of GEMS is its 25% shareholding interest in TGV.

3. Consideration

The consideration payable by Golden Harvest Cinemas to Tanjong for the Tanjong Acquisition is RM4,289,424 (approximately HK\$8,804,043). Pursuant to the Tanjong Acquisition Agreement, the consideration for the Tanjong Acquisition will be satisfied in cash and is payable upon completion. The payment for the consideration will be funded by the Group's existing banking facility.

The consideration for the Tanjong Acquisition was determined after arm's length negotiations between the parties to the Tanjong Acquisition Agreement taking into account Tanjong's cost of investment of approximately RM3,560,998 (approximately HK\$7,308,948) (including the shareholder's loan of approximately RM3,457,000 (approximately HK\$7,095,492) and its cost of capital of the aforesaid investment cost of approximately RM728,426 (approximately HK\$1,495,095)). The Directors consider that the terms of the Tanjong Acquisition are fair and reasonable so far as the shareholders of the Company are concerned and are in the interest of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

4. Completion

Completion of the Tanjong Acquisition took place on 10 March, 2005 and the relevant consideration was duly paid by Golden Harvest Cinemas.

C. REASONS FOR THE ACQUISITIONS

The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore and the PRC, film financing and the operation of a film processing business in Hong Kong.

GEMS is an investment holding company. The principal asset of GEMS is its 25% shareholding interest in TGV, in which the Group through Golden Harvest Cinemas already holds a direct 25% shareholding. TGV is principally engaged in film exhibition in Malaysia. For the year ended 31 December, 2003, GEMS recorded the audited consolidated net profits (before taxation and extraordinary items) of RM1,164,030 (approximately HK\$2,389,172) and the audited consolidated net profits (after taxation and extraordinary items) of RM86,451 (approximately HK\$177,440). GEMS recorded the unaudited consolidated net profits (before taxation and extraordinary items) of RM2,640,972 (approximately HK\$5,420,595) and the unaudited consolidated net profits (after taxation and extraordinary items) of RM1,850,106 (approximately HK\$3,797,344) for the year ended 31 December, 2004. The unaudited consolidated net tangible assets of GEMS as at 31 December, 2004 were RM4,758,561 (approximately HK\$9,766,946) (taking into account the shareholder's loan of RM10,382,997 (approximately HK\$21,311,101)). The shareholders' loans due from GEMS to its shareholders amounted to RM10,382,997 (approximately HK\$21,311,101) in aggregate as at 31 December, 2004. The consideration of each of the PPB Acquisition and the Tanjong Acquisition represents a discount of approximately 15% to the share of the unaudited consolidated net tangible assets of GEMS as at 31 December, 2004.

The Group currently holds approximately 33.33% shareholding interest in GEMS. By purchasing approximately an additional 33.33% shareholding interest in GEMS from each of PPB and Tanjong, the Acquisitions will enable the Group to consolidate its interests in GEMS so that it will become a wholly-owned subsidiary of the Group following completion of the Acquisitions. With the Group's existing direct 25% shareholding interest in TGV, the completion of Acquisitions will also result in the Group's aggregate shareholding interests in TGV increasing to 50%.

As stated in the 2004 annual report of the Company, the total cinema box office in Malaysia increased by 23% to RM139 million (approximately HK\$285,297,500) in 2004. TGV showed an 18% increase in reported cinema box office receipts to RM49.2 million (approximately HK\$100,983,000), partly due to the addition of two new screens. Taking into account the further growth prospects of TGV, the Directors are of the view that the Acquisitions should be able to bring additional cash flows and earnings to the Group, thereby improving its financial position.

LETTER FROM THE BOARD

D. LISTING RULES IMPLICATIONS

Under the Listing Rules, the Acquisitions together constitute a discloseable transaction for the Company.

E. FINANCIAL EFFECTS OF THE ACQUISITIONS

Upon completion of the Acquisitions, the Group will adopt an equity method of accounting to consolidate GEMS's profits into the Group's results. As at 30 June, 2004, the audited consolidated net tangible assets of the Group amounted to approximately HK\$240.6 million. Upon completion of the Acquisitions, the unaudited tangible assets and liabilities of the Group immediately after such acquisitions would be increased by HK\$3.1 million and nil respectively. It is expected that the Acquisitions will have positive effect on the earnings of the Group.

F. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

1. RESPONSIBILITY

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 with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors 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 contained herein misleading.

The issue of this circular has been approved by the Directors.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which were required 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 deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) and which have been notified to the Company and the Stock Exchange were as follows:

(i) Directors’ interests in Shares

Name of Director	Nature of Interest	Notes	Number of Shares (L) = Long position (S) = Short position	Percentage of shareholding in the Company
Raymond Chow Ting Hsing	Interest of controlled corporations	1 and 4	313,121,527 (L) 262,117,118 (S)	23.54% 19.70%
Phoon Chiong Kit	Beneficial owner	2 and 5	37,100,000 (L)	2.86%
David Chan Sik Hong	Beneficial owner	3 and 5	10,859,375 (L)	0.84%
Lau Pak Keung (alternate director to Phoon Chiong Kit)	Beneficial owner	5	1,600,000 (L)	0.12%

Notes:

1. Raymond Chow Ting Hsing is deemed to be interested in 313,121,527 Shares by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited, which holds 183,210,590 Shares and 129,910,937 Shares respectively.
2. Out of 37,100,000 Shares in which Phoon Chiong Kit is deemed to be interested, 29,600,000 Shares are shares issuable upon the exercise of share options granted by the Company to Mr. Phoon under the share option scheme of the Company (the "Share Option Scheme").
3. Out of 10,859,375 Shares in which David Chan Sik Hong is deemed to be interested, 5,000,000 Shares are the shares issuable upon the exercise of share options granted by the Company to Mr. Chan under the Share Option Scheme.
4. The relevant percentage of shareholding in the Company is calculated by expressing the relevant number of Shares as a percentage of total number of issued shares of 1,330,309,375.
5. The relevant percentage of shareholding in the Company is calculated by expressing the relevant number of Shares as a percentage of total number of issued shares of 1,299,109,375.

(ii) Director's interest in associated corporations

Raymond Chow Ting Hsing is also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially holds 114,000,000 non-voting deferred shares of Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

In addition to the above, a director has non-beneficial equity interests in certain subsidiaries held for the benefit of the Group.

(iii) Miscellaneous

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required 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 deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Disclosure of interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of

the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of shareholder	Capacity	Notes	Number of shares	Percentage of shareholding in the Company
Raymond Chow Ting Hsing	Interest of controlled corporations	1 and 4	313,121,527 (L)	23.54%
			262,117,118 (S)	19.70%
Felicia Chow Yuan Hsi Hua	Spouse's interest	1 and 4	313,121,527 (L)	23.54%
			262,117,118 (S)	19.70%
Planet Gold Associates Limited	Beneficial owner	1 and 4	183,210,590 (L)	13.77%
			174,617,118 (S)	13.13%
Net City Limited	Beneficial owner	1 and 4	129,910,937 (L)	9.77%
			87,500,000 (S)	6.58%
Li Ka-shing	Interest of controlled corporations	2 and 4	222,567,500 (L)	16.73%
Mayspin Management Limited	Interest of controlled corporations	2 and 4	222,567,500 (L)	16.73%
Garex Resources Limited	Beneficial owner	2 and 4	188,017,500 (L)	14.13%
Typhoon Music (PRC) Limited	Beneficial owner	3 and 5	155,000,000 (L)	11.93%
EMI Group Plc	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93%
Virgin Music Group Ltd.	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93%
EMI Group Worldwide Limited	Interest of controlled corporation	3 and 5	155,000,000 (L)	11.93%
Norman Cheng Tung Hon	Interest of controlled corporations	3 and 5	155,000,000 (L)	11.93%
Typhoon Records Limited	Interest of controlled corporation	3 and 5	155,000,000 (L)	11.93%
Lily Feng Yuen Cheung	Spouse's interest	3 and 5	155,000,000 (L)	11.93%
PAMA Group Inc.	Beneficial owner	5	123,284,027 (L)	9.49%

Notes:

1. Raymond Chow Ting Hsing is deemed to be interested in 313,121,527 Shares by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited which holds 183,210,590 Shares and 129,910,937 Shares, respectively. Felicia Chow Yuan Hsi Hua, the spouse of Raymond Chow Ting Hsing, is deemed to be interested in the same shares in which Raymond Chow Ting Hsing is interested.
2. Li Ka-shing is deemed to be interested in 222,567,500 Shares by virtue of his 100% beneficial holding in Mayspin Management Limited which in turn owns the entire interest in each of Garex Resources Limited which holds 188,017,500 Shares, Podar Investment Limited which holds 31,250,000 Shares, and Oscar Resources Limited which holds 3,300,000 Shares.
3. EMI Group Plc has 100% control of Virgin Music Group Limited, which has 100% control of EMI Group Worldwide Limited, which in turn has a 50% shareholding in Typhoon Music (PRC) Limited. Norman Cheng Tung Hon has 100% control of Typhoon Records Limited, which has a 50% shareholding in Typhoon Music (PRC) Limited. Each of EMI Group Plc, Virgin Music Group Limited, EMI Group Worldwide Limited, Norman Cheng Tung Hon and Typhoon Records Limited is deemed to be interested in the 155,000,000 Shares held by Typhoon Music (PRC) Limited. Lily Feng Yuen Cheung, the spouse of Norman Cheng Tung Hon, is deemed to be interested in the same shares in which Norman Cheng Tung Hon is interested.
4. The relevant percentage of shareholding in the Company is calculated by expressing the relevant number of Shares as a percentage of total number of issued shares of 1,330,309,375.
5. The relevant percentage of shareholding in the Company is calculated by expressing the relevant number of Shares as a percentage of total number of issued shares of 1,299,109,375.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contract with any member of the Group which will not expire or be determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTEREST IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates had any interest in a business, which competes or may compete with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims of material importance and no litigation or arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

6. COMPANY SECRETARY

Susan Ang Puay Koon, aged 41, the Company Secretary and Director of Legal Affairs of the Group, graduated with a Law Degree from the University of Kent at Canterbury in England and has a LL.M. from the London School of Economics and Political Science. Ms. Ang is a member of Gray's Inn and has been admitted to the English Bar, the Malaysian Bar and the Hong Kong Bar.

7. MISCELLANEOUS

- (a) The principal place of business of the Company is at 16th Floor, The Peninsula Office Tower, 18 Middle Road, Tsimshatsui, Kowloon, Hong Kong.
- (b) The Hong Kong branch share registrar of the Company is Tengis Limited of Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (c) The qualified accountant of the Company is Yuen Kwok On. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Yuen has over 13 years' experience in the accounting field. Prior to joining the Group, he worked in international accounting firms for more than 5 years.
- (d) The English text of this circular shall prevail over Chinese text in the case of any inconsistency.