

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Golden Harvest Entertainment (Holdings) Limited.

Skyera International Limited

(Incorporated in the British Virgin Islands with limited liability)

Mainway Enterprises Limited

(Incorporated in the British Virgin Islands with limited liability)



Golden Harvest

Golden Harvest Entertainment (Holdings) Limited

(stock code : 1132)

(Incorporated in Bermuda with limited liability)

JOINT ANNOUNCEMENT

MANDATORY UNCONDITIONAL CASH OFFERS BY



SOMERLEY LIMITED

ON BEHALF OF

SKYERA INTERNATIONAL LIMITED AND MAINWAY ENTERPRISES LIMITED

FOR ALL THE ISSUED SHARES IN,

AND OUTSTANDING CONVERTIBLE NOTES AND SHARE OPTIONS OF,

GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(OTHER THAN THOSE ALREADY OWNED

OR AGREED TO BE ACQUIRED BY

SKYERA INTERNATIONAL LIMITED AND MAINWAY ENTERPRISES LIMITED

AND PARTIES ACTING IN CONCERT WITH THEM)

RESUMPTION OF TRADING

FINANCIAL ADVISER TO THE OFFERORS



SOMERLEY LIMITED

Skyera, one of the Offerors, entered into the sale and purchase agreement with each of Shineidea and Quick Target on 29 May 2008 and each of Podar, Oscar and Garex on 30 May 2008. Pursuant to the Agreements, Skyera agreed to acquire 9,090,909 Shineidea Sale Shares from Shineidea, 22,727,272 Quick Target Conversion Shares from Quick Target, 3,125,000 Podar Sale Shares from Podar, 330,000 Oscar Sale Shares from Oscar, 18,801,750 Garex Sale Shares and 9,090,909 Garex Conversion Shares from Garex at HK\$3.7 each. Quick Target exercised the conversion right attaching to its Convertible Note in the principal amount of HK\$50 million and the Quick Target Conversion Shares were issued on 30 May 2008. Garex will serve a notice to exercise the conversion right attaching to its Convertible Note in principal amount of HK\$20 million within three business days after the date of the Garex Agreement and the Garex Conversion Shares will be issued to Skyera accordingly.

Upon Completion, the aggregate shareholding of the Offerors and parties acting in concert with them would then increase from its existing 19.7% to 55.9%. As a result, the Offerors are required to make mandatory unconditional cash offers for all the issued Shares and outstanding Convertible Notes and Options other than those already owned or agreed to be acquired by the Offerors and parties acting in concert with them under Rule 26 of the Takeovers Code. The voluntary conditional cash offers announced by the Offerors on 28 May 2008 will then be substituted by the Mandatory GO. Terms of the Mandatory GO are the same as that of the Offers as set out in the Announcement.

Shareholders and potential investors are reminded to exercise caution when trading in the securities of the Company

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on Friday, 30 May 2008 pending release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 2 June 2008.

Reference is made to the joint announcement (the “Announcement”) issued by the Offerors and the Company dated 28 May 2008 in relation to the Offers to be made by Somerley on behalf of the Offerors for all the Shares, Convertible Notes and Options not already owned or agreed to be acquired by the Offerors and parties acting in concert with them in accordance with the Takeovers Code. Unless otherwise stated, capitalised terms used herein shall have the same meaning as those defined in the Announcement.

ACQUISITION OF SALE SHARES AND CONVERSION SHARES

On 29 May 2008, Shineidea and Quick Target entered into the Agreements with Skyera, one of the Offerors. Pursuant to the Agreements, Skyera agreed to acquire 9,090,909 Shineidea Sale Shares from Shineidea and 22,727,272 Quick Target Conversion Shares from Quick Target at HK\$3.7 each. Quick Target exercised the conversion right attaching to its Convertible Note in principal amount of HK\$50 million and the Quick Target Conversion Shares were issued on 30 May 2008.

On 30 May 2008, Podar, Oscar and Garex entered into the Agreements with Skyera, one of the Offerors. Pursuant to the Agreements, Skyera agreed to acquire 3,125,000 Podar Sale Shares from Podar, 330,000 Oscar Sale Shares from Oscar, 18,801,750 Garex Sale Shares and 9,090,909 Garex Conversion Shares from Garex at HK\$3.7 each. Garex will serve a notice to exercise the conversion right attaching to its Convertible Note in principal amount of HK\$20 million within three business days after the date of the Garex Agreement and the Garex Conversion Shares will be issued to Skyera accordingly.

The 9,090,909 Shineidea Sale Shares, 22,727,272 Quick Target Conversion Shares, 3,125,000 Podar Sale Shares, 330,000 Oscar Sale Share, 18,801,750 Garex Sales Shares and 9,090,909 Garex Conversion Shares, represent approximately 39.3% of the issued share capital of the Company as at the date of this announcement.

As at the date of the Announcement, the Offerors together with parties acting in concert with them hold 31,662,151 Shares, representing approximately 23.0% of the then issued share capital of the Company. The Offerors together with parties acting in concert with them maintain such number of Shares which are then diluted to 19.7% as of today after the issuance of Quick Target Conversion Shares. The Offerors together with parties acting in concert with them also hold the CT Note in the principal amount of HK\$20 million. Immediately after completion of the Agreements, the aggregate shareholding of the Offerors together with parties acting in concert with them in the Company would then increase from its existing 19.7% to 55.9%.

THE OFFERS

As a result of the Acquisitions, the Offerors are required to make mandatory unconditional general offers (“Mandatory GO”) for all the issued Shares and outstanding Convertible Notes and Options other than those already owned or agreed to be acquired by the Offerors and parties acting in concert with them under Rule 26 of the Takeovers Code. The Offerors will make the Share Offer at the Share Offer Price of HK\$3.7 in cash for each Offer Share and comparable offers for the outstanding Convertible Notes and Options at appropriate prices in compliance with

Rule 13 of the Takeovers Code. The Offers announced by the Offerors on 28 May 2008 will be substituted by the Mandatory GO to be made by Somerley on behalf of the Offerors. Terms of the Mandatory GO are the same as that of the Offers as set out in the Announcement. As at the date of this announcement, besides the HK\$20 million CT Note and the Garex Convertible Note, there are HK\$10 million Convertible Notes outstanding and a total of 1,500,000 Options outstanding under the Share Option Scheme.

Value of the Mandatory GO

As at the date of this announcement, there are 160,546,718 Shares in issue, of which the Offerors together with parties acting in concert with them hold 31,662,151 Shares, 9,090,909 Shineidea Sale Shares, 22,727,272 Quick Target Conversion Shares, 3,125,000 Podar Sale Shares, 330,000 Oscar Sale Shares, 18,801,750 Garex Sale Shares, to be acquired by Skyera pursuant to the Agreements. On the basis of the Share Offer Price of HK\$3.7, the Share Offer is valued at approximately HK\$276.8 million. Assuming all the outstanding Convertible Notes (excluding the CT Note and the Garex Convertible Note) are converted and all the outstanding Options were exercised, 6,045,454 new Shares would be issued and the Share Offer would then have a total value of HK\$299.2 million.

Other than the CT Note and the Garex Convertible Note, the principal amount of the remaining Convertible Notes is HK\$10 million. The Convertible Note Offer is valued in aggregate at HK\$16.8 million.

There are a total of 1,500,000 Options outstanding entitling the holders to subscribe for an aggregate of 70,000 Shares at an exercise price of HK\$2.6 per Share and 1,430,000 Shares at an exercise price of HK\$3.93 per Share under the Share Option Scheme. The total amount required to satisfy cancellation of all the outstanding Share Options is HK\$91,300.

Somerley is satisfied that sufficient financial resources are available to the Offerors to satisfy full acceptance of the Mandatory GO.

SHAREHOLDING OF THE GROUP

Shareholders	Existing holdings		Immediately after completion of the Acquisitions		Immediately after	Immediately after
	No. of Shares (%)	No. of underlying Shares in respect of outstanding Convertible Notes and Options	No. of Shares (%)	No. of underlying Shares in respect of outstanding Convertible Notes and Options	conversion of the HK\$20m all Convertible Note held by CT No. of Shares (%)	conversion of all outstanding Convertible Notes and Options No. of Shares (%)
CT and concert parties of the Offerors (<i>Note a</i>)	31,662,151 (19.7%)	9,090,909	94,827,991 (55.9%)	9,090,909	103,918,900 (58.1%)	103,918,900 (56.3%)
Mr. Li Ka-shing and his associates	22,256,750 (13.9%)	9,090,909	—	—	—	—
Typhoon (<i>Note b</i>)	15,500,000 (9.7%)	4,545,454	15,500,000 (9.1%)	4,545,454	15,500,000 (8.7%)	20,045,454 (10.8%)
ITC Corporation Limited & its associates (<i>Note c</i>)	31,818,181 (19.8%)	—	—	—	—	—
Evenstar (<i>Note d</i>)	15,114,939 (9.4%)	—	15,114,939 (8.9%)	—	15,114,939 (8.5%)	15,114,939 (8.2%)
Other existing Directors (<i>Note e</i>)	200,000 (0.1%)	620,000	200,000 (0.1%)	620,000	200,000 (0.1%)	820,000 (0.4%)
Other optionholders	—	880,000	—	880,000	—	880,000 (0.5%)
Other public Shareholders	43,994,697 (27.4%)	—	43,994,697 (26.0%)	—	43,994,697 (24.6%)	43,994,697 (23.8%)
Total:	<u>160,546,718</u>	<u>24,227,272</u>	<u>169,637,627</u>	<u>15,136,363</u>	<u>178,728,536</u>	<u>184,773,990</u>

Notes:

- (a) Parties acting in concert with the Offerors include Mr. Shen De Min, a Director appointed in March 2008 after CT became a substantial shareholder in October 2007, who holds 200,000 Shares.
- (b) Typhoon Music (PRC) Limited (“Typhoon”) is 50:50 held by EMI Group Plc and Mr. Norman Cheng Tung Hon through their respective wholly owned companies.
- (c) The shares of ITC Corporation Limited are listed on the Main Board of the Stock Exchange and its controlling shareholder is Dr. Chan Kwok Keung, Charles. Upon the exercise of conversion rights attaching to the Quick Target Convertible Note, 22,727,272 Shares were issued on 30 May 2008.

- (d) Evenstar Master Fund Segregated Portfolio Company (“Evenstar”) is an 85% owned subsidiary of Evenstar Capital Management Limited.
- (e) The Shares and Options are held by certain Directors who are not acting in concert with the Offerors.

Save for the Shineidea Sale Shares, Quick Target Conversion Shares, Podar Sale Shares, Oscar Sale Shares, Garex Sale Shares and Garex Conversion Shares to be acquired by the Offerors under the Acquisition and the 31,462,151 Shares and HK\$20 million Convertible Notes held by CT and 200,000 Shares held by a Director appointed to the Board after CT became a substantial Shareholder who is acting in concert with the Offerors, neither the Offerors nor any parties acting in concert with them hold any Shares or any options, warrants, derivatives or securities which are convertible into Shares.

GENERAL

The Offer Document containing details of, among other things, the full terms of the Mandatory GO, together with the relevant forms of acceptance and transfer, will be despatched to the holders of the Shares, Convertible Notes and Options as soon as practicable, but in any event within 21 days of the date of the Announcement or such later date(s) as agreed by the Executive.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:30 a.m. on Friday, 30 May 2008 pending release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on Monday, 2 June 2008.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

- “Acquisitions” the acquisitions of the Shineidea Sale Shares, Quick Target Conversion Shares, Podar Sale Shares, Oscar Sale Shares, Garex Sale Shares and Garex Conversion Shares by the Offerors under the Agreements
- “Agreements” the Shineidea Agreement, Quick Target Agreement, Podar Agreement, Oscar Agreement, Garex Agreement

“Completion”	completion of the Agreements
“Garex”	Garex Resources Limited, a company incorporated in the British Virgin Islands and is an associate of Mr. Li Ka-shing
“Garex Agreement”	an agreement for the sale and purchase of the Garex Sale Shares and Garex Conversion Shares entered into by Garex and Skyera dated 30 May 2008 which completion shall take place within three business days after the date of the agreement and/or date as agreed between the parties in writing
“Garex Convertible Note”	the convertible note with a principal amount of HK\$20 million issued by the Company and held by Garex
“Garex Conversion Shares”	the 9,090,909 Shares to be issued by the Company pursuant to the exercise of the conversion right attaching to the Garex Convertible Note, representing approximately 5.7% of the existing issued share capital of the Company
“Garex Sale Shares”	the 18,801,750 Shares to be acquired by Skyera from Garex, representing approximately 11.7% of the existing issued share capital of the Company
“Oscar”	Oscar Resources Limited, a company incorporated in the British Virgin Islands and is an associate of Mr. Li Ka-shing
“Oscar Agreement”	an agreement for the sale and purchase of the Oscar Sale Shares entered into by Oscar and Skyera dated 30 May 2008 which completion shall take place within three business days after the date of the agreement and/or date as agreed between the parties in writing
“Oscar Sale Shares”	the 330,000 Shares to be acquired by Skyera from Oscar, representing approximately 0.2% of the existing issued share capital of the Company
“Podar”	Podar Investment Limited, a company incorporated in the British Virgin Islands and is an associate of Mr. Li Ka-shing
“Podar Agreement”	an agreement for the sale and purchase of the Podar Sale Shares entered into by Podar and Skyera dated 30 May 2008 which completion shall take place within three business days after the date of the agreement and/or date as agreed between the parties in writing

“Podar Sale Shares”	the 3,125,000 Shares to be acquired by Skyera from Podar, representing approximately 1.9% of the existing issued share capital of the Company
“Quick Target”	Quick Target Limited, a company incorporated in the British Virgin Islands, is an indirect wholly owned subsidiary of Hanny Holdings Limited (“Hanny”) which is an associate of ITC Corporation Limited (“ITC”). Shares of both of Hanny and ITC are listed on the Main Board of the Stock Exchange
“Quick Target Agreement”	an agreement for the sale and purchase of the Quick Target Conversion Shares entered into by Quick Target and Skyera dated 29 May 2008 which completion shall take place within three business days of the issuance of the Quick Target Conversion Shares or such other date as agreed between the parties
“Quick Target Convertible Note”	the convertible note with a principal amount of HK\$50 million issued by the Company and held by Quick Target
“Quick Target Conversion Shares”	the 22,727,272 Shares issued by the Company on 30 May 2008 pursuant to the exercise of the conversion right attaching to the Quick Target Convertible Note, representing approximately 14.2% of the existing issued share capital of the Company
“Shineidea”	Shineidea Limited, a company incorporated in the British Virgin Islands, is a wholly owned subsidiary of See Corporation Limited (“See Corporation”) which is an associate of ITC Corporation Limited. Shares of both of See Corporation and ITC are listed on the Main Board of the Stock Exchange
“Shineidea Agreement”	an agreement for the sale and purchase of the Shineidea Sale Shares entered into by Shineidea and Skyera dated 29 May 2008 which completion shall take place within three business days of the date of the agreement or such other date as agreed between the parties

“Shineidea Sale Shares” the 9,090,909 Shares to be acquired by Skyera from Shineidea, representing approximately 5.7% of the existing issued share capital of the Company

By order of the board of directors of
Skyera International Limited
Mr. Wu Kebo
Director

By order of the board of directors of
Mainway Enterprises Limited
Mr. Wu Kebo
Director

By order of the board of directors of
Golden Harvest Entertainment (Holdings) Limited
Mr. Lau Pak Keung
Director

Hong Kong, 30 May 2008

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement relating to the Group 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 relating to the Group in this announcement misleading.

Mr. Wu accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirms having made all reasonable enquiries that, to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group) 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 (other than those relating to the Group) in this announcement misleading.

As at the date of this announcement, the directors of the Company are:

Chairman and Executive Director:

Mr. Wu Kebo

Executive Directors:

Mr. Chow Siu Hong

Mr. Shen De Min

Ms. Fiona Chow Sau Fong

(also alternate to Mr. Chow Siu Hong)

Mr. Lau Pak Keung

Ms. Wang Wei

Ms. Wu Keyan

(alternate to Mr. Wu Kebo)

Non-executive Directors:

Mr. Eric Norman Kronfeld

Mr. Takashi Araki

Independent non-executive Directors:

Mr. Leung Man Kit

Mr. George Huang Shao-Hua

Prince Chatrichalerm Yukol