GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2006

INTERIM RESULTS

The board of directors (the "Board") of Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2006. The consolidated results have not been audited by the Company's auditors, but have been reviewed by the Company's Audit Committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

		(Unaudited) Six months ended 31 December	
		2006	2005
	Notes	***HK$'000***	*HK$'000*
REVENUE	*2*	**289,978**	265,200
Cost of sales		**(129,771)**	(122,279)
Gross profit		**160,207**	142,921
Interest income		**2,425**	384
Other income and gains		**22,952**	18,169
Selling and distribution costs		**(141,640)**	(133,303)
General and administrative expenses		**(29,580)**	(26,687)
Other operating expenses, net		**(4,172)**	(6,277)
Finance costs	*4*	**(8,451)**	(3,538)
Share of profits and losses of associates		**3,405**	13,577
Share of profit of an associate classified as held for sale		**5,467**	–
PROFIT BEFORE TAX	*3*	**10,613**	5,246
Tax	*5*	**1,592**	(183)
PROFIT FOR THE PERIOD		**12,205**	5,063
Attributable to equity holders of the Company		**12,205**	5,063
EARNINGS PER SHARE	*6*		
Basic		**HK0.92 cent**	HK0.38 cent
Diluted		**HK0.88 cent**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	(Unaudited) As at 31 December 2006 *HK$'000*	(Audited) As at 30 June 2006 *HK$'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**248,067**	246,799
Interests in associates	**158,196**	195,902
Due from jointly-controlled entities	**46,880**	42,775
Prepaid land lease payments	**732**	741
Prepaid rental	**10,475**	11,502
Club memberships	**3,590**	3,590
Rental and other deposits	**54,366**	53,130
Trademarks	**79,421**	79,421
Deferred tax assets	**3,617**	–
Pledged bank deposits	**1,917**	1,870
Total non-current assets	**607,261**	635,730
CURRENT ASSETS		
Inventories	**866**	726
Film rights	**36,132**	16,279
Accounts receivable	**26,945**	12,005
Prepayments, deposits and other receivables	**46,524**	35,441
Due from a jointly-controlled entity	**6,000**	14,400
Pledged bank balances	**2,179**	1,972
Cash and bank balances	**88,737**	54,369
	207,383	135,192
An associate classified as held for sale	**54,722**	–
Total current assets	**262,105**	135,192
CURRENT LIABILITIES		
Accounts payable	**64,358**	62,028
Accrued liabilities and other payables	**79,118**	83,368
Due to associates	**1,167**	1,113
Customer deposits	**4,744**	3,492
Interest-bearing bank loans	**31,970**	37,201
Current portion of finance lease payables	**339**	328
Loans from joint venture partners	**6,000**	14,400
Provision for employee benefits	**1,972**	1,943
Tax payable	**9,917**	9,924
Total current liabilities	**199,585**	213,797
NET CURRENT ASSETS/(LIABILITIES)	**62,520**	(78,605)
TOTAL ASSETS LESS CURRENT LIABILITIES	**669,781**	557,125

	(Unaudited) As at 31 December 2006 *HK$'000*	(Audited) As at 30 June 2006 *HK$'000*
NON-CURRENT LIABILITIES		
Convertible notes	**119,145**	19,618
Interest-bearing bank loans	**48,634**	57,087
Non-current portion of finance lease payables	**979**	1,152
Loans from joint venture partners	**47,127**	42,742
Deposits received	**4,179**	4,284
Provision for long service payments	**4,378**	4,102
Deferred tax liabilities	**6,689**	7,274
Total non-current liabilities	**231,131**	136,259
Net assets	**438,650**	420,866
EQUITY		
Equity attributable to equity holders of the Company		
Issued share capital	**132,699**	133,031
Equity component of convertible notes	**880**	95
Reserves	**305,071**	287,740
Total equity	**438,650**	420,866

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Significant accounting policies

Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the audited financial statements for the year ended 30 June 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are effective for the accounting period beginning on 1 July 2006:

HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendment	Financial Guarantee Contracts
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 *Financial Reporting in Hyperinflationary Economies*
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives

The adoption of the above revised standards and interpretation has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

The Group has not applied the following new and revised standards and interpretations, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

HKAS 1 Amendment shall be applied for accounting period beginning on 1 July 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for accounting period beginning on 1 July 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32.

HK(IFRIC) – Int 10 shall be applied for accounting period beginning on 1 July 2007.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of the HKAS 1 Amendment and HKFRS 7 may result in new or amended disclosures, these new and revised HKFRSs will not have any significant impact on the Group's results of operations and financial position in the period of initial application.

2. Revenue and segment information

(a) Business segments

The following table presents revenue and results for the Group's business segments.

	(Unaudited) Six months ended 31 December									
	Film and video distribution		Film exhibition		Others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**39,455**	23,051	**240,659**	231,465	**9,864**	10,684	**–**	–	**289,978**	265,200
Inter-segment sales	**3,973**	864	**–**	–	**894**	234	**(4,867)**	(1,098)	**–**	–
Other revenue	**532**	1,493	**16,756**	15,815	**186**	798	**(445)**	(315)	**17,029**	17,791
Total	**43,960**	25,408	**257,415**	247,280	**10,944**	11,716	**(5,312)**	(1,413)	**307,007**	282,991
Segment results	**6,487**	(1,685)	**(6,377)**	(3,083)	**1,734**	(787)	**–**	–	**1,844**	(5,555)
Interest income and unallocated gains									**8,348**	762
Finance costs									**(8,451)**	(3,538)
Share of profits and losses of associates	**1,347**	1,102	**2,058**	12,475	**–**	–	**–**	–	**3,405**	13,577
Share of profit of an associate classified as held for sale	**479**	–	**4,988**	–	**–**	–	**–**	–	**5,467**	–
Profit before tax									**10,613**	5,246
Tax									**1,592**	(183)
Profit for the period									**12,205**	5,063

(b) Geographical segments

The following table presents revenue for the Group's geographical segments.

	(Unaudited) Six months ended 31 December													
	Hong Kong		**Mainland China**		**Taiwan**		**Malaysia**		**Elsewhere in Asia**		**Others**		**Consolidated**	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:														
Sales to external customers	**100,498**	97,021	**29,158**	21,906	**114,243**	102,381	**43,486**	42,674	**2,364**	361	**229**	857	**289,978**	265,200

3. Profit before tax

The Group's profit before tax is arrived at after charging:

	(Unaudited) Six months ended 31 December	
	2006	2005
	HK$'000	*HK$'000*
Cost of inventories sold	**12,362**	12,046
Cost of services provided	**111,958**	106,138
Amortisation of film rights	**5,451**	4,095
Depreciation and amortisation of prepaid land lease payments	**20,568**	20,744
Loss on disposal of items of property, plant and equipment	**141**	918

4. Finance costs

	(Unaudited) Six months ended 31 December	
	2006	2005
	HK$'000	*HK$'000*
Interest and finance cost on bank loans wholly repayable within five years	**3,963**	3,365
Interest on convertible notes	**3,104**	–
Interest on loans from joint venture partners	**1,181**	–
Interest on finance leases	**58**	28
Interest on accounts payable	**145**	145
	8,451	3,538

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable outside Hong Kong have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on country legislation, interpretations and practices in respect thereof.

	(Unaudited) Six months ended 31 December	
	2006	2005
	HK$'000	*HK$'000*
Group:		
Hong Kong	**–**	–
Elsewhere	**748**	(1,756)
	748	(1,756)
Jointly-controlled entities:		
Current	**1,982**	1,696
Deferred	**(4,322)**	243
	(2,340)	1,939
Tax charge/(credit) for the period	**(1,592)**	183

Tax credit for the period arose from the recognition of deferred tax assets on the unused tax losses and the deductible temporary differences, to the extent that it will be probably utilised in the foreseeable future.

Share of tax attributable to associates and an associate classified as held for sale amounting to HK$2,567,000 (2005: HK$5,001,000) and HK$2,155,000 (2005: Nil), respectively, are included in "Share of profits and losses of associates" and "Share of profit of an associate classified as held for sale" on the face of the condensed consolidated income statement.

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interests on the convertible notes, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all dilutive potential ordinary shares into ordinary shares.

The share options had no diluting effect on the basic earnings per share for both the current period and prior period as the exercise price of the Company's outstanding share options was higher than the average market price of the Company's ordinary shares during both periods.

The calculations of basic and diluted earnings per share are based on:

Weighted average number of ordinary shares

	2006	2005
Issued ordinary shares as at 1 July	**1,330,309,375**	1,330,309,375
Effect of share repurchased	**(241,141)**	–
Weighted average number of ordinary shares in issue during the period used in the calculation of the basic earnings per share	**1,330,068,234**	1,330,309,375
Effect of dilution – weighted average number of ordinary shares: Convertible notes	**414,525,692**	–
	1,744,593,926	1,330,309,375

Profit for the period attributable to ordinary equity holders of the Company

	(Unaudited) Six months ended 31 December 2006 *HK$'000*	2005 *HK$'000*
Profit for the period attributable to ordinary equity holders	**12,205**	5,063
Interests on convertible notes	**3,104**	–
Profit attributable to ordinary share holders before interest on convertible notes	**15,309**	5,063

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 31 December 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

The Group reported a profit of HK$12 million for the period under review, as compared to a profit of HK$5 million last year. This was primarily due to the improvement in results in Hong Kong and Taiwan, offset by reduction of contribution from Singapore. Turnover for the period increased by 9% to HK$290 million and gross profits increased by 12% to HK$160 million. Net finance costs increased by HK$3 million for the period due to the issuance of convertible notes in 2006. The tax credit of HK$1.6 million for the period is as a result of the recognition of a deferred tax asset of approximately HK$4 million (our share) in our jointly-controlled entity Vie Show Cinemas Co. Ltd. ("VSC").

In Exhibition, our Taiwan and Shenzhen cinema businesses continue to contribute strongly to the Group's profits. In Distribution, the Group strengthened its film licensing activities and this was reflected in the success of Panasia licensed movies, *Death Note I & II* in both Hong Kong and Taiwan. In December 2006, our Chinese language film library was enlarged to approximately 140 titles by the acquisition of 39 additional titles; this will further strengthen our film distribution business.

The Group has divested one of its two cinema circuits in Malaysia and the transaction was completed in February 2007. A gain of approximately HK$120 million will be recognised in the 2nd half of this financial year.

Film Distribution

The Hong Kong market softened in the 2nd half of 2006 and total box office fell by 4% to HK$483 million. The market continues to face the problem of an insufficient supply of quality Chinese language films. The line-up of Hollywood blockbusters for Christmas 2006 was also relatively weak this year. As a distributor for both Chinese and non-Chinese language films, the Group held a 19% market share in terms of box office receipts.

Chinese language films

The Group distributed 6 Chinese language films for the period, including Jackie Chan's "Rob-B-Hood", as compared to 7 films over the same period last year. The total box office of Chinese language films distributed by the Group was lower by HK$7 million at HK$53 million and our market share was slightly reduced to 31%.

The Group will continue to reap benefits from its library of 140 Chinese film titles.

Non-Chinese language films

For non-Chinese language films, the Group stepped up its direct film licensing business during the period after the expiry of its distribution contract with United International Pictures. The success of *Death Note I and II* in both Hong Kong and Taiwan, as well as the good showing of *Octopus* in mainland China vindicates our strategic move to expand the film financing and licensing business in Hong Kong, China and Taiwan. The contribution from distribution of non-Chinese language films was almost double that of last year.

Film Exhibition

As at 31 December 2006, the Group had 48 cinemas with 350 screens operating across the Asian region. In order to redeploy our capital resources to markets which have better returns, such as mainland China, the Group divested one of its two cinema circuits in Malaysia and the transaction was completed in February 2007. After the disposal, the Group now operates 30 cinemas with 242 screens and remains a leading cinema operator in Asia.

In Hong Kong, the overall performance of our cinemas has improved after the closure of the New York cinema in March 2006. Box office income for the remaining cinemas increased by 4% to HK$61 million in spite of the total market box office declining by 4%.

The mainland China, market continues to grow strongly with a number of cinemas opened in 2006. The Group's 7-screen cinema located at MIXC Mall, City Crossing held approximately 44% of the Shenzhen box office and grossed RMB25 million in theatre takings, an increase of 24% over the same period last year. Our cinema has consistently maintained a top position nation-wide in terms of box office takings. During the period, the Group also soft-launched its digital screen advertising business in our Shenzhen cinema; this will be extended to other cinemas in Shenzhen in 2007.

In Taiwan, total box office was down by 5% from the corresponding period last year. However, theatre takings of VSC improved by 2% and market share increased to 32%, largely contributed by the 17-screen multiplex cinema at Hsinyi in Taipei. Since the Group took over management of the cinema operations in 2005, VSC has turned around and has been profitable for 2 consecutive years.

In Singapore, the market is mature and competition is keen. The opening of new cinemas in 2006 had little impact on the total market box office which remained flat at S$60 million. Theatre takings of our joint venture, Golden Village Multiplex Pte Ltd ("GVM") for the period increased by 3% to S$27 million. With the opening of our new flagship cinema GV VivoCity at HarbourFront in October 2006, GVM's market share increased to nearly 50%. The initial performance of this state-of-the-art 15-screens megaplex has been impressive and it is expected to continue to perform well. Last year the Group commenced proceedings in Hong Kong to wind up Dartina Development Limited, the holding company of the Singapore joint venture with Village Roadshow ("VR"). The petition came about because of a dispute between the Group and its Australian partner, VR, regarding the performance of the operational management of GVM. The legal proceedings are still continuing.

In Malaysia, the market box office increased by 11% to RM108 million from last year due to the opening of new cinemas. The Group, through its two joint ventures, operated 2 cinema circuits in Malaysia, namely Golden Screen Cinemas Sdn. Bhd. ("GSC") and TGV Cinemas Sdn. Bhd. ("TGV"). The contributions from GSC and TGV to the Group for the period amounted to HK$5 million and HK$3 million respectively. As announced in November 2006, the Group divested its interest in GSC at a consideration of RM91 million and the transaction was completed in February 2007. A gain of approximately HK$120 million will be recognised in the 2nd half of this financial year. After the disposal, the Group's remaining cinema circuit TGV consists of 8 multiplexes and 63 screens with a market share of approximately 30% in terms of box office takings.

Prospects

Hong Kong will continue to be the base of the Group's operations, strongly supported by our regional network. The Group will continue to develop the film exhibition and film distribution businesses in the Greater China market, in particular with Pan-Asian non-Chinese language films.

Given the gradual liberalization of the film distribution and exhibition markets in mainland China and the increase in investment opportunities, we believe that it is an opportune time for the Group to redeploy its resources to the Greater China market. The Group will strengthen its presence in the PRC by opening more cinemas in Shenzhen and other principal cities in mainland China in the years ahead.

Liquidity and Financial Resources

As at 31 December 2006, the Group's cash balance was HK$91 million and the net current assets amounted to HK$63 million. During the period, the Group issued 4% convertible notes to three substantial shareholders of the Company and an independent third party raising net proceeds of HK$99 million. The Company also obtained a short-term banking facility of HK$15 million which was fully repaid during the period. In addition, one of the Group's joint ventures in Malaysia, TGV, increased its bank borrowing by HK$9.2 million (the Group's 50% share was HK$4.6 million) to finance the development of new cinema sites. Our gearing ratio, calculated on the basis of external borrowings (including the convertible notes) over total assets, was 23%. The Group had contingent liabilities of HK$19 million at the period-end date (30 June 2006: HK$18 million) in respect of a guarantee of a banking facility granted to an associate.

As at 31 December 2006, the aggregate amount of the Group's borrowings was HK$201 million. The Group's assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments in Singapore, Malaysia, Taiwan and mainland China. Management regularly assesses the exchange risk exposures in these territories from time to time. Since the exchange rates of these currencies have been either relatively stable or favorable to the Group for the past two years, no hedging of foreign currencies was carried out during the period. The directors will continue to assess the exchange risks and exposures, and will consider possible hedging measures in order to minimise the risk at reasonable cost.

The Group received proceeds of approximately HK$203 million when the disposal of GSC was completed in February 2007. The Group intends to apply the net proceeds for investments in new businesses, expansion of existing businesses and general working capital.

Employees and Remuneration Policies

As at 31 December 2006, the Group had 250 (as at June 2006: 226) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options have been or will be granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet, there was no forfeited contribution which arose upon employees leaving the retirement benefit scheme.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the six months ended 31 December 2006, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/Year	**Number of shares repurchased**	**Highest price per share** *HK$*	**Lowest price per share** *HK$*	**Aggregate consideration (excluding expenses)** *HK$*
December 2006	3,322,000	0.191	0.170	599,572

The shares repurchased during the period were cancelled in December 2006 and accordingly, the issued share capital of the Company was diminished by the nominal value thereof. The premium payable on repurchase was charged against the share premium account of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period.

REVIEW BY AUDIT COMMITTEE

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed financial reporting matters including a review of the Group's interim financial statements for the six months ended 31 December 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices ("CG Practices") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the accounting period for the six months ended 31 December 2006, except that all non-executive directors of the Company were not appointed for a specific term as required by code provision A.4.1 of CG Practices.

However, all non-executive directors of the Company are subject to the requirement to retire by rotation and to re-elect at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as a specific term of appointment.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information of the Group for the six months ended 31 December 2006 required by the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

APPRECIATION

I would like to take this opportunity to thank my fellow directors, as well as the management and all our employees for the contribution they have made towards the Group's continued progress, and to our shareholders, customers and business partners for their support.

List of all 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 (also 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
Mr. George Huang Shao-Hua
Prince Chatrichalerm Yukol

On behalf of the Board
Raymond Chow Ting Hsing
Chairman

Hong Kong, 21 March 2007