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## **GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1132)**

### **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF 4.29% INTEREST IN VIE SHOW CINEMAS CO., LTD**

The Company wishes to announce that on 25 April 2007 Golden Sky Pacific Limited, a wholly-owned subsidiary of the Company, and Greatway Development Co., Ltd entered into an agreement in respect of the Disposal. The aggregate consideration for the Disposal is NT\$22,569,236 and US\$701,416 (approximately HK\$10,797,000 in aggregate).

The Disposal constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further details of the Disposal will be dispatched to Shareholders as soon as practicable.

#### **1. THE AGREEMENT**

**(1) Date:** 25 April 2007

**(2) Parties:**

**Vendor:** Golden Sky, a wholly-owned subsidiary of the Company incorporated in Hong Kong. Golden Sky is an investment holding company and currently the legal owner of shares representing 40% of the issued share capital of Vie Show.

**Purchaser:** Greatway, a company incorporated under the laws of Taiwan and currently the legal and beneficial owner of shares representing 5% of the issued share capital of Vie Show. Based on the information provided by Greatway, it is principally engaged in the business of contracting activities in relation to commercial buildings, sale and leasing of residential properties and interior design services.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Greatway and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

**(3) Assets being disposed of**

The Sale Shares and the Loans. The Sale Shares represent 4.29% of the issued share capital of Vie Show and the Loans represent the corresponding percentage in relation to the Sale Shares of all of the shareholders' loans advanced to Vie Show by its shareholders.

**(4) Consideration and payment**

The consideration payable by Greatway comprises NT\$18,980,000 (approximately HK\$4,479,000) for the Sale Shares and NT\$3,589,236 (approximately HK\$847,000) and US\$701,416 (approximately HK\$5,471,000) for the Loans (equivalent to the book value of the Loans) and shall be payable in one lump sum upon Completion.

**(5) Conditions for the Disposal**

Completion is conditional on, among other things, the conditions below being satisfied or fulfilled:

- (a) all authorizations, approvals or permits required in connection with the Disposal being obtained; and
- (b) waivers of other shareholders of Vie Show of their rights and claims under the shareholders agreement entered into by the shareholders of Vie Show (the "Shareholders Agreement") being obtained.

If the above conditions have not been satisfied or waived on or before 20 business days from the date of the Agreement or such other date as agreed by the parties, the Agreement shall automatically terminate with immediate effect.

**(6) Completion**

Completion will take place within 14 business days from the date of the satisfaction of all the conditions set out in the Agreement or such other date as agreed by the parties.

Upon Completion, the Group's equity interests in Vie Show will be reduced from 40% to 35.71% but the Group will remain the single largest shareholder of Vie Show and Vie Show will remain a jointly-controlled entity of the Company.

**2. BASIS OF CONSIDERATION AND FINANCIAL IMPACT**

**(1) Basis of the consideration**

The consideration for the Disposal was arrived at after arm's length negotiations between Golden Sky and Greatway after taking into account Golden Sky's original investment cost in Vie Show, its subsequent surplus and the potential benefits which the Disposal is expected to bring to Vie Show and to the Group referred to in the section below headed "Reasons for and Benefits of the Transactions".

The Directors consider the consideration for the Disposal to be fair and reasonable.

**(2) Financial impact**

The net loss arising from the Disposal expected to be recorded in the Group's accounts would be approximately HK\$5 million, representing the consideration payable by Greatway less the carrying value of Vie Show at the corresponding percentage in relation to the Sale Shares recorded as at 28 February 2007 and certain expenses associated with the Disposal.

The final net loss will be recognized upon Completion and the amount may vary depending on the results of Vie Show from 1 March 2007 to Completion and fluctuations in the exchange rate between US\$, NT\$ and HK\$.

**3. FINANCIAL INFORMATION RELATING TO THE ASSETS INVOLVED FOR THE TWO FINANCIAL YEARS IMMEDIATELY PRECEDING THE TRANSACTION**

The audited consolidated net profit before/after taxation and extraordinary items of Vie Show for the two years ended 31 December 2006 and 2005 (*Note 1*) were as follows:

	Year ended 31 December	
	2006	2005
	HK\$ million	HK\$ million
Net profit before taxation and extraordinary items	44.3	31.5
Net profit after taxation and extraordinary items	56.3	31.5

*Note (1):* The relevant accounts were prepared in accordance with generally accepted accounting principles in Taiwan.

The unaudited consolidated net asset value attributable to the 4.29% interest in Vie Show being disposed of under the Disposal as of 28 February 2007 is approximately HK\$8.5 million.

**4. INFORMATION ON VIE SHOW**

Vie Show operates a total of seven multiplex cinemas in Taiwan with a total of 75 screens and also manages Hsin-Yi Mall in which one of the seven cinemas is located. Vie Show is classified as a jointly-controlled entity for the purposes of the Company's accounts.

The existing shareholders of Vie Show are Golden Sky, CWI International Investment Corp., Bau Tzuoh Investment Co. and Greatway with shareholding interests of 40%, 30%, 25% and 5%, respectively.

## 5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group invested in a 40% interest in Vie Show and in early 2005 has been the single largest shareholder of Vie Show. Vie Show has performed strongly since the Group made its investment in 2005 and was a significant contributor to the Group's profit for the year ended 30 June 2006 and for the six months ended 31 December 2006. Part of its growth and profitability is attributable to the Hsin-Yi Mall, in which a 17 screen multiplex cinema (being one of its seven multi-screen cinemas) is located. The mall achieves nearly full occupancy and provides good rental income to Vie Show.

The purchaser under the Disposal, Greatway, is owned by the chairman of Vie Show whose major area of responsibility is the management of Hsin-Yi Mall. The acquisition by Greatway of an additional 4.29% equity interest in Vie Show will be added to its existing 5% interest and is expected to provide a significant incentive to the chairman of Vie Show who will continue to maintain and further enhance the return from managing Hsin-Yi Mall, to the benefit of all of the shareholders of Vie Show, including the Group (with a 35.71% shareholding after the Disposal but remaining the single largest shareholder) and Greatway (with a 9.29% shareholding after its acquisition under the Disposal).

## 6. INTENDED APPLICATION OF THE SALE PROCEEDS

The estimated amount of net proceeds in cash will be about HK\$10.5 million (net of expenses). The Company intends to utilize the sale proceeds as general working capital of the Group.

## 7. OTHER INFORMATION

The Disposal contemplated under the Agreement constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing further details of the Disposal will be dispatched to Shareholders as soon as practicable.

## 8. DEFINITIONS

“Agreement”	the agreement dated 25 April 2007 made between Golden Sky and Greatway
“associate”	has the meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“Company”	Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the transfer of the Sale Shares and the Loans
“Directors”	the directors of the Company including both executive, non-executive director and independent non-executive directors
“Disposal”	the disposal of the Sale Shares and the Loans under the Agreement
“Golden Sky”	Golden Sky Pacific Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Greatway”	Greatway Development Co., Ltd, a company incorporated in Taiwan
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples' Republic of China
“Hsin-Yi Mall”	a retail mall located at A16 and A17 in the Hsin-Yi district in Taipei, Taiwan, operated and managed by Vie Show; a 17 screen multiplex cinema operated by Vie Show is located in the mall
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loans”	part of the loans advanced by Golden Sky to Vie Show, representing 4.29% of all of the shareholders' loans advanced to Vie Show by its shareholders

“Sale Shares”	5,200,000 ordinary shares of Vie Show representing 4.29% of the issued share capital of Vie Show, being part of the shares in Vie Show legally owned by Golden Sky
“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vie Show”	Vie Show Cinemas Co., Ltd., a company limited by shares incorporated under the laws of Taiwan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“NT\$”	New Taiwan dollars, the lawful currency of Taiwan
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*Note: For the purpose of this announcement, unless otherwise specified, the following exchange rates have been used for conversion into HK\$ for indication only:*

*US\$1 = HK\$7.80*  
*NT\$1 = HK\$0.236*

By Order of the Board  
**Raymond Chow Ting Hsing**  
*Chairman*

Hong Kong, 25 April 2007

As at the date of this announcement, the Directors are:

*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