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GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

CONTINUING CONNECTED TRANSACTIONS

GDC Technology is a supplier to the Group of various digital equipment for the Group's exhibition and digital screen advertising businesses both in Hong Kong and in mainland China and was previously a third party independent of the Company and any connected person of the Company. On 18 January 2007, one of the substantial shareholders of the Company, Mr. Li, became indirectly interested in 32.49% of the issued share capital of GDC Technology and accordingly GDC Technology has become an associate of Mr. Li and a connected person of the Company. The Group's purchases from GDC Technology since that time therefore constitute continuing connected transactions of the Company. As the aggregate consideration of the Transactions from 18 January 2007 up to the date of this announcement amounts to approximately HK\$6.3 million, the Transactions are exempt from the independent shareholders' approval requirement and are subject to reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

BACKGROUND

The principal activities of the Group, its jointly controlled entities and associates consist of worldwide film distribution, film exhibition in Hong Kong, mainland China, Taiwan, Singapore and Malaysia and the operation of a film processing business in Hong Kong.

GDC Technology is a supplier to the Group of various digital equipment for the Group's exhibition and digital screen advertising businesses both in Hong Kong and in mainland China, and was previously a third party independent of the Company and any connected person of the Company. GDC Technology is principally engaged in the provision of computing solutions for digital content distribution and exhibitions, and the digital cinema equipment it produces are advanced in design and technology and reach international standards.

CONTINUING CONNECTED TRANSACTIONS

On 18 January 2007, Mr. Li, one of the substantial shareholders of the Company, became indirectly interested in 32.49% of the issued share capital of GDC Technology through Greater Appeal Investments Limited, which is ultimately beneficially wholly-owned by Mr. Li. GDC Technology has therefore become an associate of Mr. Li and accordingly a connected person of the Company, and the Transactions since that time constitute continuing connected transactions of the Company.

The aggregated consideration of the Transactions from 18 January 2007 up to 30 June 2007 amounts to approximately HK\$5.6 million, and from 1 July 2007 to the date of the announcement amounts to approximately HK\$0.7 million. The Transactions are exempt from the independent shareholders' approval requirement of the Listing Rules and are subject to the reporting and announcement requirements under Rule 14A.34 of the Listing Rules.

The consideration of each of the Transactions was determined after arm's length negotiations and by reference to market prices for the same or comparable equipment. The consideration was paid or will be paid out of the Group's internal resources.

There was no written master agreement executed by any members of the Group and GDC Technology in relation to the Transactions except for quotations accepted for individual Transactions. The terms of the Transactions were no less favorable to the Company than terms offered by independent third parties.

LISTING RULES IMPLICATIONS

Mr. Li beneficially owns 17.48% of the issued share capital of the Company as of the date of this announcement through his wholly-owned company which wholly owns each of Garex Resources Limited, Oscar Resources Limited and Podar Investment Limited, which together own approximately 17.48% in aggregate of the issued share capital of the Company as of the date of this announcement. Mr. Li is therefore a substantial shareholder and a connected person of the Company. As Mr. Li is beneficially interested in 32.49% of the issued share capital of GDC Technology through Greater Appeal Investments Limited, which is ultimately beneficially wholly-owned by Mr. Li., GDC Technology is an associate of Mr. Li and a connected person of the Company. The Transactions since 18 January 2007 therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the relevant percentage ratios of such purchases were less than 2.5% and the aggregate consideration of the Transactions was less than HK\$10 million as set out in Rule 14A.34 of the Listing Rules, such Transactions are subject to the reporting and announcement requirements under the Listing Rules but exempt from the independent shareholders' approval requirement.

The Group has not made timely disclosure of the Transactions which it was required to make after 27 March 2007, when the aggregate consideration of the Transactions entered into since 18 January 2007 reached HK\$1 million. This was due to the Company's being unaware of the connected transaction nature of the Transactions until late July 2007, when it was provided with the shareholding structure of GDC Technology.

POSSIBLE FUTURE CONTINUING CONNECTED TRANSACTIONS

The purchases of the digital equipment from GDC Technology have enabled the Group to equip and to improve the facilities of its existing and new cinemas, and to develop the digital screen advertising businesses, both in Hong Kong and mainland China. The Board (including the independent non-executive directors) considers that the purchases of various digital equipment from GDC Technology were on normal commercial terms and in the ordinary course of business of the Group. The Board also considers that such purchases were fair and reasonable and were in the interests of the Company and its shareholders as a whole.

It is expected that the Transactions will continue in the future. Based on historical information, it is expected that the maximum aggregate consideration for the Transactions for the period from 18 January 2007 to 31 December 2007 will not exceed HK\$10 million. Furthermore, each of the Percentage Ratios on an annual basis is expected to be either (1) less than 2.5%; or (ii) equal to or more than 2.5% and the aggregate maximum amount of consideration of the Transactions over a 12 month period will be less than HK\$10 million.

The Company will comply with the applicable requirements of the Listing Rules in regard to the Group's future purchases from GDC Technology.

DEFINITIONS

In this announcement, the following words and phrases have the following meanings:

“associate”	has the meaning as defined in the Listing Rules
“Board”	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
“connected person”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“GDC Technology”	GDC Technology Limited, a company incorporated in the British Virgin Islands with limited liability, which is owned as to approximately 56.25% by Global Digital Creation Holding Limited (the shares of which are listed on the GEM Board of the Stock Exchange), as to approximately 32.49% by Greater Appeal Investments Limited (a company incorporated in the British Virgin Islands which is ultimately owned by Mr. Li) and as to approximately 11.26% by the management of GDC Technology
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the Peoples' Republic of China
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Ka-shing, a substantial shareholder of the Company
“Percentage Ratios”	the applicable percentage ratios (other than profits ratio) defined under Rule 14.07 of the Listing Rules

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning as definition in the Listing Rules
“Transactions”	the purchase from GDC Technology by the Group of various digital equipment for the Group’s exhibition and digital screen advertising businesses both in Hong Kong and in mainland China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Raymond Chow Ting Hsing
Chairman

Hong Kong, 15 August 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