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**GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
(Stock code: 1132)

**DISCLOSEABLE TRANSACTION**  
**DISPOSAL OF INTEREST IN TGV CINEMAS SDN BHD**

The Directors announce that on 13 February 2008, GHC and GEM (each a wholly-owned subsidiary of the Company and together, the “Sellers”) and the Purchaser entered into the Share Purchase Agreement in respect of the Disposal. The Purchaser is an existing shareholder of TGV with a shareholding of 50%. The remaining 50% of TGV is held by the Sellers in equal proportions. Pursuant to the Share Purchase Agreement, (1) the Sellers conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sellers’ entire interests in TGV; and (2) the Purchaser agreed to procure that the shareholders’ loans outstanding from TGV to the Sellers, amounting to an aggregate of approximately RM10.8 million (approximately HK\$25.9 million), would be repaid to the Sellers. The aggregate consideration for the Sale Shares is approximately RM40.2 million (approximately HK\$96.5 million) which the Purchaser will pay to the Sellers in equal proportions. The consideration was determined after arm’s length negotiations between the Parties on a “willing buyer-willing seller” basis. Upon Completion, the Company will have disposed of all its indirect interest in TGV which will cease to be a jointly-controlled entity of the Company.

The Disposal constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. A circular containing further details of the Disposal will be despatched to shareholders of the Company as soon as practicable.

## 1. THE SHARE PURCHASE AGREEMENT

**Date:** 13 February 2008

### **Parties:**

- (1) Tanjong Entertainment Sdn Bhd (the Purchaser)

The Purchaser is a company incorporated in Malaysia and is an investment holding company which holds interests in companies which are involved in the operation of a leisure park, property investment and film exhibition business. The Purchaser is a wholly-owned subsidiary of Tanjong Public Company Limited, a company the shares of which are listed on the Kuala Lumpur Stock Exchange and the Stock Exchange of London plc.

- (2) Golden Harvest Cinemas Holding Limited (a Seller)

GHC is an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. The companies in which GHC invests are principally engaged in distribution of motion pictures and film exhibition.

- (3) Global Entertainment and Management Systems Sdn Bhd (a Seller)

GEM is an investment holding company incorporated in Malaysia and a wholly-owned subsidiary of the Company. Its principal asset is its 25% interest in TGV.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of the Purchaser and Tanjong Public Company Limited is a third party independent of the Group and its connected persons, is not a connected person of the Company and does not have any shareholding interest in the Company.

### **Interest to be disposed of:**

The Sale Shares, being 2,500,000 ordinary shares of RM1.00 each, representing 50% of the issued and paid up share capital of TGV and the Group's entire interest in TGV.

According to the audited financial statements of TGV as at 31 December 2006, the book value of the Sale Shares was RM12.0 million (approximately HK\$28.8 million).

**Consideration:**

The consideration payable by the Purchaser to the Sellers for the Disposal is approximately RM40.2 million (approximately HK\$96.5 million). Pursuant to the Share Purchase Agreement, the purchase consideration is payable in one lump sum at Completion.

The consideration was determined after arm's length negotiations on a "willing buyer-willing seller" basis taking into consideration the value of the business of TGV and represents an excess of HK\$65.3 million over the carrying value of the Sale Shares of HK\$31.2 million recorded by the Group as at 30 June 2007.

**Conditions for the Disposal:**

Completion of the Disposal is conditional upon fulfilment of, among others, the following conditions:

- (a) The approval of the Foreign Investment Committee of Malaysia for the sale, purchase and transfer of the Sale Shares under the terms of the Share Purchase Agreement having been obtained; and
- (b) The approval of the Disposal by the ultimate holding company of each of the Sellers and the Purchaser, as may be required by applicable listing requirements, law or regulations.

Subject to the conditions precedent in the Share Purchase Agreement being fulfilled, the Purchaser shall, in addition to paying the consideration to the Sellers, procure that the shareholders' loans of approximately RM10.8 million (approximately HK\$25.9 million) owed by TGV to the Sellers be repaid.

Following Completion, TGV will cease to be a jointly-controlled entity of the Company.

**2. INFORMATION ON TGV**

TGV is a company incorporated in Malaysia. It is principally engaged in the business of operation of cinemas.

The existing shareholders of TGV are the Purchaser, GHC and GEM with shareholdings of 50%, 25% and 25%, respectively.

### **3. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

The approximate net profits attributable to the Sale Shares for the two financial years immediate preceding the Disposal are set out below:

	<b>30 June 2006</b>	<b>30 June 2007</b>
Net profits before taxation	HK\$10.1 million	HK\$12.8 million
Net profits after taxation	HK\$6.5 million	HK\$8.9 million

Assuming the Disposal had been completed as of 30 June 2007, the net asset value of the Group (excluding its interests in TGV) would have increased by approximately HK\$62.7 million and the estimated profit on the sale of Sale Shares would be approximately HK\$64.3 million, representing the consideration less the carrying value of TGV recorded by the Group as at 30 June 2007 (approximately HK\$31.2 million) and certain costs and expenses associated with the Disposal (approximately HK\$1.0 million). The actual profit will be recognised upon Completion and may vary from the estimated profit depending on the results of TGV from 1 July 2007 to Completion and fluctuations in the exchange rate between RM and HK\$.

The estimated net proceeds of the Disposal amount to approximately HK\$95.5 million, net of expenses. The Group intends to apply the proceeds, together with the shareholders' loan of approximately HK\$25.9 million to be repaid by TGV, for investments in new businesses, expansion of the Group's existing business and general working capital of the Group.

Following the Disposal, the principal activities of the Group will remain unchanged.

### **4. REASONS FOR AND BENEFITS OF THE DISPOSAL**

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

The Group is a leading cinema operator and film distributor in Asia with a strategic focus on film distribution in Asia supported by cinema operations in key Chinese language markets. In 2005, the Group made a strategic move to extend its cinema network to Taiwan and mainland China by acquiring, together with a few key Taiwanese partners, the largest cinema chain in Taiwan and launching the Group's flagship cinema in Shenzhen, respectively. Returns on investments from these projects are better than the Group's original forecast.

Given the gradual liberalization of the film distribution and exhibition markets in mainland China and the increase in investment opportunities in the territory, the Directors believe that it is the appropriate time for the Group to ride on this trend and redeploy the Group's resources to the Greater China market.

The Group has completed disposal of one of its two cinema chains in Malaysia, namely Golden Screen Cinemas Sdn Bhd, in February 2007. This proposed Disposal will further release the Group from future capital commitments in Malaysia and allow the Group to deploy capital resources to the Greater China market. This will allow the Group to concentrate its capital in markets with better returns, improve its strategic focus and sharpen its existing strengths and competitive edge.

The terms of the Share Purchase Agreement have been agreed after arm's length negotiations between the Sellers and Purchasers. The Directors (including the independent non-executive Directors) consider that the Share Purchase Agreement is on normal commercial terms and is fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

## **5. LISTING RULES IMPLICATIONS FOR THE COMPANY**

Based on the latest published results of the Group for the year ended 30 June 2007, the relevant percentage ratios resulting from the Disposal exceeds 5% but is less than 25%. Accordingly, pursuant to Rule 14.06 of the Listing Rules, the Disposal constitutes a discloseable transaction.

## **6. GENERAL**

A circular containing further information on the Disposal will be despatched to shareholders of the Company as soon as practicable.

## **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
“Completion”	means the completion of the transfer of the 2,500,000 shares in TGV, representing 50% of the entire issued and paid up capital of TGV, from the Sellers to the Purchaser

“connected persons”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the an aggregate of 2,500,000 shares in TGV, representing 50% of the entire issued and paid up capital of TGV held by the Sellers in equal proportions pursuant to the Share Purchase Agreement
“Group”	the Company and its subsidiaries
“GEM”	Global Entertainment and Management Systems Sdn Bhd, a wholly-owned subsidiary of the Company incorporated in Malaysia and a Seller
“GHC”	Golden Harvest Cinemas Holding Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands and a Seller
“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
“Purchaser”	Tanjong Entertainment Sdn Bhd a company incorporated in Malaysia
“Sale Shares”	2,500,000 ordinary shares of RM1.00 each representing 50% of the issued and paid up share capital of TGV
“Sellers”	collectively GEM and GHC, and “Seller” shall mean either one of them
“Share Purchase Agreement”	the share purchase agreement dated 13 February 2008 entered into between the Purchaser and the Sellers in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TGV”	TGV Cinemas Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of Tanjong Public Company Limited, a company the shares of which are listed on the Kuala Lumpur Stock Exchange and the London Stock Exchange plc

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RM”	Malaysian Ringgit, the lawful currency of Malaysia
“%”	per cent.

By Order of the Board  
**Wu Kebo**  
*Chairman*

Hong Kong, 14 February 2008

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

***Chairman and Executive Director:***

Mr. Wu Kebo

***Non-executive Directors:***

Mr. Eric Norman Kronfeld

Mr. Takashi Araki

Mr. Phoon Chiong Kit

***Executive Directors:***

Mr. Chow Siu Hong

Ms. Fiona Chow Sau Fong

(also alternate to Chow Siu Hong)

Mr. Lau Pak Keung

(also alternate to Mr. Phoon Chiong Kit)

Ms. Wang Wei

Mr. David Chan Sik Hong

Ms. Wu Keyan

(alternate to Mr. Wu Kebo)

***Independent Non-executive Directors:***

Mr. Leung Man Kit

Mr. George Huang Shao-Hua

Prince Chatrichalerm Yukol

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

*RM1=HK\$2.4*