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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**

A letter from the board of directors of the Company is set out on pages 3 to 7 of this circular.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“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 directors, 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
“Latest Practicable Date”	9 May 2007, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information contained herein

DEFINITIONS

“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 circular, 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

LETTER FROM THE BOARD



GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1132)

Executive Directors:

Raymond Chow Ting Hsing (*Chairman*)
Phoon Chiong Kit
David Chan Sik Hong
Roberta Chin Chow Chung Hang
Lau Pak Keung (*also alternate to Phoon Chiong Kit*)

Non-executive Director:

Eric Norman Kronfeld

Independent Non-executive Directors:

Paul Ma Kah Woh
Frank Lin
George Huang Shao-Hua
Prince Chatrichalerm Yukol

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Principal Place of Business in
Hong Kong:*

16th Floor
The Peninsula Office Tower
18 Middle Road
Tsimshatsui
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Hong Kong

14 May 2007

To Shareholders and, for information only, to holders of share options and convertible notes

Dear Sir/Madam,

DISCLOSEABLE TRANSACTION DISPOSAL OF 4.29% INTEREST IN VIE SHOW CINEMAS CO., LTD

INTRODUCTION

It was announced on 25 April 2007 that Golden Sky, a wholly-owned subsidiary of the Company and Greatway entered into the 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 under Chapter 14 of the Listing Rules as both the profits and revenue attributable to assets being disposed of represent more than 5% (but less than 25%) of the Company's profit and revenue, respectively.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information regarding, among other things, further details of the Disposal.

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.

LETTER FROM THE BOARD

(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 by the Group as at 28 February 2007 and certain expenses associated with the Disposal.

LETTER FROM THE BOARD

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\$. The Directors are of the view that the Disposal will not have a major impact on the earnings, assets and liabilities of the Group as the Group only disposed of approximately one-tenth of its investment in Vie Show. For the year ended 30 June 2006, the profit contributed by Vie Show in relation to the Sale Shares was approximately HK\$1.7 million as compared to the aggregate of approximately HK\$40 million contributed by the Group's existing joint venture investments.

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) 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: 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.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Group invested in a 40% interest in Vie Show in early 2005 and 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.

DISCLOSEABLE TRANSACTION

The Disposal constitutes a discloseable transaction under Chapter 14 of the Listing Rules as both the profits and revenue attributable to assets being disposed of represent more than 5% (but less than 25%) of the Company's profit and revenue, respectively.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix of this circular.

Yours faithfully,
By Order of the Board
Raymond Chow Ting Hsing
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information with regard to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement contained herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) and which have been notified to the Company and the Stock Exchange were as follows:

(i) Directors' interests in Shares

Name of director	Capacity	Notes	Number of		Percentage of shareholding in the Company*
			Number of shares (L) = Long position (S) = Short position	underlying shares (L) = Long position (S) = Short position	
Raymond Chow Ting Hsing	Interest of controlled corporations	1	293,121,527 (L)	-	22.61
			235,585,591 (S)	-	18.17
			-	90,909,090 (L)/(S)	7.01
	Beneficial owner		11,602,000 (L)	-	0.90
Phoon Chiong Kit	Beneficial owner		7,500,000 (L)	-	0.58
		2	-	56,500,000 (L)	4.36
David Chan Sik Hong	Beneficial owner		5,859,375 (L)	-	0.45
		3	-	6,250,000 (L)	0.48

Name of director	Capacity	Notes	Number of		Percentage of shareholding in the Company*
			Number of shares (L) = Long position (S) = Short position	underlying shares (L) = Long position (S) = Short position	
Roberta Chin	Beneficial owner		9,598,000 (L)		0.74
Chow Chung Hang		4		1,000,000 (L)	0.08
Lau Pak Keung	Beneficial owner		1,600,000 (L)		0.12
(also alternate to Phoon Chiong Kit)		5		2,000,000 (L)	0.15
Eric Norman Kronfeld	Beneficial owner	6	-	1,850,000 (L)	0.14
Paul Ma Kah Woh	Beneficial owner	7	-	2,350,000 (L)	0.18
Frank Lin	Beneficial owner	8	-	1,350,000 (L)	0.10
George Huang Shao-Hua	Beneficial owner	9	-	1,000,000 (L)	0.08
Prince Chatrichalerm Yukol	Beneficial owner	10	-	1,350,000 (L)	0.10

* This percentage has been compiled based on the total number of shares (i.e. 1,296,309,375 ordinary shares) of the Company in issue as at the Latest Practicable Date.

Notes:

- Raymond Chow Ting Hsing is deemed to be interested in 293,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited, which hold 183,210,590 shares and 109,910,937 shares of the Company respectively. He is also deemed to be interested in 90,909,090 underlying shares of the Company by virtue of his 100% beneficial holding in Pleasant Villa Investments Limited which holds 90,909,090 underlying shares issuable upon full conversion of HK\$20,000,000 4% convertible notes issued by the Company on 22 August 2006.
- The 56,500,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to Phoon Chiong Kit under the share option scheme of the Company (the "Share Option Scheme").
- The 6,250,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to David Chan Sik Hong under the Share Option Scheme.
- The 1,000,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to Roberta Chin Chow Chung Hang under the Share Option Scheme.
- The 2,000,000 underlying shares are shares issuable upon the exercise of share options granted by the Company to Lau Pak Keung under the Share Option Scheme.

6. Eric Norman Kronfeld is deemed to be interested in 1,850,000 underlying shares issuable upon the exercise of share options granted by the Company to him under the Share Option Scheme.
7. Paul Ma Kah Woh is deemed to be interested in 2,350,000 underlying shares issuable upon the exercise of share options granted by the Company to him under the Share Option Scheme.
8. Frank Lin is deemed to be interested in 1,350,000 underlying shares issuable upon the exercise of share options granted by the Company to him under the Share Option Scheme.
9. George Huang Shao-Hua is deemed to be interested in 1,000,000 underlying shares issuable upon the exercise of share options granted by the Company to him under the Share Option Scheme.
10. Prince Chatrichalerm Yukol is deemed to be interested in 1,350,000 underlying shares issuable upon the exercise of share options granted by the Company to him under the Share Option Scheme.

(ii) Director's interest in associated corporations

Mr Raymond Chow Ting Hsing is also the beneficial owner of the entire issued share capital of Golden Harvest Film Enterprises Inc., which beneficially holds 114,000,000 non-voting deferred shares of Golden Harvest Entertainment Company Limited, a wholly-owned subsidiary of the Company.

In addition to the above, Mr Chow has non-beneficial equity interests in certain subsidiaries held for the benefit of the Group.

(iii) Miscellaneous

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Disclosure of interests of Substantial Shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share

capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital were as follows:

Name of shareholder	Capacity	Notes	Number of		Percentage of shareholding in the Company*
			Number of shares (L) = Long Position (S) = Short Position	underlying shares (L) = Long position (S) = Short position	
Raymond Chow Ting Hsing	Interest of controlled corporations	1	293,121,527 (L)	-	22.61
	Beneficial owner		235,585,591 (S)	-	18.17
			-	90,909,090 (L)/(S)	7.01
			11,602,000 (L)	-	0.90
Felicia Chow Yuan His Hua	Spouse's interest	2	304,723,527 (L)	-	23.51
			235,585,591 (S)	-	18.17
			-	90,909,090 (L)/(S)	7.01
Planet Gold Associates Limited	Beneficial owner	1	183,210,590 (L)	-	14.13
			148,085,591 (S)	-	11.42
Net City Limited	Beneficial owner	1	109,910,937 (L)	-	8.48
			87,500,000 (S)	-	6.75
Pleasant Villa Investments Limited	Beneficial owner	1	-	90,909,090 (L)/(S)	7.01
Li Ka-shing	Interest of controlled corporations	3	222,567,500 (L)	-	17.17
			-	90,909,090 (L)	7.01
Mayspin Management Limited	Interest of controlled corporations	3	222,567,500 (L)	-	17.17
			-	90,909,090 (L)	7.01
Garex Resources Limited	Beneficial owner	3	188,017,500 (L)	-	14.50
			-	90,909,090 (L)	7.01
Typhoon Music (PRC) Limited	Beneficial owner	4	155,000,000 (L)	-	11.96
			-	45,454,545 (L)	3.51
EMI Group Plc	Interest of controlled corporations	4	155,000,000 (L)	-	11.96
			-	45,454,545 (L)	3.51

APPENDIX

GENERAL INFORMATION

Name of shareholder	Capacity	Notes	Number of		Percentage of shareholding in the Company*
			Number of shares (L) = Long Position (S) = Short Position	underlying shares (L) = Long position (S) = Short position	
Virgin Music Group Limited	Interest of controlled corporations	4	155,000,000 (L) -	- 45,454,545 (L)	11.96 3.51
EMI Group Worldwide Limited	Interest of controlled corporation	4	155,000,000 (L) -	- 45,454,545 (L)	11.96 3.51
Norman Cheng Tung Hon	Interest of controlled corporations	4	155,000,000 (L) -	- 45,454,545 (L)	11.96 3.51
Typhoon Records Limited	Interest of controlled corporation	4	155,000,000 (L) -	- 45,454,545 (L)	11.96 3.51
Lily Feng Yuen Cheung	Spouse's interest	5	155,000,000 (L) -	- 45,454,545 (L)	11.96 3.51
See Corporation Limited	Beneficial owner	6	-	90,909,090 (L)	7.01
Charles Chan Kwok Keung	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Chinaview International Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Galaxyway Investments Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
ITC Corporation Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
ITC Investment Holdings Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53

APPENDIX

GENERAL INFORMATION

Name of shareholder	Capacity	Notes	Number of		Percentage of shareholding in the Company*
			Number of shares (L) = Long Position (S) = Short Position	underlying shares (L) = Long position (S) = Short position	
Manker Assets Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Famex Investment Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Hanny Holdings Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Hanny Magnetics (B.V.I.) Limited	Interest of controlled corporations	7	-	227,272,727 (L)	17.53
Quick Target Limited	Beneficial owner	7	-	227,272,727 (L)	17.53
Macy Ng Yuen Lan	Spouse's interest	8	-	227,272,727 (L)	17.53
Macau Prime Properties Holdings Limited	Interest of controlled corporations	9	-	90,909,090 (L)	7.01
Macau Prime Management Group Limited	Interest of controlled corporations	9	-	90,909,090 (L)	7.01
Macau Prime Finance Limited	Security interest	9	-	90,909,090 (L)	7.01
Jackie Chan Kong Sang	Beneficial owner	10	5,000,000 (L)	-	0.39
	Founder of a discretionary trust		5,000,000 (L)	-	0.39
	Interest of controlled corporation		55,600,000 (L)	-	4.29

* This percentage has been compiled based on the total number of shares (i.e. 1,296,309,375 ordinary shares) of the Company in issue as at the Latest Practicable Date.

Notes:

1. Raymond Chow Ting Hsing is deemed to be interested in 293,121,527 shares of the Company by virtue of his 100% beneficial holding in Planet Gold Associates Limited and Net City Limited which hold 183,210,590 shares and 109,910,937 shares of the Company respectively. He is also deemed to be interested in 90,909,090 underlying shares of the Company by virtue of his 100% beneficial holding in Pleasant Villa Investments Limited, which holds 90,909,090 underlying shares issuable upon full conversion of HK\$20,000,000 4% convertible notes issued by the Company on 22 August 2006.
2. Felicia Chow Yuan Hsi Hua, the spouse of Raymond Chow Ting Hsing, is deemed to be interested in the same shares and underlying shares of the Company in which Raymond Chow Ting Hsing is interested.
3. Li Ka-shing is deemed to be interested in 222,567,500 shares and 90,909,090 underlying shares of the Company by virtue of his 100% beneficial holding in Mayspin Management Limited which in turn owns the entire interest in each of Garex Resources Limited which holds 188,017,500 shares and 90,909,090 underlying shares of the Company issuable upon full conversion of HK\$20,000,000 4% convertible notes issued by the Company on 22 August 2006, Podar Investment Limited which holds 31,250,000 shares of the Company, and Oscar Resources Limited which holds 3,300,000 shares of the Company.
4. EMI Group Plc has 100% control of Virgin Music Group Limited, which has 100% control of EMI Group Worldwide Limited, which in turn has a 50% shareholding in Typhoon Music (PRC) Limited. Norman Cheng Tung Hon has 100% control of Typhoon Records Limited, which has a 50% shareholding in Typhoon Music (PRC) Limited. Each of EMI Group Plc, Virgin Music Group Limited, EMI Group Worldwide Limited, Norman Cheng Tung Hon and Typhoon Records Limited is deemed to be interested in 155,000,000 shares and 45,454,545 underlying shares of the Company issuable upon full conversion of HK\$10,000,000 4% convertible notes issued by the Company to Typhoon Music (PRC) Limited on 22 August 2006.
5. Lily Feng Yuen Cheung, the spouse of Norman Cheng Tung Hon, is deemed to be interested in the same shares and underlying shares of the Company in which Norman Cheng Tung Hon is interested.
6. See Corporation Limited is deemed to be interested in 90,909,090 underlying shares of the Company issuable upon full conversion of HK\$20,000,000 4% convertible notes issued by the Company on 23 May 2006.
7. Hanny Holdings Limited (“Hanny Holdings”), via its 100% control of Hanny Magnetics (B.V.I.) Limited (“Hanny Magnetics”), indirectly holds the entire interest in Quick Target Limited (“Quick Target”) which in turn owns 227,272,727 underlying shares of the Company issuable upon full conversion of HK\$50,000,000 4% convertible notes issued by the Company on 22 August 2006 (“Underlying Shares”). ITC Corporation Limited (“ITC Corporation”), via its 100% direct or indirect holding of ITC Investment Holdings Limited (“ITC Investment”), Manker Assets Limited (“Manker”) and Famex Investment Limited (“Famex”), owns more than 30% equity interest in Hanny Holdings. Galaxyway Investments Limited (“Galaxyway”), a wholly-owned subsidiary of Chinaview International Limited (“Chinaview”), holds more than 30% equity interest in ITC Corporation and Charles Chan Kwok Keung (“Dr Chan”) owns the entire issued share capital of Chinaview. Each of Dr Chan, Chinaview, Galaxyway, ITC Corporation, ITC Investment, Manker, Famex, Hanny Holdings and Hanny Magnetics is deemed to be interested in the Underlying Shares held by Quick Target.
8. Macy Ng Yuen Lan, the spouse of Dr Chan, is deemed to be interested in the same Underlying Shares in which Dr Chan is interested.

9. Macau Prime Properties Holdings Limited (“Macau Prime Properties”) has 100% control of Macau Prime Management Group Limited (“Macau Prime Management”), which has 100% control of Macau Prime Finance Limited (“Macau Prime Finance”). The shares of Pleasant Villa Investments Limited were pledged to Macau Prime Finance and as a result, each of Macau Prime Properties, Macau Prime Management and Macau Prime Finance is deemed to be interested in 90,909,090 underlying shares of the Company issuable upon full conversion of HK\$20,000,000 4% convertible notes issued by the Company on 22 August 2006.
10. Jackie Chan Kong Sang is deemed to be interested in 65,600,000 shares of the Company of which 5,000,000 shares are beneficially owned; 5,000,000 shares are held by a discretionary trust of which he is a founder; and 55,600,000 shares are beneficially held through Everlasting Property Limited, a company 100% controlled by him.

Save as disclosed herein and so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or no person was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or of any other company which is a member of the Group, or in any options in respect of such share capital.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or was proposing to enter into, any service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS’ INTEREST IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates had any interest in a business, which competes or may compete with the business of the Group.

5. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation or arbitration or claim which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

In 2005, the Group commenced legal proceedings in Hong Kong to wind up Dartina Development Limited, the holding company of the Group’s Singapore joint venture, Golden Village Multiplex Pte Ltd (“GVM”), with its Australian partner, Village Roadshow. The petition was caused by disputes regarding the performance of the operational management of GVM. Legal proceedings are still continuing.

6. MATERIAL CHANGE

Save as disclosed in the circular of the Company dated 21 December 2006 regarding the disposal of interest in Golden Screen Cinemas Sdn Bhd, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 30 June 2006, being the date to which its annual financial statements were made up.

7. INTERESTS IN ASSETS

Save as disclosed in the circular of the Company dated 7 November 2006, since 30 June 2006, the date of the annual financial statements of the Group, none of the Directors has any direct or indirect interest in any assets acquired or disposed of which are of material importance to the Company by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole.

8. COMPANY SECRETARY

Lee So Ching, aged 37, has worked in listed companies in Hong Kong for over 8 years. Ms Lee holds a Master of Business Administration degree from the University of Westminster, England, and is a Fellow of The Association of Chartered Certified Accountants, as well as a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.

9. QUALIFIED ACCOUNTANT

The qualified accountant of the Company is Yuen Kwok On. He is a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr Yuen has 16 years' experience in the accounting field. Prior to joining the Group, he worked in international accounting firms for 5 years.