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

*(Incorporated in Bermuda with limited liabilities)*

(Stock Code: 1132)

### **ISSUE OF NEW SHARES AND**

### **SUSPENSION AND RESUMPTION OF TRADING OF SHARES**

On 17 February, 2005, the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 31,200,000 New Shares at a price of HK\$0.25 per Share. The New Shares to be subscribed represent approximately 2.40% of the existing issued share capital of the Company and approximately 2.35% of the issued share capital of the Company as enlarged by the issue of the New Shares.

The Subscription is conditional, among other things, on the approval of the listing of, and permission to deal in, the New Shares being granted by the Listing Committee of the Stock Exchange.

The net proceeds from the Subscription are estimated to be approximately HK\$7.70 million, and the net subscription price per New Share is estimated to be approximately HK\$0.247. The Directors intend to apply such net proceeds for general working capital purposes.

At the request of the Company, the Shares were suspended from trading on the Stock Exchange from 9:30a.m. on 18 February, 2005 pending publication of this announcement. An application has been made to the Stock Exchange for resumption of trading of the Shares from 9:30a.m. on 21 February, 2005.

#### **A. SUBSCRIPTION AGREEMENT DATED 17 FEBRUARY, 2005**

##### **1. Parties to the Subscription Agreement**

*Issuer*

The Company

*Subscriber*

Asset Managers (China) Fund Co., Ltd.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Subscriber's existing shareholding in the Company (see paragraph 2 below), each of the Subscriber and its ultimate beneficial shareholders currently is a third party independent of the Company and connected persons of the Company (as defined under the Listing Rules).

##### **2. Number of New Shares**

31,200,000 New Shares, representing approximately 2.40% of the existing issued share capital of the Company of 1,299,109,375 Shares. The New Shares also represent approximately 2.35% of the issued share capital of the Company of 1,330,309,375 Shares as enlarged by the issue and allotment of such 31,200,000 New Shares.

The Subscriber currently holds 30,821,006 Shares, representing approximately 2.37% of the existing issued share capital of the Company, and upon completion of the Subscription, will hold 62,021,006 Shares, representing approximately 4.66% of the issued share capital of the Company as enlarged by the issue of the New Shares.

**3. General mandate to issue New Shares**

The New Shares will be issued under the general mandate granted to the Directors pursuant to a resolution passed by the shareholders of the Company at the Company's annual general meeting held on 12 November, 2004. The Company has not issued any new shares under such general mandate.

**4. Ranking**

The New Shares, when fully paid, will rank pari passu in all respects with the existing Shares of the Company in issue as at the date of issue of the New Shares, and will be free and clear of any encumbrance or any other limitation or restriction.

**5. Subscription Price**

The Subscription Price of HK\$0.25 per New Share represents a discount of approximately 3.85% to the average of the closing prices of HK\$0.26 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 17 February, 2005 and a discount of approximately 3.85% to the closing price of HK\$0.26 per Share as quoted on the Stock Exchange on 17 February, 2005, being the date on which the terms of the Subscription were concluded.

The Directors are of the view that the terms and conditions of the Subscription are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

**6. Conditions**

The Subscription by the Subscriber of the New Shares is conditional upon:

- (a) the listing of, and permission to deal in, all the New Shares being granted by the Listing Committee of the Stock Exchange; and
- (b) if necessary, the Bermuda Monetary Authority granting permission for the allotment and issue of the New Shares.

**7. Completion of the Subscription**

Completion of the Subscription will take place at a time to be fixed between the Subscriber and the Company on the second Business Day immediately following the day upon which the last of the conditions to the Subscription shall have been satisfied, or such later date as the parties to the Subscription Agreement may agree provided that such date shall not be later than 31 March, 2005. If the Subscription Agreement is not completed by such date, the Subscription Agreement shall forthwith terminate, provided that any right or obligation of either party to the Subscription Agreement against or towards the other party accrued or arising under the Subscription Agreement prior to such termination shall survive such termination.

**8. Application for listing**

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in, the New Shares in due course.

**9. Fund raising activities within the 12 months preceding the date of this announcement**

Date of announcement	Date of agreement/listing document	Nature of transaction	Amount of net proceeds raised	Intended use of net proceeds	Amount of net proceeds used as at the date of this announcement	Unutilized amount as at the date of this announcement
16 July 2004	14 July 2004	Subscription of new Shares by Typhoon Music (PRC) Limited	Approximately HK\$36.4 million	General working capital purposes	HK\$23.4 million for general working capital	Nil
				Capital contribution towards a joint venture company	HK\$6 million for capital contribution towards a film financing business joint venture	Nil
				Future investment opportunities in the film related businesses	HK\$7 million for capital contribution towards cinema operations joint venture	Nil

Date of announcement	Date of agreement/listing document	Nature of transaction	Amount of net proceeds raised	Intended use of net proceeds	Amount of net proceeds used as at the date of this announcement	Unutilized amount as at the date of this announcement
30 November 2004	22 December 2004	Rights issue on the basis of one rights share for every four existing shares held by qualifying shareholders of the Company	Approximately HK\$62.0 million	Financing in part the acquisition by a wholly-owned subsidiary of the Company of a 40% (or more) interest in the capital interest in Warner Village Cinemas Co., Ltd (the "Acquisition")	HK\$35.48 million for the payment of a deposit by the Company as contemplated under the agreement governing the Acquisition	HK\$26.52 million (to be used towards the payment of the purchase price under the Acquisition)

#### 10. Reasons for the Subscription and intended use of proceeds

The Directors believe that the Subscription will enable the Group to strengthen its financial position by providing additional general working capital. The net proceeds from the Subscription, after deducting legal fees and other miscellaneous expenses which will be borne by the Company, are estimated to be approximately HK\$7.70 million, and the net subscription price per New Share is estimated to be approximately HK\$0.247. The net proceeds are intended to be used for general working capital purposes. The Directors believe that there will be no material adverse impact on the financial conditions of the Group should the Subscription Agreement fail to be completed. The existing composition of the board of Directors of the Company will not be altered as a result of the Subscription.

#### B. GENERAL INFORMATION

The principal activities of the Group consist of worldwide film and video distribution, film exhibition in Hong Kong, Malaysia, Singapore and the PRC, film financing and the operation of a film processing business in Hong Kong.

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#### DEFINITIONS USED IN THIS ANNOUNCEMENT

"associate"	has the meaning given to this term in the Listing Rules
"Business Day"	any day (except Saturday, Sunday or any statutory public holiday) on which banks are generally open for business to the public in Hong Kong
"Company"	Golden Harvest Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Shares"	the new Shares to be subscribed by the Subscriber under the Subscription Agreement
"PRC"	the People's Republic of China
"Shares"	ordinary shares of nominal value of HK\$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Asset Managers (China) Fund Co., Ltd
"Subscription"	the subscription for the New Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement” the subscription agreement entered into on 17 February, 2005 between the Company and the Subscriber in relation to the Subscription

“Subscription Price” HK\$0.25 per Share

**List of all Directors of the Company as of the date of this announcement:**

*Executive Directors:*

Mr. Chow Ting Hsing, Raymond  
Mr. Phoon Chiong Kit  
Mr. Chan Sik Hong, David  
Mrs. Chin Chow Chung Hang, Roberta  
Mr. Lau Pak Keung (alternate director to  
Mr. Phoon Chiong Kit)

*Non-executive Director:*

Mr. Kronfeld, Eric Norman

*Independent non-executive Directors:*

Mr. Lin, Frank  
Prince Yukol, Chatrichalerm  
Mr. Ma Kah Woh, Paul

On behalf of the Board  
**Chow Ting Hsing, Raymond**  
*Chairman*

Hong Kong, 18 February 2005

Please also refer to the published version of this announcement in The Standard.