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On behalf of: Galleon Holdings plc ('Galleon', 'the Company' or 'the Group')
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Galleon Holdings PLC

▪ Co-production agreement for Sokator-442 movie

Galleon Holdings plc (AIM: GON), the AIM listed entertainment media company developing and producing multi-platform properties ("MEPs") with a focus on emerging markets, announces that it has entered into a co-production and distribution agreement with one of China's largest movie producers and distributors, PolyBona Film Distribution Co. Ltd ("PolyBona"). This is the first such production agreement for an animated movie with a UK company in the Chinese market.

Under the terms of the agreement Galleon and PolyBona will co-produce an animated feature film based on Galleon's multi-platform science fiction football fantasy Sokator-442. Polybona will distribute the film through cinemas and other media channels in China, and its associate company Distribution Workshop will distribute through its network across South East Asia, including Hong Kong, Macau, Brunei, Burma (Myanmar), Cambodia, East Timor, Singapore, Malaysia, Laos, Indonesia, Taiwan, Thailand and Vietnam. Galleon is in negotiations with distributors for other territories.

Polybona holds the largest share of the film distribution market in China. Founded in 1999, it was the first domestic private firm to receive a film distribution license from the State Administration of Radio, Film and Television ("SARFT"). During 10 years, the company has distributed over 160 domestic and foreign films, generating box office revenue in excess of RMB 1.6 billion and consistently capturing over 20% of the overall market share yearly. It has become the most successful film distribution company in China. Polybona was nick-named "the Chinese Miramax" by *Screen International* in 2005.

Polybona moved into film production in 2003 and by 2009 had invested in, produced and co-produced over 30 feature films with great success. It is now one of the leaders in Chinese film production. In 2007, *Variety* magazine recognized its transformation "from Miramax to Paramount".

The Chinese cinema market is growing exponentially. In 2008, box office sales increased by 30% to hit RMB 4.3 billion (£0.39bn). In the same year the number of cinema screens increased by 570 to reach over 4,000 screens across China, of which 800 are digital. SARFT estimates further growth of an additional 600 screens in 2009. *Kung Fu Panda* achieved over RMB 100 million in box office sales in China in 2009 and *Wolf and Sheep*, a domestic Chinese animation production distributed by Polybona, grossed over RMB 80 million in box office sales during this year's Chinese Spring Festival alone.

Sokator-442 is a wholly owned Galleon multi-platform entertainment property that was launched as an online browser-based game in May 2009. In July a global distribution agreement was signed with SPIL GAMES, an industry leader in online casual game portals, and the game is now achieving an average of 500 new players a day. Galleon has further online distribution plans for this game in China to coincide with the launch of the movie.

Commenting on the agreement, Stephen Green, CEO of Galleon Holdings, said:

"We are extremely proud to have a partner of the magnitude and reputation of Polybona. This is the first time that a UK animated movie has been co-produced in China and unlocks a whole new model for linear entertainment and a wealth of potential opportunities for Galleon. It is totally consistent with our strategy of creating brands that can be launched across multiple platforms in China and then exported to the rest of the world."

Yu Dong, Chairman of Polybona, said:

"I am delighted to be working with Galleon on this project. Sokator-442 has a unique multi-platform approach to the market and has huge potential in China and Asia."

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Notes to Editors:

ABOUT GALLEON HOLDINGS

Galleon Holdings plc creates and distributes multi-platform branded entertainment properties focused on the emerging markets, in particular China and South East Asia. The entertainment properties are designed to establish a direct, interactive relationship with the viewer.

Television in China reaches approximately 98% of the population of 1.3 billion. Mobile phone penetration is also high, with over 500 million subscribers and with over 300 million people online, China is now the largest online market in the world. Huge TV audiences and growing interactive platform access presents a substantial opportunity for Galleon to benefit from the popularity and demand for interactive entertainment and game shows. China is forecast to become the world's fifth largest advertising market.

In October 2007 Galleon acquired Phoenix, a Hong Kong based media solutions company, which specialises in the provision of interactive broadcast television services that enable broadcasters in China and South East Asia to provide interactive entertainment for audiences to access through TV, online and mobile.

In February 2008 Galleon acquired Yunbo, a mobile service provider in China, strengthening the Company's ability to provide Chinese broadcasters with a complete media solution for multi-

platform entertainment. Galleon now has total control over the interactive content, its delivery to the consumer, data capture and the billing process.

Galleon develops entertainment formats for children, families and young adults. These include:

- Super Soccer Star – an interactive family targeted football talent show, produced in association with Chelsea Football Club. The show has aired successfully in China and Malaysia. Format rights have been sold for Eastern Europe, Scandinavia, Turkey, India, Middle East and Vietnam to partners including IMG and Media Star Global.
- Skunk Fu! - a comedy action animated TV show for kids aged 6-11 which airs in 100+ territories including Cartoon Network(US), the BBC(UK), Disney Latin America, Cartoon Network Asia and Super RTL(Germany).
- Apollo's Pad – a multiplatform young adult sitcom that airs on Bite TV in Canada and includes a content rich online offering.
- Sokator-442 - a multi-player intergalactic football (soccer) management game that combines tactical thinking with fantasy/sci-fi gameplay.