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## MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED

東方娛樂控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 0009)

### PLACING OF EXISTING SHARES, SUBSCRIPTION OF NEW SHARES AND RESUMPTION OF TRADING

#### Placing agent



Orient Securities Limited  
東方滙財證券有限公司

(Member of The Stock Exchange of Hong Kong Ltd., Broker No. 3600)

#### Financial adviser

VINCO 

Grand Vinco Capital Limited

On 29 May 2007, the Placing Agreement was entered into between the Placing Agent and the Vendor, and the Subscription Agreement (as amended by a supplemental agreement dated 1 June 2007) was entered into between the Company and the Vendor.

Pursuant to the Placing Agreement, the Vendor has agreed to place, through the Placing Agent, to not less than six independent placees for up to 30,000,000 Shares at a price of HK\$1.33 per Placing Share on a fully underwritten basis. Pursuant to the Subscription Agreement, the Vendor has conditionally agreed to subscribe for and the Company has agreed to allot and to issue to the Vendor 30,000,000 Shares at a price of HK\$1.33 per Subscription Share.

The 30,000,000 Placing Shares represent approximately 9.09% of the entire issued share capital of the Company as at the date of this announcement and approximately 8.33% of the Company's entire issued share capital as enlarged by the Subscription. The issue of the Placing Shares will be made under the general mandate of the Company dated 31 May 2007. The net proceeds from the Placing of approximately HK\$39 million will be used for general working capital of the Group.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on 29 May 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 4 June 2007.

#### THE PLACING AGREEMENT

Date: 29 May 2007.

Parties involved: The Vendor and the Placing Agent.

Placing Agent: Orient Securities Limited. The Placing Agent and its ultimate owners are Independent Third Parties.

Placees: The Placing Shares will be placed to not less than six placees (which will be independent individual, corporate and/or institutional investors) on a fully underwritten basis. The placees and their ultimate beneficial owners will be Independent Third Parties. It is expected that no placee will become a substantial Shareholder immediately following the completion of the Placing.

Number of Placing Shares: 30,000,000 Shares, to be placed by the Placing Agent on a fully underwritten basis. The Placing Shares represent approximately 9.09% of the entire issued share capital of the Company of 330,000,000 Shares as at the date of this announcement.

Placing Price: HK\$1.33 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company, the Vendor and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The net price per Placing Share after deducting the placing fee, will be approximately HK\$1.30. The Placing Price represents:

- (a) a discount of approximately 19.39% to the closing price of HK\$1.65 per Share as quoted on the Stock Exchange on 29 May 2007, being the last trading day of the Shares immediately before the date of this announcement.
- (b) a premium of approximately 9.02% over the average closing price of approximately HK\$1.22 per Share, for the last 5 trading days of the Shares immediately prior to the date of this announcement.
- (c) a premium of approximately 20.91% over the average closing price of approximately HK\$1.10 per Share, for the last 10 trading days of the Shares immediately prior to the date of this announcement.

Placing commission: The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.

Termination of the Placing: The Placing is subject to termination by the Placing Agent on the occurrence of certain events prior to the completion of the Placing, including:

- (a) there has been a material breach of any of the Vendor's warranties or by reason of any event occurring or circumstance arising after the date of the Placing Agreement, any one or more of the Vendor's warranties would cease to be true and accurate in all material respects if repeated at that time; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of 5 or more trading days (other than in connection with the Placing); or
- (c) there shall occur, develop or come into effect any fundamental change in national or international, financial, economic, or political conditions and/or any disaster which would have, or could be reasonably expected to have, or be likely to result in, a material adverse effect on the financial position and/or prospects of the Group taken as a whole, and if in the reasonable opinion of the Placing Agent such change or disaster would materially prejudice the success of the Placing.

Completion of the Placing: Completion of the Placing is expected to take place at 5:00 p.m. on the second business day after the date of the Placing Agreement or such later time or date as the Vendor and the Placing Agent will agree.

The completion of the Placing is expected to take place on 4 June 2007.

## **THE SUBSCRIPTION AGREEMENT**

Date: 29 May 2007.

Parties involved: The Company and the Vendor.

Number of Subscription Shares: The number of Subscription Shares is equivalent to the Placing Shares, i.e. 30,000,000 Shares representing approximately 9.09% of the entire issued share capital of the Company of 330,000,000 Shares as at the date of this announcement and approximately 8.33% of the entire issued share capital of the Company as enlarged by the Subscription.

The issue of the Subscription Shares will be made under the general mandate of the Company dated 31 May 2007.

Subscription Price: HK\$1.33 per Placing Share. The Subscription Price is equal to the Placing Price, which was agreed after arm's length negotiations between the Company and the Vendor.

Ranking of the Subscription Shares: The Subscription Shares, when issued and fully paid, will rank pari passu in all respects with the Shares in issue at the date of issue and allotment of the Subscription Shares.

Conditions The Subscription is conditional upon:

1. the completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
2. the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the completion date of the Subscription);
3. if required, the Bermuda Monetary Authority granting permission to allot and issue the Subscription Shares; and
4. the Securities and Futures Commission having waived any obligation which might arise on the Vendor or any party acting in concert with it to make a mandatory general offer for the Shares pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code.

There is no provision in the Subscription Agreement allowing the parties thereto to waive any of the above conditions.

Completion of the Subscription: Completion of the Subscription is conditional upon the fulfillment of the respective conditions referred to above on or before 11 June 2007 (being the date falling 13 days from the date of the Placing Agreement) or such later date as may be agreed between the Vendor and the Company.

In the event that the conditions to the Subscription Agreement are not fulfilled by 11 June 2007, the Subscription Agreement will lapse unless the Company and the Vendor may elect to postpone the completion date to such later date beyond 12 June 2007 (being the date falling 14 days from the Placing Agreement), the Subscription will be subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval).

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares in due course.

#### **EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING**

The shareholdings in the Company immediately before the completion of the Placing and immediately after the completion of the Placing are and will be as follows:

	As at the date of this announcement		Immediately after the Placing but before the Subscription		Immediately after the Subscription	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Idea Storm Holdings Limited <i>Note 1</i>	122,200,000	37.03%	122,200,000	37.03%	122,200,000	33.94%
Vendor <i>Note 1</i>	30,000,000	9.09%	0	0.00%	30,000,000	8.33%
Zee Ven Chu, Lydia <i>Note 2</i>	114,000	0.03%	114,000	0.03%	114,000	0.03%
Wong Pak Ming	2,428,000	0.74%	2,428,000	0.74%	2,428,000	0.67%
Sub-total of Vendor and parties acting in concert with him	154,742,000	46.89%	124,742,000	37.80%	154,742,000	42.98%
Zhang Xun	40,040,000	12.13%	40,040,000	12.13%	40,040,000	11.12%
Fang Shu An	25,000,000	7.58%	25,000,000	7.58%	25,000,000	6.94%
Placees	0	0.00%	30,000,000	9.09%	30,000,000	8.33%
Public	110,218,000	33.40%	110,218,000	33.40%	110,218,000	30.62%
<b>Total</b>	<b>330,000,000</b>	<b>100.00%</b>	<b>330,000,000</b>	<b>100.00%</b>	<b>360,000,000</b>	<b>100.00%</b>

*Note:*

1. Mr. Wong Pak Ming, a Director and chairman of the Company, is the sole legal and beneficial owner of both Idea Storm Holdings Limited and the Vendor.
2. Ms. Zee Ven Chu, Lydia is the wife of Mr. Wong Pak Ming.

#### **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WAIVER**

The aggregate percentage shareholdings of the Vendor and parties acting in concert with it will reduce from 46.89% of the Company's existing share capital to 37.80% after the Placing and will increase from 37.80% to 42.98% of the Company's enlarged share capital after the Subscription. Under the Subscription, the Vendor and parties acting in concert with it will acquire more than 2% of Shares and as such, the Vendor and parties acting in concert with it would be obliged to make a mandatory general offer for all the other issued Shares under Rule 26.1 of the Takeovers Code.

Application for waiver under Note 6 on dispensations from Rule 26 to make a general offer will be made by the Vendor to the Securities and Futures Commission of Hong Kong.

#### **REASONS FOR AND BENEFITS OF THE PLACING AND SUBSCRIPTION AND THE USE OF THE PROCEEDS**

The estimated net proceeds of the Placing will be approximately HK\$39 million, which will be used for general working capital of the Company and for other possible investment opportunities in the future. As at 31 December 2006, the Group had approximately HK\$15 million of bank balances and cash. With reference to an announcement of the Company on 18 May 2007, the Group realized approximately HK\$4.7 million cash after a disposal of shares in Jade Dynasty Group Limited. The Directors confirmed that there is enough funding to finance its daily operation. In view of the current market condition, the Directors consider that the Placing and Subscription represent a good opportunity to broaden the shareholders base and capital base of the Company and to raise capital for the Company for its future business developments. The Directors have confirmed that no specific targets or projects have been identified by the Group as at the date of this announcement. However, if investment or acquisition opportunities arise, decisions may have to be made within a short period of time. The Placing and Subscription will thus provide the Company with additional available finance for any possible acquisition opportunities that may arise in the future and for the purpose of any possible additional general working capital requirement of the Group. Therefore, the Directors consider the terms of the Placing Agreement and the Subscription Agreement to be fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Shareholders should note that in the event the completion date of the Subscription, as may be agreed by the Vendor and the Company, is postponed to any such other date later than 12 June 2007, the Subscription will be subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval). As such, the Subscription may or may not proceed subject to the fulfillment of all the requirements.

#### **EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fundraising activity in the 12-month period immediately preceding the date of this announcement.

#### **GENERAL**

At the request of the Stock Exchange, the Board announced that the Company noted the increase in the trading volume and in the price of the Shares on 29 May 2007 and stated that the Company was not aware of any reasons for such increase.

Save as the Placing and the Subscription, we confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in Shares on the Stock Exchange was suspended from 2:30 p.m. on 29 May 2007. Application has been made by the Company to the Stock Exchange for the resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on 4 June 2007.

#### **DEFINITIONS:**

Unless the context otherwise requires, the following terms shall have the meanings set out below:

- |                |  |
|----------------|--|
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Board”        | board of Directors                                       |

“Company”	Mandarin Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	independent third parties, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules) and who are independent of and not acting in concert with the Vendor or any of its concert parties
“Placing”	the placing of the Placing Shares by the Vendor, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	Orient Securities Limited, an Independent Third Party
“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 29 May 2007 in relation to the Placing
“Placing Price”	HK\$1.33 per Placing Share
“Placing Shares”	30,000,000 existing Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of 30,000,000 new Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Vendor dated 29 May 2007 (as amended by a supplemental agreement dated 1 June 2007) in relation to the Subscription
“Subscription Price”	HK\$1.33 per Subscription Share
“Subscription Shares”	30,000,000 existing Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers
“Vendor”	Capeland Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Wong Pak Ming, a Director and the chairman of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of  
**MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED**  
**Mr. Wong Pak Ming**  
*Chairman*

Hong Kong, 1 June 2007.

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wong Pak Ming (Chairman), Ms. Wong Kit Fong, Ms. Wong Yee Kwan, Alvina and Mr. Ko Tin Chow, and three independent non-executive Directors namely Mr. Wan Ngar Yin, David, Mr. Lai Voon Wai and Mr. Tang Kai Kui, Terence.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.*

*\* for information purposes only*

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