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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Mandarin Entertainment (Holdings) Limited, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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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)***DISCLOSABLE TRANSACTION****ACQUISITION OF PROPERTIES**

A letter from the Board of Directors of Mandarin Entertainment (Holdings) Limited giving the details of the transaction in issue is set out on pages 3 to 6 of this circular.

* *For identification purpose only*

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Appendix – General information	7

DEFINITIONS

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

“Acquisitions”	the series of acquisitions of Property A and Property B purchased from the Independent Third Parties in an aggregate consideration of HK\$9,150,200
“Agreements”	collectively, First Agreement and Second Agreement
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Mandarin Entertainment (Holdings) Limited
“Directors”	the directors of the Company
“EB Limited”	Ease Brilliant Limited, an indirect wholly-owned subsidiary of the Company
“First Agreement”	an agreement for sale and purchase dated 12 November 2007 entered into between GUH and EB Limited in relation to Property A
“GP Limited”	Good Phase Limited, an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GUH”	Grand Unique Holdings Limited, a limited liability company incorporated under the laws of Hong Kong which, together with its ultimate beneficial owner are Independent Third Parties
“Independent Third Parties”	third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules)
“Last Practicable Date”	4 December 2007, being the latest practicable date prior to printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yuen”	Mr. Yuen Avent Gar Kit who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party

DEFINITIONS

“Property A”	Unit C on 6th Floor, CNT Tower, No. 338 Hennessy Road, Hong Kong
“Property B”	Unit B on 19th Floor, CNT Tower, No. 338 Hennessy Road, Hong Kong
“Properties”	collectively, Property A and Property B
“Second Agreement”	an agreement for sale and purchase dated 14 November 2007 entered into between Mr. Yuen and GP Limited in relation to Property B
“SFO”	Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED

東方娛樂控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 0009)

Executive Directors:

Mr. Wong Pak Ming

Ms. Wong Kit Fong

Ms. Wong Yee Kwan, Alvina

Ms. Law Kee, Alice

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Independent Non-executive Directors:

Mr. Tang Kai Kui, Terence

Mr. Choy Sze Chung, Jojo

Mr. Tsui Pui Hung

*Head Office and Principal place of
business in Hong Kong:*

Suite 1511, No. 9

Queen's Road Central,

Hong Kong

6 December 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTIES

INTRODUCTION

The Board of the Company announced on 15 November 2007 that EB Limited and GP Limited, two indirect wholly-owned subsidiaries of the Company, on 12 November 2007 and 14 November 2007 entered into the Agreements with GUH and Mr. Yuen respectively, pursuant to which GUH agreed to sell and EB Limited agreed to purchase Property A at the consideration of HK\$4,418,000 and Mr. Yuen agreed to sell and GP Limited agreed to purchase Property B at the consideration of HK\$4,732,200. The Acquisitions are not inter-conditional and pursuant to Rule 14.22 of the Listing Rules, the aggregation of the Acquisitions constitutes a discloseable transaction for the Company.

The purpose of this circular is to provide you with further information of the Acquisitions.

* For identification purpose only

LETTER FROM THE BOARD

ACQUISITIONS

Property A

- Date of the Agreement : 12 November 2007
- Vendor : GUH which, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, each of GUH and its ultimate beneficial owner is an Independent Third Party.
- Purchaser : EB Limited, an indirect wholly-owned subsidiary of the Company.
- Summary : On 12 November 2007, EB Limited entered into the First Agreement with GUH for the acquisition of Property A. Pursuant to the terms of the First Agreement, EB Limited will acquire Property A from GUH at a consideration of HK\$4,418,000. The consideration of Property A was arrived at after arm's length negotiation between EB Limited and GUH and was determined with reference to the current market value of properties in the nearby locality.
- Deposit and vacant possession : A deposit of HK\$441,800 has been paid by EB Limited upon the signing of the First Agreement on 12 November 2007. The balance of the consideration of Property A has taken place on 5 December 2007. Upon completion, vacant possession of Property A will be delivered to EB Limited.

Property B

- Date of the Agreement : 14 November 2007
- Vendor : Mr. Yuen who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, is an Independent Third Party.
- Purchaser : GP Limited, an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

- Summary : On 14 November 2007, GP Limited entered into the Second Agreement with Mr. Yuen for the acquisition of Property B. Pursuant to the terms of the Second Agreement, GP Limited will acquire Property B from Mr. Yuen at a consideration of HK\$4,732,200. The consideration of Property B was arrived at after arm's length negotiation between GP Limited and Mr. Yuen and was determined with reference to the current market value of properties in the nearby locality.
- Deposit and vacant possession : A deposit of HK\$473,220 has been paid by GP Limited upon the signing of the Second Agreement on 14 November 2007. The balance of the consideration of Property B is scheduled to take place on or before 31 January 2008. Upon completion, vacant possession of Property B will be delivered to GP Limited.

Each of the Properties is for commercial purpose and currently vacant. No rental incomes have been generated from the Properties for the two financial years immediately preceding the transaction.

REASONS FOR ACQUISITIONS

The Group is principally engaged in the films production business. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, GUH is principally engaged in trading business. The Properties will be held by the Group as investments. The Directors (including the independent non-executive Directors) are of the view that the Acquisitions were in the interest of the Group and the terms of the Acquisitions were in normal commercial terms, which were fair and reasonable and in the interests of the Shareholders as a whole, through arm's length negotiations between the parties. The Directors have compared the market value of the properties nearby to arrive at the conclusion that each of the considerations is fair and reasonable.

The Acquisitions will be partly funded through internal resources and partly through external financing. Save that there will be a decrease in bank balances of the Company with a corresponding increase in its fixed assets and liabilities, the Acquisitions will be no effect on earnings of the Company at the moment.

The Company has not acquired any property in the past 12 months. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, no vendors or their ultimate beneficial owners of the past acquisitions have any relationship with each of GUH and Mr. Yuen in the past 12 months.

REGULATORY ASPECTS

The Acquisitions are not inter-conditional. Given the size or value, the acquisition of Property A does not alone constitute a discloseable transaction for the Company. Nevertheless, on aggregating their size or value (by reason of the Acquisitions constituting a series of transactions as described in paragraph 14.22 of the Listing Rules), the aggregation of the Acquisitions constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendix, which forms part of this circular.

Yours faithfully,
For and on behalf of the Board of
MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED
Wong Pak Ming
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 contained in this circular 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 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

As at the Latest Practicable Date, the Directors and the chief executive of the Company and their respective associates had the following interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV 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 taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) Directors' interests in Shares

Name of Director	Personal	Interests in Shares		Total interests in Shares	Interests in underlying Shares subject to share options	Aggregate interests in Shares and underlying shares	Approximate percentage of total issued share capital
		Corporate (Note 1)	Family (Note 2)				
Mr. Wong Pak Ming ("Mr. Wong")	2,009,000	228,300,000	411,000	230,720,000	1,761,048	232,481,048	40.36%
Ms. Wong Kit Fong	3,225,000	–	–	3,225,000	1,761,048	4,986,048	0.86%
Ms. Wong Yee Kwan, Alvina	4,212,000	–	–	4,212,000	1,761,048	5,973,048	1.04%
Mr. Tang Kai Kui, Terence	–	–	–	–	3,156,048	3,156,048	0.55%

Notes:

- (1) These Shares are held as to 45,000,000 Shares by Capeland Holdings Limited and as to 183,300,000 Shares by Idea Storm Holdings Limited, both of which are incorporated in the British Virgin Islands and are wholly-owned by Mr. Wong.
- (2) These Shares are held by Mr. Wong's spouse in which Mr. Wong is also deemed to be interested.

(b) Directors' interests in the share options of the Company

Name of Director	Number of share options held	Exercise period	Exercise price per share
Mr. Wong	366,048	24 December 2006 to 20 August 2011	HK\$0.841
	1,395,000	11 November 2007 to 20 August 2011	HK\$0.789
Ms. Wong Kit Fong	366,048	24 December 2006 to 20 August 2011	HK\$0.841
	1,395,000	11 November 2007 to 20 August 2011	HK\$0.789
Ms. Wong Yee Kwan, Alvina	366,048	24 December 2006 to 20 August 2011	HK\$0.841
	1,395,000	11 November 2007 to 20 August 2011	HK\$0.789
Mr. Tang Kai Kui, Terence	366,048	24 December 2006 to 20 August 2011	HK\$0.841
	2,790,000	11 November 2007 to 20 August 2011	HK\$0.789

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective associates held any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV 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 taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein or were required, pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date and as far as is known to the Directors and according to the register of interests in Shares and short positions of substantial Shareholders maintained by the Company under Section 336 of SFO, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 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 shares capital that carry a right to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Type of Interest	No. of Shares held	Approximate Percentage of issued share capital
Mr. Wong	Personal	2,009,000	0.35%
	Corporate (<i>Note 1 & 3</i>)	228,300,000	39.64%
	Family (<i>Note 2</i>)	411,000	0.07%
	Share Options	1,761,048	0.30%
	Total	<u>232,481,048</u>	<u>40.36%</u>
Mr. Kwok Tsz Wing ("Mr. Kwok")	Personal	15,314,000	2.66%
	Corporate (<i>Note 4</i>)	25,683,513	4.46%
	Total	<u>40,997,513</u>	<u>7.12%</u>
Mr. Zhang Xun	Personal	40,040,000	6.95%
Mr. Fang Shu An ("Mr. Fang")	Personal	13,000,000	2.26%
	Family (<i>Note 5</i>)	12,000,000	2.08%
	Total	<u>25,000,000</u>	<u>4.34%</u>

Notes:

- These Shares are held as to 45,000,000 Shares by Capeland Holdings Limited and as to 183,300,000 Shares by Idea Storm Holdings Limited, both of which are incorporated in the British Virgin Islands and are wholly-owned by Mr. Wong.
- These Shares are held by Mr. Wong's spouse in which Mr. Wong is also deemed to be interested.
- Accordance to SFO, Mr. Wong's spouse is also deemed to be interested in these 228,300,000 Shares.
- These Shares are held by Super Grand Enterprises Ltd., which is incorporated in Hong Kong and is wholly-owned by Mr. Kwok.
- These Shares are held by Mr. Fang's spouse in which Mr. Fang is also deemed to be interested in.

Save as disclosed above, the Directors are not aware of any other person as at the Latest Practicable Date who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or who were interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital that carry a right to vote in all circumstances at general meetings of any member of the Group.

4. LITIGATION

As at the Latest Practicable Date, the Directors were aware that the following litigation or claims are pending or threatened against the Group:

In April 2006, 上海華芮文化傳播有限公司 (“**Shanghai City Glory**”), one of the investors of “Seven Swords”, initiated legal proceedings against Mandarin Films Distribution Co., Ltd. (“**Mandarin Film Distribution**”), an indirect wholly owned subsidiary of the Company in respect of claim for payment of income amounting to approximately US\$732,036 (equivalent to HK\$5,680,233) arising from the filming of “Seven Swords”.

Upon mediation from the officers of the Shanghai No. 2 Intermediate People’s Court (上海市第二中級人民法院), Shanghai City Glory and Mandarin Film Distribution entered into a settlement agreement on 2 August 2007, pursuant to which, Shanghai City Glory withdrew its claim against Mandarin Film Distribution after Mandarin Film Distribution paying a sum of RMB3,777,001.89 into the court account by the end of August 2007, and both parties will continue to perform their obligations pursuant to the joint venture agreement and Shanghai City Glory retains its rights against Mandarin Film Distribution pursuant to agreement(s) that the parties entered into.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, there is no existing nor proposed service contract of Directors (excluding contracts expiring or determinable by the Group within one year without payment or any compensation other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which compete or may compete with the business of the Group.

7. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The principal place of business of the Company in Hong Kong is at Suite 1511, No. 9 Queen’s Road Central, Hong Kong.

- (c) The company secretary of the Company is Mr. Lo Hang Fong, a solicitor admitted in Hong Kong. He is admitted to the Supreme Court of Hong Kong, the Supreme Court of Singapore and the Supreme Court of England & Wales and is also a partner of Messrs. Stevenson, Wong & Co. in Hong Kong.
- (d) The qualified accountant of the Company is Mr. Kam Leung Ming, who is a Certified Public Accountant in Hong Kong and a member of The Institute of Chartered Accountants In England and Wales.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.