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MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED
東方娛樂控股有限公司*
(proposed to be renamed as China Mandarin Holdings Limited)
(incorporated in Bermuda with limited liability)
(Stock Code: 00009)

CONTINUING CONNECTED TRANSACTIONS

The Master Agreement

On 6 May 2009, Grimston Limited, a wholly owned subsidiary of the Company, entered into the Master Agreement with Mr. Wong pursuant to which Grimston Limited will procure the Purchaser(s) to enter into the Service Agreement(s) with Mr. Wong and/or PM Wong Associates in relation to the provision of Services.

The Master Agreement has a term commencing from the date of the Master Agreement up to 31 December 2011. Each of the Cap for the period from the date of the Master Agreement up to 31 December 2009 and for the two years ending 31 December 2010 and 2011 shall not exceed HK\$5,000,000.

Mr. Wong is a substantial Shareholder and executive Director and therefore is a connected person of the Company as defined in the Listing Rules. Accordingly the transactions contemplated under the Master Agreement constitute continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios (as defined in the Listing Rules) for the Cap is more than 2.5% but less than 25% and the Master Agreement is only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE MASTER AGREEMENT

Date: 6 May 2009

Parties: (1) Grimston Limited; and
(2) Mr. Wong

Grimston Limited, is a wholly owned subsidiary of the Company and is principally engaged in investment holdings.

Mr. Wong is a substantial Shareholder and executive Director. Pursuant to Chapter 14A of the Listing Rules, Mr. Wong is a connected person of the Company.

Term: commencing from the date of the Master Agreement up to 31 December 2011

Salient terms:

The Master Agreement is unconditional. Each of the Cap for the period from the date of the Master Agreement up to 31 December 2009 and for the two years ending 31 December 2010 and 2011 shall not exceed HK\$5,000,000. Given that films shot by the Group has very good appeal to the audience and box office in the last year, the Group prepares to increase the investment in films production. Further Mr. Wong intends to actively participate, either as an actor or executive producer, in the films produced by the Company in coming few years. Based on the Group's business plan, the Directors (including the independent non-executive Directors) expect that cap will substantially be increased and the annual Cap at HK\$5 million will be a reasonable estimation.

The Master Agreement contains the following salient terms:

1. During the term of the Master Agreement, Grimston Limited may from time to time procure the Purchaser(s) to enter into the Service Agreement(s) with Mr. Wong in relation to the provision of PM Wong Services.
2. During the term of the Master Agreement, Grimston Limited may from time to time procure the Purchaser(s) and Mr. Wong shall procure PM Wong Associates to enter into the Service Agreement(s) in relation to the provision of PM Wong Associates Services.
3. Each Service Agreement to be entered into shall specify (i) the scope and descriptions of the relevant service to be supplied and provided (ii) the service fee(s) to be paid for such service to be supplied and provided; (iii) the terms of the service; and (iv) the terms of payment.
4. Each Service Agreement shall constitute a separate agreement, and any default by Mr. Wong and/or PM Wong Associates in relation to any Service Agreement shall not entitle either party to treat the Master Agreement as terminated.

5. Without prejudice to any other provision of the Master Agreement, Mr. Wong shall, with respect to each Service Agreement, be responsible for complying with the requirements, terms and conditions of each Service Agreement.
6. The service fees payable by the Purchaser(s) to Mr. Wong and/or PM Wong Associates for the Services shall be negotiated on arm length basis and in good faith between the Purchaser(s) and Mr. Wong and/or PM Wong Associates and shall be determined by Mr. Wong and/or PM Wong Associates and the Purchaser(s) with reference to the market price of the Services at the relevant time and from time to time but in any event the service fee shall be no less favourable than those offered by Mr. Wong and/or PM Wong Associates to other third parties.
7. The parties thereto the Master Agreement have agreed that each of the Cap for the period from the date of the Master Agreement up to 31 December 2009 and for the two years ending 31 December 2010 and 2011 shall not exceed HK\$5,000,000.
8. For the avoidance of doubt, during the Term, Mr. Wong and PM Wong Associates shall have the right to sell and/or supply any or all of the Services to third parties other than that of the Group.

PAST TRANSACTIONS

PM Wong Services

Reference is made to the Announcement whereby the Board announced that the Group and Mr. Wong and/or his associates entered into the Wong's Agreement in relation to the provision of PM Wong Services.

Tenancy Agreements

In the Announcement, the Board further announced that on 5 November 2008, (i) Mandarin Films Distribution Co. Ltd., a wholly owned subsidiary of the Company, as tenant entered into a tenancy agreement with Pure Project Limited, a company controlled by Mr. Wong, as landlord in relation to the renewal of the lease in respect of the Premises I for the month rental fee of HK\$51,920 for a period from 1 February 2009 to 31 August 2009; and (ii) Chili Advertising & Promotions Limited, a then wholly owned subsidiary of the Company, as tenant entered into a tenancy agreement with Pure Project Limited, as landlord in relation to the renewal of the lease in respect of the Premises II for the month rental fee of HK\$26,488 for a period from 1 March 2009 to 31 August 2009. On 31 March 2009 Chili Advertising & Promotions Limited ceased to be a subsidiary of the Company.

The above two tenancy agreements are renewal of the previous two tenancy agreements (the "**Previous Tenancy Agreements**"). On 1 February 2007 Mandarin Films Distribution Co. Ltd., as tenant entered into a tenancy agreement with Pure Project Limited as landlord in relation to the renewal of the lease in respect of the Premises I for the month rental fee of HK\$42,480 for a period from 1 February 2007 to 31 January

2008 and for the month rental fee of HK\$51,920 for a period from 1 February 2008 to 31 January 2009. On 1 March 2007 Chili Advertising & Promotions Limited as tenant entered into a tenancy agreement with Pure Project Limited, as landlord in relation to the renewal of the lease in respect of the Premises II for the month rental fee of HK\$21,672 for a period from 1 March 2007 to 28 February 2008 and for the month rental fee of HK\$26,488 for a period from 1 March 2008 to 28 February 2009. The total consideration paid by the Group in respect of the Previous Tenancy Agreements for the two years ended 31 December 2007 and 2008 were HK\$684,000 and HK\$922,000 respectively.

PM Wong Associates Services

The Board hereby further discloses that during the two years ended 31 December 2007 and 2008, the Group also entered into other services agreement (the “**Other Service Agreements**”) with PM Wong Associate and Mr. Edmond Wong, in respect of the provision of certain film distribution services and other services. The total consideration paid by the Group to Mr. Wong and his associates and Mr. Edmond Wong for the year ending 31 December 2007 were HK\$636,000 and HK\$50,000 respectively. The total consideration paid by the by the Group to Mr. Wong and his associates and Mr. Edmond Wong for the year ending 31 December 2008 were HK\$388,000 and HK\$60,000 respectively.

For the year ended 31 December 2007 the consideration paid by the Group to Mr. Wong and his associates pursuant to the Previous Tenancy Agreements and Other Services Agreements when aggregated was approximately HK\$1,370,000. For the year ended 31 December 2008 the consideration paid by the Group to Mr. Wong and his associates pursuant to the Wong’s Agreements, Previous Tenancy Agreements and Other Services Agreements when aggregated was approximately HK\$1,370,000.

As each of the aggregated consideration for the two years end 31 December 2008 is more than HK\$1,000,000 but less than HK\$10,000,000 per year and each of the percentage ratios (as defined under the Listing Rules) is more than 2.5% but less than 25%, all the transactions contemplated under the Wong’s Agreements (which has been disclosed in the Announcement), the Previous Tenancy Agreements and Other Service Agreements are only subject to reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE MASTER AGREEMENT

The Group is principally engaged in film production, film distribution and licensing, film processing and advertising and promotional services. The Group has also engaged in the properties investments in the People’s Republic of China since early 2008.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated thereunder the Master Agreement are the usual and ordinary course of business of the Group. Mr. Wong is a renowned actor and experience executive producer in Hong Kong. Films shot by Mr. Wong for the Group usually draw a large audience and have good box office. PM Wong Associates have been providing quality PM Wong Associates Services to the Group over a period of time, the entering into of the Master Agreement will enable the Group to secure a quality supply of Services.

The Directors consider that the entering into of the Master Agreement is in the usual and ordinary course of business of the Group and the terms of the Master Agreement were negotiated on an arm's length basis and on normal commercial terms between the Group and Mr. Wong. The Directors are of view that the terms and conditions of the Master Agreement including the Cap, are fair and reasonable and in the interest of the Company and Shareholders as a whole.

IMPLICATIONS OF THE LISTING RULES

Mr. Wong is a substantial Shareholder and executive Director and therefore is a connected person of the Company as defined in the Listing Rules. Accordingly the transactions contemplated under the Master Agreement constitute continuing connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios (as defined in the Listing Rules) for the Cap is more than 2.5% but less than 25% and the Master Agreement is only subject to reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 21 November 2008 in relation to, among other things, the Wong's Agreements
“associates(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Cap”	the aggregate annual amount to be paid by the Group to Mr. Wong and/or PM Wong Associates in relation to the purchase of the Services pursuant to each Services Agreement

“Company”	Mandarin Entertainment (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange, the ultimate holding company of Grimston Limited
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force from time to time
“Master Agreement”	an agreement dated 6 May 2009 and entered into between Grimston Limited and Mr. Wong in relation to the provision of the Services
“Mr. Wong”	Mr. Wong Pak Ming, is a substantial Shareholder and executive Director
“PM Wong Associates”	<ol style="list-style-type: none"> 1. Mr. Wong Chi Woon, Edmond; 2. Mr. Wong Pak Nin, Herrick; 3. Ms. Wong Kit Chun, Jenny; 4. Pure Project Limited; 5. Big Bright Investment Limited; 6. Pegasus Motion Pictures Production Limited; 7. Pegasus Motion Pictures Limited; 8. 東影影視出品有限公司; 9. Prime Moon International Ltd.; and 10. any other associates of Mr. Wong

“PM Wong Associates Services”	<p>the services to be provided by PM Wong Associates to the Group including but not limited to</p> <ol style="list-style-type: none"> 1. provision of services as screenwriter of films to be produced by the Group; 2. provision of services as director of films to be produced by the Group; 3. provision of services as line producer of films to be produced by the Group; 4. pre-production and post-production services for films to be produced by the Group; 5. shooting and editing services for films to be produced by the Group; 6. marketing promotion, media planning and design services for films to be produced by the Group; 7. distribution services of films to be produced by the Group; and 8. any other services in connection with film industry or to be provided at the request of Grimston Limited and/or the Purchaser(s) as agreed between parties hereto from time to time.
“PM Wong Services”	<p>the services to be provided by Mr. Wong to the Group including but not limited to (i) provision of services as an actor to shoot films to be produced by the Group; and (ii) provision of services as executive producer for films to be produced by the Group; and (iii) leasing of premises owned by Mr. Wong to the Group</p>
“Premises I”	<p>an office premises which is situated at Rooms 1801 and 1802, Westlands Centre, 18/F, 20 Westlands Road, Quarry Bay, Hong Kong</p>
“Premises II”	<p>an office premises which is situated at Room 1806, Westlands Centre, 18/F, 20 Westlands Road, Quarry Bay, Hong Kong</p>
“Purchaser(s)”	<p>any of the companies (being a member of the Group) nominated and procured by the Company to enter into Service Agreement(s) with Mr. Wong and/or PM Wong Associates from time to time pursuant to the Master Agreement</p>
“Service Agreement(s)”	<p>(an) agreement(s) to be entered into between any of one of the Purchaser(s) of one part and any one of Mr. Wong and/or PM Wong Associates of the second part in relation to the provision of the Services</p>

“Services”	PM Wong Services and/or PM Wong Associates Services
“Shareholder(s)”	the holder(s) of the issued shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Companies Ordinance (Cap 32, laws of Hong Kong)
“Wong’s Agreements”	the three agreements all dated 20 November 2008 and entered into between the Group and Mr. Wong or his associates in relation to the provision of PM Wong’s Services

By order of the Board
Mandarin Entertainment (Holdings) Limited
Lai Pik Chi Peggy
Chairman

Hong Kong, 7 May 2009

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Ms. Lai Pik Chi, Peggy (Chairman), Ms. Law Kee, Alice (Chief Executive Officer), Mr. Kwok Tsz Wing (Deputy Chairman), Mr. Wong Pak Ming and Mr. Hui Wai Lee, Willy; and the independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Tsui Pui Hung and Mr. Chan Tung Tak, Alain.

* *for identification purposes only*