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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: 00009)

CONNECTED TRANSACTIONS

The Board announces that on 20 November 2008, Mandarin Films, a wholly-owned subsidiary of the Company and Big Bright entered into the Service Agreement I, pursuant to which, Big Bright shall procure Mr. Wong to render his service as executive producer for the Film A.

The Board further announces that on the same date, Mandarin Films and Mr. Wong entered into the Service Agreement II and Service Agreement III respectively. Pursuant to the Service Agreement II, Mr. Wong shall render his services as an actor to shoot the Film B for the period up to 10 January 2009. Pursuant to the Service Agreement III, Mr. Wong shall also render his services as executive producer for the Film B.

As Mr. Wong is a substantial shareholder, the chairman and executive director of the Company. Pursuant to Chapter 14A of the Listing Rules, Mr. Wong is a connected person of the Company. The services contemplated thereunder the Service Agreements when aggregated with the Previous Transactions constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios is more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the 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.

THE SERVICE AGREEMENT I

Date: 20 November 2008

Parties: (1) Mandarin Films; and
(2) Big Bright

Mandarin Films is a wholly owned subsidiary of the Company and is principally engaged in film production and distribution.

Big Bright, a connected person, of which 50% of the shareholdings is beneficially owned by Mr. Wong and the remaining 50% of the shareholdings is beneficially owned by Madam Zee Ven Chu, Lydia, the spouse of Mr. Wong. The principal business of Big Bright is investment holding and film distribution.

Obligation of Big Bright under the Service Agreement I

Big Bright shall procure Mr. Wong to render his executive producer services, including but not limited to produce, plan, co-ordinate, supervise and appear in the Film A.

Consideration

The total consideration for the services rendered by Mr. Wong as executive producer for the Film A shall be HK\$300,000 and shall be payable by Mandarin Films to Big Bright in cash upon completion of the A-Copy of the Film A or 15 December 2008 whichever is earlier.

The consideration payable by Mandarin Films to Big Bright under the Service Agreement I was arrived at after arm's length negotiation between Mandarin Films and Big Bright with reference to Mr. Wong's experience as executive producer in films industry in Hong Kong, his appeal to the audience and box office and time costs incurred by Mr. Wong in shooting the Film A. The Service Agreement I was entered into (i) in the usual and ordinary course of business of the Group and the services to be rendered by Mr. Wong are of a revenue nature to the Group; (ii) on normal commercial terms; and (iii) on terms no less favourable to the Group than terms available from independent third parties.

THE SERVICE AGREEMENT II

Date: 20 November 2008

Parties: (1) Mandarin Films; and
(2) Mr. Wong

Mandarin Films is a wholly owned subsidiary of the Company and is principally engaged in film production and distribution.

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

Obligation of Mr. Wong under the Service Agreement II

Mr. Wong shall make available to Mandarin Films his service as an actor to shoot the Film B for the period up to 10 January 2009.

Consideration

The total consideration for the services rendered by Mr. Wong as an actor in the Film B shall be HK\$1,000,000 and shall be payable by Mandarin Films to Mr. Wong in cash upon the completion of the Service Agreement II.

The consideration payable by Mandarin Films to Mr. Wong under the Service Agreement II was arrived at after arm's length negotiation between Mandarin Films and Mr. Wong with reference to, among others, Mr. Wong's appeal to the audience and box office and time costs incurred by Mr. Wong in shooting the Film B. The Service Agreement II was entered into (i) in the usual and ordinary course of business of the Group and the services to be rendered by Mr. Wong are of a revenue nature to the Group; (ii) on normal commercial terms; and (iii) on terms no less favourable to the Group than terms available from independent third parties.

THE SERVICE AGREEMENT III

Date: 20 November 2008

Parties: (1) Mandarin Films; and
(2) Mr. Wong

Mandarin Films is a wholly owned subsidiary of the Company and is principally engaged in film production and distribution.

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

Obligation of Mr. Wong under the Service Agreement III

Mr. Wong shall render his service as executive producer, including but not limited to produce, plan, co-ordinate, supervise and appear in the Film B.

Consideration

The total consideration for the services rendered by Mr. Wong as executive producer in the Film B shall be HK\$500,000 and shall be payable by Mandarin Films to Mr. Wong in cash upon completion of A-Copy of the Film B or 10 January 2009 whichever is earlier.

The consideration payable by Mandarin Films to Mr. Wong under the Service Agreement III was arrived at after arm's length negotiation between Mandarin Films and Mr. Wong with reference to Mr. Wong's experience as executive producer in films industry in Hong Kong, his appeal to the audience and box office and time costs incurred by Mr. Wong in shooting the Film B. Additional consideration to be paid to Mr. Wong as executive producer in the Film B than in the Film A because Mr. Wong is also responsible for the original story creation in the Film B. The Service Agreement III was entered into (i) in the usual and ordinary course of business of the Group and the services to be rendered by Mr. Wong are of a revenue nature to the Group; (ii) on normal commercial terms; and (iii) on terms no less favourable to the Group than terms available from independent third parties.

PREVIOUS TRANSACTIONS

On 5 November 2008, Mandarin Films Distribution Co. Ltd., a 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 I for the month rental fee of HK\$51,920 for a period from February 1 2009 to August 31 2009. The principal business of Pure Project Limited is investment holding. 99% of the shareholdings in Pure Project Limited is beneficially owned by Mr. Wong and the remaining 1% of the shareholdings is beneficially owned by the sister of Mr. Wong.

On 5 November 2008, Chili Advertising & Promotions Limited, a 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 March 1 2009 to August 31 2009.

Pure Project Limited is a connected person of the Company under Chapter 14A of the Listing Rules, the transactions contemplated thereunder the above two tenancy agreements are connected transactions. Given that each of the percentage ratios of the aggregated rental expenses is less than 2.5% and the total consideration is less than HK\$1,000,000; and is exempt from all reporting, announcement and independent Shareholders' approval requirements contained in Chapter 14A of the Listing Rules.

REASONS FOR ENTERING INTO THE SERVICE AGREEMENTS

The Group is principally engaged in the provision of films production services, film distribution and investment in film production and worldwide film distribution. 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 Mr. Wong is a renowned actor and experience executive producer in Hong Kong. Films shot by Mr. Wong will usually draw a large audience and have good box office.

Taking into account the reasons for the services rendered by Mr. Wong as described above, the Board is of the view that the terms of the Service Agreements are (i) fair and reasonable; (ii) in the interests of the Company and the Shareholders as a whole; and (iii) under normal commercial terms.

The Directors (including the independent non-executive Directors) consider that Mr. Wong, being the chairman and executive director of the Company, is responsible for the management and strategy planning of the Group. The subject services, inter alia, as actor and executive film producer, provided by Mr. Wong to the Group are beyond the ordinary scope of services of Mr. Wong in his office as the chairman and executive director of the Company. The Board considers that it is fair and reasonable for the Group to pay additional fees to Mr. Wong for his additional services provided to the Group.

GENERAL

As Mr. Wong is a substantial shareholder, the chairman and executive director of the Company. Pursuant to Chapter 14A of the Listing Rules, Mr. Wong is a connected person of the Company. The services contemplated thereunder the Service Agreements when aggregated with the Previous Transactions constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules. As each of the percentage ratios is more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the 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.

Save and except for the Previous Transactions, Mr. Wong and his associates conducted no other transaction with the Group in the past 12 months or otherwise.

DEFINITIONS

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

“A-Copy”	the first print of a movie
“Board”	the board of Directors
“Big Bright”	Big Bright Investment Limited, a company incorporated in Hong Kong with limited liability and 50% of the shareholdings in Big Bright is beneficially owned by Mr. Wong and the remaining 50% of the shareholdings is beneficially owned by Madam Zee Ven Chu Lydia, the spouse of Mr. Wong

“Company”	Mandarin Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on The Stock Exchange of Hong Kong
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Directors”	the directors of the Company
“Film A”	the motion picture to be produced by Mandarin Films where Big Bright shall procure Mr. Wong to provide his services as the executive producer
“Film B”	the motion picture to be produced by Mandarin Films where Mr. Wong will be an actor and the executive producer
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mandarin Films”	Mandarin Films Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Mr. Wong”	Wong Pak Ming, a substantial shareholder, the chairman and executive director of the Company
“Premises I”	an office premises which is situated at Rooms 1801 and 1802, Westlands Centre, 18/F, 20 Westlands Road, Quarry Bay, Hong Kong
“Premises II”	an office premises which is situated at Room 1806, Westlands Centre, 18/F, 20 Westlands Road, Quarry Bay, Hong Kong
“Previous Transactions”	the lease of the Premises I and Premises II pursuant to two tenancy agreements both dated 5 November 2008 and entered into between the Group and Pure Project Limited

“Service Agreement I”	the agreement entered into between Mandarin Films and Big Bright on 20 November 2008 where Big Bright shall procure Mr. Wong to provide his services as executive producer in shooting the Film A
“Service Agreement II”	the agreement entered into between Mandarin Films and Mr. Wong on 20 November 2008 in relation to the provision of services by Mr. Wong as an actor to shoot the Film B
“Service Agreement III”	the agreement entered into between Mandarin Films and Mr. Wong on 20 November 2008 in relation to the provision of services by Mr. Wong as executive producer in shooting the Film B
“Service Agreements”	the Service Agreement I, Service Agreement II and Service Agreement III
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.1 each in the capital of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Mandarin Entertainment(Holdings) Limited
Wong Pak Ming
Chairman

Hong Kong, 21 November 2008

As at the date of this announcement, the Board comprises eight Directors. The executive Directors are Mr. Wong Pak Ming (Chairman), Ms. Wong Yee Kwan, Alvina, Ms. Law Kee, Alice, Mr. Wong Chi Woon, Edmond and Ms. Lai Pik Chi, Peggy; 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*