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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)

**OPEN OFFER OF  
NOT LESS THAN 180,000,000 OFFER SHARES  
AND NOT MORE THAN 181,312,000 OFFER SHARES  
AT HK\$0.5 PER OFFER SHARE ON THE BASIS OF  
ONE OFFER SHARE FOR EVERY TWO  
SHARES HELD ON THE RECORD DATE  
AND  
RESUMPTION OF TRADING**

### **Underwriter**



**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**

**VINC**  城高  
**Grand Vinco Capital Limited**

#### **OPEN OFFER**

The Company announces to raise approximately HK\$90 million before expenses, by issuing not less than 180,000,000 Offer Shares and not more than 181,312,000 Offer Shares (if the exercise of the Options are completed before the Record Date) at a price of HK\$0.5 per Offer Share on the basis of one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date and payable in full on acceptance.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Friday, 17 August 2007 and the Shareholders must not be Prohibited Shareholders. The register of members of the Company will be closed from Monday, 20 August 2007 to Wednesday, 22 August 2007, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer.

As at the date of this announcement, Mr. Wong, the chairman of the Board and an executive Director, who is interested in 154,742,000 Shares (representing approximately 42.98% of the entire issued share capital of the Company), has irrevocably undertaken to the Company and the Underwriter that he will subscribe for 77,371,000 Offer Shares which he is entitled to under the Open Offer pursuant to the Underwriting Agreement.

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite not less than 102,629,000 Offer Shares and not more than 103,941,000 (if the exercise of the Options are completed before the Record Date) Offer Shares on the terms and subject to the conditions set out in the Underwriting Agreement. Accordingly, the Open Offer will be fully underwritten.

The estimated net proceeds from the Open Offer will be approximately HK\$87.5 million (net of expenses of approximately HK\$2.5 million). The Board intends to apply the net proceeds for potential investments in future business opportunities and/or general working capital. As at the date of this announcement, the Company has not identified any specific investment target.

#### **WARNING OF THE RISK OF DEALING IN THE SHARES**

**The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed "Termination of the Underwriting Agreement" in this announcement). Accordingly, the Open Offer may or may not proceed.**

**The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealings in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 16 August 2007 and that dealings in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Tuesday, 11 September 2007), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

#### **GENERAL**

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders (if any).

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 19 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 23 July 2007.

## **OPEN OFFER**

Issue statistics

Basis of the Open Offer	:	One Offer Share for every two existing Shares held by Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.5 per Offer Share payable in full upon acceptance
Number of Shares in issue as at the date of this announcement	:	360,000,000 Shares
Number of Offer Shares	:	Not less than 180,000,000 Offer Shares and not more than 181,312,000 Offer Shares (if the exercise of the Options are completed before the Record Date)
Number of Shares in issue upon completion of the Open Offer	:	Not less than 540,000,000 Shares and not more than 543,936,000 Shares (if the exercise of the Options are completed before the Record Date)

As at the date of this announcement, there are 2,624,000 outstanding Options. Save as disclosed, there are no other outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares. Upon completion of the Open Offer, the Options will be adjusted so that the proportion of the issued share capital of the Company to which the holders of Options is entitled to after the Open Offer will remain the same as that to which the holders of Options was entitled to immediately before the Open Offer. In accordance with the Listing Rules and the supplemental guidance issued by the Stock Exchange, the Company will appoint an independent financial adviser or auditors (acting as experts) of the Company as soon as practicable to confirm in writing that the adjustments satisfy the requirement under the Share Option Scheme. Further details on the adjustments under the Share Option Scheme will be announced as and when appropriate.

## **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders (if any). To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date:

- (i) be registered on the register of members of the Company; and
- (ii) not being Prohibited Shareholders.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Registrar by 4:00 p.m. on Friday, 17 August 2007. The address of the Registrar is:

Tricor Standard Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Hong Kong.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable or capable of renunciation. There will not be any trading in nil-paid entitlements of the Offer Shares on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements. Any Offer Share not taken up by the Qualifying Shareholders will be taken up by the Underwriter.

#### **Closure of register of members**

The register of members of the Company will be closed from Monday, 20 August 2007 to Wednesday, 22 August 2007, both dates inclusive, to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares will be registered during this period.

#### **Subscription Price**

The Subscription Price is HK\$0.5 per Offer Share, payable in full on application.

The Subscription Price represents:

- (i) a discount of approximately 50.50% to the closing price of HK\$1.01 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 51.74% to the average closing price of HK\$1.036 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 51.50% to the average closing price of HK\$1.031 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 40.48% to the theoretical ex-entitlement price of approximately HK\$0.84 based on the closing price of HK\$1.01 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market condition. After considering (i) the discounts for the subscription prices of recent open offer of other listed issuers; (ii) the low liquidity of the Shares; (iii) the fact that the Director did not intend to create great financial burden to the existing Shareholders when they wish to subscribe for their entitlements under the Open Offer; and (iv) in order to attract more investors or Shareholders to participate

in the Open Offer and the future development of the Group, the Directors consider that the Subscription Price and the discount for the Offer Share are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one Offer Share for every two existing Shares held on the Record Date, being not less than 180,000,000 Offer Shares and not more than 181,312,000 Offer Shares (if the exercise of the Options are completed before the Record Date), at a price of HK\$0.5 per Offer Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

### **Status of the Offer Shares**

The Offer Shares (when allotted, fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

### **Fractions of Offer Shares**

The Company will not allot fractions of the Offer Shares. Any Offer Shares created from the aggregation of fractions of Offer Shares will be taken up by the Underwriter.

### **Certificates of the fully-paid Offer Shares**

Subject to fulfilment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Friday, 14 September 2007 to those entitled thereto by ordinary post at their own risk.

### **Rights of the Prohibited Shareholders**

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda. The Board will make enquiries to its legal advisers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchanges pursuant to Rule 13.36 (2) (a) of the Listing Rules. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient not to offer Offer Shares to such Overseas Shareholders, the Open Offer will not be available to such Overseas Shareholders.

The Company will send the Overseas Letter together with the Prospectus, but not the Application Form, to the Prohibited Shareholders (if any) for their information only.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot. Dealing in the Offer Shares will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading date is required to take place on CCASS on the second trading date thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Date : 19 July 2007

Underwriter : Orient Securities Limited.

The Underwriter and its ultimate beneficial owners are Independent Third Parties of the Company. The Underwriter is also a licensed corporation to conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under Securities and Futures Ordinance. It is in the ordinary course of business for the Underwriter to act as underwriter.

Number of Offer Shares underwritten : not less than 102,629,000 Offer Shares and not more than 103,941,000 (if the exercise of the Options are completed before the Record Date) Offer Shares, being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by Mr. Wong

Commission : 2.5% of the aggregate Subscription Price in respect of the number of Offer Shares agreed to be underwritten by the Underwriter.

Pursuant to the Underwriting Agreement, subject to the terms and conditions and the Underwriter's right to terminate, the Underwriter shall subscribe on its own not less than 102,629,000 Offer Shares and not more than 103,941,000 (if the exercise of the Options are completed before the Record Date) Offer Shares not taken up by the Qualifying Shareholders under the Open Offer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter does not have any shareholding in the Company as at the date of this announcement and is an Independent Third Party.

The 2.5% commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors consider that the commission is fair and reasonable, on normal commercial terms and in the interests of the Shareholders and the Company as a whole.

### **Undertaking by Mr. Wong**

Pursuant to the Underwriting Agreement, Mr. Wong, the chairman of the Board and an executive Director, who is interested in 154,742,000 Shares, representing approximately 42.98% of the entire issued share capital of the Company, as at the date of this announcement, has irrevocably undertaken to the Company and the Underwriter that he will subscribe for 77,371,000 Offer Shares which he is entitled to under the Open Offer.

### **Termination of the Underwriting Agreement**

**If, prior to the Latest Time for Termination:**

- (1) in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:**
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or**
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**

- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition for the voluntary liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material uninsured asset of the Group; or**
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,**

**the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Underwriting Agreement.**

### **Conditions of the Underwriting Agreement**

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by either all Directors or one of the Directors (for and on behalf of all the Directors) (and all other documents to be attached thereto) and otherwise in compliance with the Companies Act not later than the Prospectus posting date on Friday, 24 August 2007;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus posting date on Friday, 24 August 2007;
- (4) the obtaining of the permission of the Bermuda Monetary Authority for the issue of the Open Offer Shares, if necessary;
- (5) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares; and
- (6) compliance with and performance of all undertakings and obligations of Mr. Wong to subscribe for his assured entitlements under the Open Offer.



## WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” above). Accordingly, the Open Offer may or may not proceed.

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

The Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Thursday, 16 August 2007 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Tuesday, 11 September 2007), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following is the shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately upon the completion of the Open Offer:

	As at the date of this announcement		Immediately upon the completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)		Immediately upon the completion of the Open Offer (assuming none of the Qualifying Shareholders (except Mr. Wong) take up their respective entitlements under the Open Offer)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Wong Pak Ming (Note 1)	154,742,000	42.98%	232,113,000	42.98%	232,113,000	42.98%
Zhang Xun (Note 2)	40,040,000	11.12%	60,060,000	11.12%	40,040,000	7.41%
Fang Shu An (Note 3)	25,000,000	6.95%	37,500,000	6.95%	25,000,000	4.63%
The Underwriter	–	–	–	–	102,629,000	19.01%
Public Shareholders	140,218,000	38.95%	210,327,000	38.95%	140,218,000	25.97%
Total	<u>360,000,000</u>	<u>100.00%</u>	<u>540,000,000</u>	<u>100.00%</u>	<u>540,000,000</u>	<u>100.00%</u>

*Note:*

1. Out of the 154,742,000 Shares: (i) 122,200,000 Shares are held in the name of Idea Storm Holdings Limited, which is wholly owned by Mr. Wong. Under the Securities and Futures Ordinance (Chapter 571) of the Laws, of Hong Kong (“SFO”), Mr. Wong is deemed to be interested in all the Shares registered in the name of Idea Storm Holdings Limited; (ii) 30,000,000 Shares are held in the name of Capeland Holdings Limited, which is wholly owned by Mr. Wong. Under the SFO, Mr. Wong is also deemed to be interested in all the Shares registered in the name Capeland Holdings Limited; (iii) 114,000 Shares are held in the name of Mr. Wong’s spouse, in which Mr. Wong is also deemed to be interested in under the SFO; and (iv) Mr. Wong is the beneficial owner of 2,428,000 Shares.
2. Mr. Zhang is interested in a hotel operation in PRC in which the Group is interested in 37.5%.
3. Mr. Fang Shu An is independent from the management and operation of the Company.

### **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Group is principally engaged in the film distribution and licensing, film processing and advertising and promotional services.

The Group has recorded a consolidated gain of approximately HK\$1.673 approximately million for the year ended 31 December 2006, which represents a turnaround from a loss of approximately HK\$18.619 million for the year ended 31 December 2005. The Group intends to further strengthen its financial position by the Open Offer, which will enable the Company to expand its capital base and business. In addition, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company. The Directors therefore consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

The estimated net proceeds from the Open Offer will be approximately HK\$87.5 million (net of expenses of approximately HK\$2.5 million). The Board intends to apply the net proceeds for potential investments in future business opportunities and/or general working capital. As at the date of this announcement, the Directors have not identified any target investment opportunities. The estimated expenses in relation to the Open Offer, including financial, legal and other professional advisory fees, underwriting commission, printing and translation expenses, of approximately HK\$2.5 million, will be borne by the Company. Having considered other fund raising alternatives for the Group, including bank borrowings and placing of new Shares, and taking into account the benefits and cost of each of the alternatives, the Open Offer allows the Group to strengthen its balance sheet without facing the increasing interest rates. The Board also discussed the feasibility of having a rights issue, however the Board is of the view that the Open Offer provides a more simplified procedure and shorter time frame for fund raising whilst the Open Offer also offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the proportionate interests in the Company and to continue to participate in the future development of the Company should they wish to do so. The Board considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS IMMEDIATELY BEFORE THE DATE OF THIS ANNOUNCEMENT

According to the information provided by the Directors, the fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement is as follows:

Date of announcement	Event	Net proceeds	General mandate used	Intended use of proceeds	Actual use of proceeds
4 June 2007	Top-up placing of 30,000,000 Shares	Approximately HK\$39 million	General mandate granted on 31 May 2007	For general working capital and other possible investment opportunities in the future	Utilized as to HK\$30,500,000 for production costs of a movie and a TV drama series. As to HK\$8,500,000 has not been utilized as at the date of this announcement.

## EXPECTED TIMETABLE

The expected timetable for the Open Offer is set out below:

EVENTS	DATE
Last day of dealings in the Shares on a cum-entitlement basis	Wednesday, 15 August 2007
Commencement of dealings in the Share on an ex-entitlement basis	Thursday, 16 August 2007
Latest Lodging Date	4:00 p.m. on Friday, 17 August 2007
Period in which register of members closes (both dates inclusive)	Monday, 20 August 2007 to Wednesday, 22 August 2007
Record Date	Wednesday, 22 August 2007
Despatch of Prospectus Documents	Friday, 24 August 2007
Latest Time for Acceptance	4:00 p.m. on Friday, 7 September 2007
Latest Time for Termination	4:00 p.m. on Tuesday, 11 September 2007
Announcement of the results of the Open Offer	Thursday, 13 September 2007

Despatch of certificates for the Offer Shares .....Friday, 14 September 2007

Dealings In Offer Shares commence ..... Tuesday, 18 September 2007

All times stated above refer to Hong Kong times. Dates stated in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

Shareholders should note that completion of the Underwriting Agreement is conditional and may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest time for Acceptance will not take place if there is:

- ◆ A tropical cyclone warning signal number 8 or above, or
  - ◆ A “black” rainstorm warning.
1. In force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 7 September 2007. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day;
  2. In force in Hong Kong any local time between 12:00 noon and 4:00 p.m. on Friday, 7 September 2007. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place at 4:00 p.m. on Friday, 7 September 2007, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. Any such changes will be announced by the Company as when appropriate.

### **GENERAL**

The Company will send the Prospectus Documents to the Qualifying Shareholders and, the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders (if any) as soon as practicable.

### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on Thursday, 19 July 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in Shares on the Stock Exchange with effect from 9:30 a.m. on Monday, 23 July 2007.

## DEFINITIONS

“Application Form”	the application form(s) for use by the Qualifying Shareholder(s) to apply for the Open Offer
“Board”	board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning number 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon or on which a “Black” rainstorm warning is issued or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Mandarin Entertainment (Holdings) Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	an independent third party, 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)
“Last Trading Day”	Wednesday, 18 July 2007, being the last trading day before the date of this announcement
“Latest Lodging Date”	being 4:00 p.m. on 17 August 2007 as the latest time for lodging transfer of Share and/or exercising Options in order to qualify for the Open Offer

“Latest Time for Acceptance”	4:00 p.m. on 7 September 2007 or such later time or date as may be agreed by the Company (or such other date as the Underwriter may agree in writing with the Company), being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the second business day after the Latest Time for Acceptance, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	Rules Governing the Listing of Securities on Stock Exchange
“Mr. Wong”	Mr. Wong Pak Ming, the chairman of the Board and an executive Director, who is interested in 154,742,000 Shares representing approximately 42.98% of the entire issued share capital of the Company as at the date of this announcement
“Offer Share(s)”	not less than 180,000,000 new Shares and not more than 181,312,000 new Shares (if the exercise of the Options are completed before the Record Date), proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every two existing Shares held by Qualifying Shareholders on the Record Date and payable in full on application pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Options”	options to subscribe for Shares granted under the Share Option Scheme
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer

“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	22 August 2007, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong, being the Company’s Hong Kong branch share registrar
“SFC”	the Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Share Option Scheme”	share option scheme adopted by the Company and became effective on 21 August 2001
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.5 per Offer Share
“Underwriter”	Orient Securities Limited, an Independent Third Party
“Underwriting Agreement”	the underwriting agreement dated 19 July 2007 entered into between the Company, Mr. Wong and the Underwriter in relation to the Open Offer
“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, 20 July 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.*

\* *for information purposes only*