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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)

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF A SUBSIDIARY**

**THE SALE AND PURCHASE AGREEMENT**

On 27 March 2009, the Vendor, a wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target as at the date of this announcement.

The consideration for the sale and purchase of the Sale Shares shall be satisfied by the Purchaser in the following manner:

- (a) HK\$500,000 will be payable by the Purchaser to the Vendor in cash upon Completion; and
- (b) the remaining of the consideration will be offset by the Loan to be assumed by the Purchaser at the Completion.

Completion shall take place at 4:00 p.m. on the date falling the first Business Day after the fulfilment of the conditions or such later date as may be agreed between the Vendor and the Purchaser.

**GENERAL**

As the applicable percentage ratios of the Disposal under the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

## **THE SALE AND PURCHASE AGREEMENT**

**Date:** 27 March 2009

**Parties:** (1) Vendor : Grimston Limited, a wholly owned subsidiary of the Company

(2) Purchaser : Lam Sze Ho, Owen

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

### **Assets to be disposed of:**

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Sale Shares, representing the entire issued share capital of the Target as at the date of this announcement.

### **Consideration**

The consideration for the sale and purchase of the Sale Shares shall be satisfied by the Purchaser in the following manner:

- (a) HK\$500,000 will be payable by the Purchaser to the Vendor in cash upon Completion; and
- (b) the remaining of the consideration will be offset by the Loan to be assumed by the Purchaser at the Completion.

The consideration was determined through arm's length negotiations between the parties and on a commercial basis with reference to (i) the net asset value of the Target; (ii) the business prospect of the Target; and (iii) the market condition. As such, the Directors consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion shall be conditional upon and subject to:

- (1) if applicable, all necessary consents and approvals required to be obtained on the part of the Purchaser and the Vendor in respect of the Sale and Purchase Agreement and the transactions contemplated thereby have been obtained; and
- (2) the Vendor's warranties and the Purchaser's warranties in the Sale and Purchase Agreement remaining true and accurate in all material respects up to and including Completion.

If the conditions have not been satisfied on or before 30 March 2009, or such later date as the Vendor and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place at 4:00 p.m. on the date falling the first Business Day after the fulfilment of the conditions or such later date as may be agreed between the Vendor and the Purchaser.

Upon Completion, the Target will cease to be a subsidiary of the Company. Upon Completion, the Vendor shall also procure Ms. Wong Yee Kwan, Alvina, an executive Director, to enter into a service contract with the Target to act as its general manager for a term of two years.

### **INFORMATION ON THE TARGET**

The Target is engaged in the provision of advertising and promotional services for films. Currently, the Target acts as the agent of the Group in providing services including but not limited to marketing, public relations and events management in connection with the films produced by the Group. Apart from that, the Target also provides services to and collaborates with other film companies in Hong Kong.

Based on the management account of the Target as at 15 March 2009, the Target had unaudited net asset value of approximately HK\$2,156,657, unaudited total assets of approximately HK\$3,121,482 and unaudited total liabilities of approximately HK\$964,825. The net loss for the period from 1 January to 15 March 2009 is HK\$322,740.

The following information is extracted respectively from the financial statements for the two financial years ended 31 December 2007 of the Target:

	For the year ended 31 December	
	2006	2007
	<i>HK\$</i>	<i>HK\$</i>
	(audited)	(audited)
Loss before tax for the period	9,822	30,427

## **FINANCIAL EFFECT OF THE DISPOSAL**

It is estimated that the gain on Disposal is approximately HK\$118,986. The Board intends to use the proceed as general working capital of the Group.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the provision of films production services, 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.

For the past three years, the Target was operating at a loss. In view of the current global economic downturn, the Board believes that the demand for film advertising and promotion from the Group and other film companies will decrease, the business performance of the Target will be even worst.

Through the Disposal, the Group can streamline its businesses and focus on its film production, film distribution and property investments businesses – which are the key contributors of the Group's businesses. The Board believes that it is in the best interest of the Group to focus its resources and future investment in its film production, film distribution and property investment businesses. Accordingly, the Board is of the view that the Disposal represents a good opportunity for the Group to dispose of the Target and focus the resources in its core business in order to maintain its competitiveness and achieve the greatest returns for the Shareholders.

The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATION**

As the applicable percentage ratios of the Disposal under the Listing Rules exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“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
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	the Disposal of the Sale Shares by the Vendor as contemplated under the Sale and Purchase Agreement
“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
“Loan”	all the obligations, liabilities and indebtedness owing or incurred by the Vendor to the Target whether actual, contingent or deferred and irrespective whether or not the same is due and payable as at Completion which as at the date of the Sale and Purchase Agreement, amounted to the sum of HK\$1,775,643
“Purchaser”	Lam Sze Ho, Owen, a third party independent of the Company and its connected persons (as defined in the Listing Rules)
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 27 March 2009 and entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	10,000 ordinary shares of HK\$1.00 in the issued share capital of the Target, representing the entire issued share capital of the Target
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Chili Advertising & Promotions Limited, a company incorporated in the Hong Kong, whose entire issued share capital is beneficially owned by the Vendor
“Vendor”	Grimston Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 27 March 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 Ms. Wong Yee Kwan, Alvina; and the independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Tsui Pui Hung and Mr. Chan Tung Tak, Alain.*

\* *for identification purpose only*