

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED

(東方娛樂控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 009)

TERMINATION OF AGREEMENT

Reference is made to the Company's Announcements and Circular in relation to the formation of the JV Company which, together with its indirect or direct wholly-owned subsidiaries, is to be engaged in production and distribution of films, television series and concerts, provision of artist agency services, design and production of advertisement etc. in the PRC and in Hong Kong.

The Board would like to announce that the Agreement dated 28 July 2004 entered into between (i) Award Media, an indirect wholly-owned subsidiary of the Company; (ii) City Glory; and (iii) the JV Company regarding the formation of the JV Company has been terminated.

Reference is made to the Company's announcements dated 6 August 2004, 30 August 2004, 30 September 2004 and 14 October 2004 (the "Announcements") and the circular dated 27 October 2004 (the "Circular") in relation to the formation of the JV Company which, together with its indirect or direct wholly-owned subsidiaries, is to be engaged in the production and distribution of films, television series and concerts, provision of artist agency services, design and production of advertisement etc. in the PRC and in Hong Kong. Terms used herein shall have the same meanings as those defined in the Announcements and the Circular unless the context requires otherwise.

Pursuant to the Agreement, City Glory shall transfer to the Production Co. the entire issued share capital of the BVI Co., which shall be a registered and beneficial owner of the Land, within three months after the execution of the Agreement in consideration for the allotment and issue of 600 shares in the JV Company to City Glory.

Notwithstanding the repeated requests by the Company demanding City Glory to perform its obligations under the Agreement as stated above, as at the date of this announcement, City Glory failed to fulfill its obligations to transfer the entire issued share capital of the BVI Co. to Production Co. in accordance with the Agreement without giving any satisfactory explanation to the Company. The Company therefore exercised its rights under the Agreement to terminate the Agreement on the ground that there was a material breach of the Agreement on the part of City Glory. The Board is now seeking legal advice from its legal advisors and contemplating whether legal action will be taken against City Glory. The Company will make further announcement as to the legal action to be taken by the Company against City Glory as and when necessary.

In view of the fact that the Company will continue to focus on the business opportunities in the PRC market and source new partner in further exploration of the PRC market, the Board is of the view that such termination would not have any adverse effect on the financial position of the Group.

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. WONG Pak Ming, Ms. WONG Kit Fong and Ms. WONG Yee Kwan, Alvina and three independent non-executive Directors, namely, Mr. Alan WOO, Mr. LAI Voon Wai and Mr. WAN Ngar Yin, David.

By Order of the Board
WONG Pak Ming
Chairman

Hong Kong, 29 June 2005

* For identification purposes only

Please also refer to the published version of this announcement in The Standard.