
IMPORTANT

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Mandarin Entertainment (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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: 009)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
INFORMATION ON THE RETIRING DIRECTORS TO BE
RE-ELECTED AT THE 2007 ANNUAL GENERAL MEETING**

A letter from the board of directors of the Company is set out on page 1 to 6 of this circular. A notice convening the annual general meeting (the “**2007 Annual General Meeting**”) of the Company to be held at Room 1801-2, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 31st May 2007 at 3:00 p.m. is set out in the 2006 annual report (the “**2006 Annual Report**”) accompanying this circular.

A form of proxy for the 2007 Annual General Meeting is also enclosed with the 2006 Annual Report. Whether or not you desire to attend the 2007 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar in Hong Kong, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2007 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2007 Annual General Meeting or any adjournment thereof if you so wish.

* For identification purpose only

LETTER FROM THE BOARD OF DIRECTORS



MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED (東方娛樂控股有限公司*)

(incorporated in Bermuda with limited liability)

(Stock code: 009)

Executive Directors:

WONG Pak Ming (*Chairman*)
WONG Kit Fong
WONG Yee Kwan, Alvina
KO Tin Chow

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-Executive Directors:

WAN Ngar Yin, David
LAI Voon Wai
TANG Kai Kui Terence

Principal Place of Business:

Room 1801-2, Westlands Centre,
20 Westlands Road, Quarry Bay,
Hong Kong

30th April 2007

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
TO REPURCHASE SHARES
AND
INFORMATION ON THE RETIRING DIRECTORS TO BE
RE-ELECTED AT THE 2007 ANNUAL GENERAL MEETING**

1. INTRODUCTION

The Company's existing general mandates to issue shares and to repurchase shares were approved by the Company's in the annual general meeting held on 26th May 2006. Unless otherwise renewed, the existing general mandates to issue shares and to repurchase shares will lapse at the conclusion of the 2007 Annual General Meeting.

In order to ensure flexibility when it is desirable to allot additional shares or to repurchase shares, the directors of the Company (**the "Directors"**) will seek the approval of shareholders to grant new general mandates to issue shares and to repurchase shares at the 2007 Annual General Meeting.

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LETTER FROM THE BOARD OF DIRECTORS

The purpose of this circular is to, inter alia, provide you with information on the proposed renewal of the general mandates to issue shares and to repurchase shares and on the retiring directors to be re-elected at the 2007 Annual General Meeting, so as to seek your approval of the related ordinary resolutions at the aforesaid meeting.

2. GENERAL MANDATE TO ISSUE SHARES (THE “ISSUE MANDATE”)

Two ordinary resolutions, as set out in the notice of the 2007 Annual General Meeting, will be proposed for the following purposes:–

Ordinary resolution no. 4 – to grant to the Directors a general mandate to issue new shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and

Ordinary resolution no. 6 – to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the general mandate if given in the Ordinary Resolution no. 4 by the aggregate nominal amount of share capital of the Company repurchased under the general mandate if given in the ordinary resolution no. 5.

The Company has in issue an aggregate of 330,000,000 shares of HK\$0.10 each as at 23rd April 2007, (the “**Latest Practicable Date**”), being the latest practicable date before the printing of this circular for ascertaining certain information to be included herein. Subject to the passing of the aforesaid ordinary resolution no. 4 and in accordance with the terms therein, the Company would be allowed to issue additional shares up to the aggregate nominal amount of a maximum of 66,000,000 shares on the basis that no further shares will be issued or repurchased prior to the 2007 Annual General Meeting.

3. GENERAL MANDATE TO REPURCHASE SHARES (THE “REPURCHASE MANDATE”)

The ordinary resolution no. 5 as set out in the notice of the 2007 Annual General Meeting, will be proposed to grant to the Directors a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution.

The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

In accordance with the Listing Rules, the appendix to this circular serves as the explanatory statement, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions for granting of the Repurchase Mandate.

LETTER FROM THE BOARD OF DIRECTORS

4. INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED AT THE 2007 ANNUAL GENERAL MEETING

For your further information, we set out below the relevant details of the retiring directors proposed to be re-elected at the 2007 Annual General Meeting:–

Mr. WONG Pak Ming (“Mr. Wong”), aged 61, is the Chairman of the Company and founder of the Group. Mr. WONG co-founded Cinema City Company Limited and Cinema City (Film Production) Company Limited, both film production companies in Hong Kong, and has over 24 years of experience in the film industry as director, script writer and actor. He has been the Chairman of Movie Producers and Distributors Association of Hong Kong Limited since 1997, an association established in Hong Kong representing the interests of the local film industry.

Pursuant to the service agreement, the appointment of Mr. Wong is for a term of two (2) years and thereafter may be extended for such period as the Company and Mr. Wong agree in writing. Mr. Wong is subject to retirement by rotation and re-election at annual general meetings in accordance with the by-laws of the Company. Mr. Wong’s remuneration is fixed at HK\$1,800,000.00 per annum, which is commensurate with his duties and responsibilities as an executive director with reference to the prevailing market situation. Mr. Wong had been an executive director of the Company since 1st September 2001. Mr. Wong has not held directorship in other listed company during the past three years. Mr. Wong is the director of certain subsidiaries in the Group.

Mr. Wong is the father of Ms. Wong Yee Kwan Alvina, executive director of the Company and he is the brother of Ms. Wong Kit Fong, executive director of the Company. As at the Latest Practicable Date, Mr. Wong is interested in 153,090,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed, he does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purpose of the Listing Rules and does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. WONG Kit Fong (“Ms. Wong”), aged 59, is an executive director of the Company. Prior to joining the Group, she worked as an accountant in trading companies in Hong Kong for over 10 years. She is responsible for financial planning and administrative functions of the Group. She is also a director of a number of subsidiaries of the Company and oversees their overall operations.

Pursuant to the service agreement, the appointment of Ms. Wong is for a term of two (2) years and thereafter may be extended for such period as the Company and Ms. Wong agree in writing. Ms. Wong is subject to retirement by rotation and re-election at annual general meetings in accordance with the by-laws of the Company. Ms. Wong’s remuneration is fixed at HK\$540,000.00 per annum, which is commensurate with her duties and responsibilities as an executive director and is approved by the board of directors (the “Board”) with reference to the prevailing market situation. Ms. Wong had been an executive director of the Company since 1st September 2001. Ms. Wong has not held directorship in other listed company during the past three years. Ms. Wong is the director of certain subsidiaries in the Group.

LETTER FROM THE BOARD OF DIRECTORS

Ms. Wong is a sister of Mr. Wong Pak Ming, the Chairman and controlling shareholder of the Company and she is also an aunt of Ms. Wong Yee Kwan, Alvina. As at the Latest Practicable Date, Ms. Wong is interested in 2,628,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed, she does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purpose of the Listing Rules and does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Ms. WONG Yee Kwan, Alvina (“Ms. Alvina Wong”), aged 31, is an executive director of the Company. She holds a Bachelor Degree in arts from University of Toronto and attained a certificate in marketing management issued by The George Brown College of Applied Arts and Technology. She is appointed as a director of Chili Advertising & Promotions Limited (“Chili”) since 20th August, 2000, the Company’s subsidiary which is engaged in provision of promotional services for films. She is responsible to supervises Chili’s overall operation and is also responsible for coordinating with media reporters and other promotional events organized by Chili.

Pursuant to the service agreement, the appointment of Ms. Alvina Wong is for a term of two (2) year(s) and thereafter may be extended for such period as the Company and Ms. Alvina Wong agree in writing. Ms. Alvina Wong is subject to retirement by rotation and re-election at annual general meetings in accordance with the by-laws of the Company. Ms. Alvina Wong’s remuneration is fixed at HK\$384,000.00 per annum, which is commensurate with her duties and responsibilities as an executive director and is approved by the board of directors (**the “Board”**) with reference to the prevailing market situation. Ms. Alvina Wong had been an executive director of the Company since 1st September 2003. Ms. Alvina Wong has not held directorship in other listed company during the past three years. Ms. Alvina Wong is the director of certain subsidiaries in the Group.

Ms. Alvina Wong is the daughter of Mr. Wong Pak Ming, the Chairman and controlling shareholder of the Company and she is also a niece of Ms. Wong Kit Fong, executive director of the Company. As at the Latest Practicable Date, Ms. Alvina Wong is interested in 2,434,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed, she does not have other relationships with any directors, senior management or other substantial or controlling shareholder of the Company for the purpose of the Listing Rules and does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

The Board is not aware of any other matters that need to be brought to the attention of shareholders of the Company in relation to the proposed re-election of the aforesaid retiring directors pursuant to Rule 13.51 (2) of the Listing Rules.

LETTER FROM THE BOARD OF DIRECTORS

5. ACTION TO BE TAKEN

The notice convening the 2007 Annual General Meeting to be held at Room 1801-2, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong on 31st May 2007 at 3:00 p.m. is set out in the Company's 2006 Annual Report.

A form of proxy for the 2007 Annual General Meeting is also enclosed with the 2006 Annual Report. Whether or not you desire to attend the 2007 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2007 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2007 Annual General Meeting or any adjournment thereof if you so wish.

6. PROCEDURES FOR DEMANDING A POLL

For your further information as required by the Listing Rules, set forth below are the procedures for demanding a poll at general meeting of the Company. Pursuant to bye-law 66 of the Company's bye-laws (the "Bye-Laws"), every resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A poll which is duly demanded shall be then held in such manner prescribed by the Bye-Laws of the Company.

LETTER FROM THE BOARD OF DIRECTORS

7. RECOMMENDATION

The Directors believe that the granting of the Issue Mandate and the Repurchase Mandate are in the best interests of the Company and its Shareholders as a whole. Moreover, adequate information regarding the re-election of the retiring directors at the 2007 Annual General Meeting is contained herein for your consideration. Accordingly, the Directors recommend that all shareholders should vote in favour of the related ordinary resolutions to be proposed at the 2007 Annual General Meeting.

Yours faithfully,
By Order of the Board
Mandarin Entertainment (Holdings) Limited
WONG Pak Ming
Chairman

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to shareholders of the Company for their consideration as to whether to vote for or against the ordinary resolution to be proposed at the 2007 Annual General Meeting for granting the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to rule 10.06 of the Listing Rules which is set out as follows:–

SHARE CAPITAL

As at the Latest Practicable Date, the Company has in issue an aggregate of 330,000,000 shares of HK\$0.10 each which are fully paid.

Subject to the passing of the ordinary resolution no. 5 as set out in the notice of 2007 Annual General Meeting and in accordance with the terms therein, the Company would be allowed under the Repurchase Mandate to repurchase fully paid shares up to the aggregate nominal amount of a maximum of 33,000,000 shares on the basis that no further shares will be issued or repurchased prior to the 2007 Annual General Meeting.

REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of repurchasing any shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their interests in the assets of the Company would increase in proportion to the number of shares repurchased by the Company and thereby resulting in an increase in net asset value and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that the repurchases will benefit the Company and its shareholders as a whole.

FUNDING OF REPURCHASES

The Company is empowered by its memorandum of association and bye-laws to repurchase its shares. In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. In repurchasing shares, the Directors will only apply funds out of the capital paid up on the relevant shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose in accordance with Bermuda laws. Regarding the amount of premium (if any) payable on a repurchase, the Directors will only apply funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company. The shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced.

SHARE PRICES

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which shares of the Company have been traded were as follows:–

	Shares	
	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>
2006		
April	0.92	0.80
May	0.89	0.83
June	1.10	0.84
July	1.38	1.07
August	1.43	1.26
September	1.66	1.19
October	1.50	1.37
November	1.44	1.22
December	1.31	1.01
2007		
January	1.18	0.90
February	1.20	0.91
March	1.18	0.82

REPURCHASES MADE BY THE COMPANY

During the six months immediately preceding the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased any of the Company's shares, either on the Stock Exchange or otherwise.

POSSIBLE MATERIAL ADVERSE IMPACT

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts for the year ended 31st December, 2006) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and laws of Bermuda and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

EFFECT OF HONG KONG CODES ON TAKEOVERS AND MERGERS

If as a result of share repurchase by the Company, a substantial shareholder's proportionate interest in voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could, depending on the level of increase in the interest of shareholdings, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Code.

As at the Latest Practicable Date and to the best of knowledge and belief of the Company, the following persons were directly or indirectly interested in 5% or more of the nominal value of the ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:–

Name	Number of shares interested/held	Approximate percentage of shareholding as at Latest Practicable Date
WONG Pak Ming ("Mr. WONG")	153,090,000 <i>(Notes 1 and 2)</i> Long position	46.39%
ZHANG Xun ("Mr. ZHANG")	40,040,000 Long position	12.13%
FANG Shu An ("Mr. FANG")	25,000,000 Long position	7.58%

Notes:

1. These 153,090,000 shares are held as to 30,000,000 shares by Capeland Holdings Limited and as to 122,200,000 shares by Idea Storm Holdings Limited, both of which are incorporated in the British Virgin Islands and are wholly-owned by Mr. WONG.; and as to 776,000 shares held by Mr. WONG personally; and as to the remaining 114,000 shares held by Mr. WONG's wife in which Mr. WONG is also deemed to be interested.
2. According to the Securities and Futures Ordinance, Mr. WONG's spouse is also deemed to be interested in the shares held by Mr. WONG or in which he is interested.

In the event that the Directors exercised in full the power to repurchase shares of the Company in accordance with the terms of the ordinary resolution no. 5 to be proposed at the 2007 Annual General Meeting, the aforesaid interests of Mr. WONG, Mr. ZHANG and Mr. FANG in the existing issued share capital of the Company would be proportionally increased respectively to approximately 51.54%, 13.48% and 8.42%. The increase of his shareholdings from approximately 46.39% to 51.54% will give rise to an obligation to Mr. WONG to make a mandatory offer under the Code, subject to the granting of waiver pursuant to the Code. Save as aforesaid, as at the Latest Practicable Date, the Directors are not aware of the consequences of such increases or as a result of repurchases of shares that would result in the aforesaid persons or any shareholder, or group of shareholders acting in concert, becoming obliged to make a mandatory offer under the Code. In this regard, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would give rise to an obligation to make a mandatory offer under the Code or if the repurchase would result in less than 25% of the issued share capital of the Company being held in public hands.

DIRECTORS' DEALINGS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intends to sell shares to the Company under the Repurchase Mandate in the event that such mandate as proposed in the ordinary resolution no. 5 is approved by the shareholders of the Company.

CONNECTED PERSONS

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any shares to the Company, or that they have undertaken not to sell any shares held by them to the Company in the event that such mandate as proposed in the ordinary resolution no. 5 is approved by the shareholders of the Company.