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CHINA MANDARIN HOLDINGS LIMITED

中國東方實業集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 00009)

DISCLOSEABLE TRANSACTION

The Board is pleased to announce that on 11 January 2012, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Equity Shareholding, representing the remaining approximately 9.943% equity interest in the PRC Subsidiary. The Consideration is HK\$30,000,000 which shall be payable upon Completion in cash. Upon Completion, the PRC Subsidiary will become an indirect wholly-owned subsidiary of the Company.

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

On 11 January 2012, after trading hours, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has agreed to purchase and the Vendor has agreed to sell the Equity Shareholding, representing the remaining approximately 9.943% equity interest in the PRC Subsidiary.

THE AGREEMENT

Date: 11 January 2012

Parties:

Vendor: Dongguan Yi Feng Enterprise Limited (東莞市易豐實業發展有限公司)

Purchaser: Profit Source International Limited

* *for identification purpose only*

The Vendor is principally engaged in property investment. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, the Directors hereby confirm that the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected person within the meaning of the Listing Rules.

Assets to be acquired

As at the date of the Agreement, the Group, through the Purchaser, owns approximately 90.057% equity interest in the PRC Subsidiary. The Equity Shareholding represents the remaining approximately 9.943% equity interest not already owned by the Group.

Consideration and payment

The Consideration is HK\$30,000,000 which shall be payable upon Completion in cash. The Consideration is arrived on an arm's length commercial basis between the Vendor and the Purchaser by reference to, among other matters, (i) the unaudited net asset value of the PRC Subsidiary of approximately HK\$277,287,000 as at 30 June 2011; and (ii) the valuation report issued by an independent valuer on the Mall showing the value of the Mall to be not less than RMB264,000,000 (equivalent to approximately HK\$317,843,000) as at 30 June 2011.

The Directors consider that the Consideration is fair and reasonable and on normal commercial terms, and that the entering into the Agreement is in the interest of the Company and the Shareholders as a whole.

Completion

Completion takes place after the signing of the Agreement.

The PRC Subsidiary will become an indirect wholly-owned subsidiary of the Company after Completion.

INFORMATION ON THE PRC SUBSIDIARY

The PRC Subsidiary was established on 16 January 1997. The registered capital and the total investment of the PRC Subsidiary are RMB176,000,000 (equivalent to approximately HK\$211,895,000) and RMB200,000,000 (equivalent to approximately HK\$240,789,000) respectively. The registered capital of RMB176,000,000 has been fully paid up. As at the date of the Agreement, the equity interest in the PRC Subsidiary is owned as to approximately 90.057% by the Purchaser and as to approximately 9.943% by the Vendor respectively.

The PRC Subsidiary owns the legal and beneficial title of the Mall and is principally engaged in the management and leasing of the Mall.

Financial Information

A summary of the financial information of the PRC Subsidiary for the six months ended 30 June 2011 and the two financial years ended 31 December 2009 and 31 December 2010, which is prepared in accordance with the Hong Kong Accounting Standards, is as follows:

	For the financial year ended 31 December				For the six months ended 30 June	
	2009		2010		2011	
	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>Equivalent to</i>		<i>Equivalent to</i>		<i>Equivalent to</i>	
	<i>approximately</i>		<i>approximately</i>		<i>approximately</i>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
Revenue	11,647,000	13,215,000	13,361,000	15,193,000	6,963,000	8,297,000
Net profit before taxation	7,067,000	8,018,000	22,079,000	25,639,000	5,034,000	5,998,000
Net profit after taxation	6,361,000	7,217,000	16,517,000	19,314,000	4,698,000	5,598,000

	As at					
	31 December 2009		31 December 2010		30 June 2011	
	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	
	<i>Equivalent to</i>		<i>Equivalent to</i>		<i>Equivalent to</i>	
	<i>approximately</i>		<i>approximately</i>		<i>approximately</i>	
	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>	<i>RMB</i>	<i>HK\$</i>
Net asset value	210,271,000	238,700,000	225,616,000	265,119,000	230,315,000	277,287,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Group is principally engaged in property development and rental in the PRC as well as film production and related businesses.

The Group began to tap into the growing property market of the PRC in 2008 by acquiring the controlling equity interest in the PRC Subsidiary. The acquisition has proven to be beneficial to the Group as rental income of the Mall has provided a steady income stream to the Group. For the six months ended 30 June 2011, the Mall contributed profit before tax of approximately HK\$5,593,000 and the rental income grew by approximately 15.5% from approximately HK\$7,183,000 for the six months ended 30 June 2010 to approximately HK\$8,297,000 for the six months ended 30 June 2011.

By acquiring the remaining equity interest in the PRC Subsidiary, the Group would be able to obtain full control over the management of the Mall and to maximise the profits generated from its rental income.

The Acquisition will be funded by the Group's internal resources and borrowings. After taking into consideration of the benefits of the Acquisition, the Directors believe that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Acquisition exceed 5% but are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“Acquisition”	the acquisition by the Purchaser of the Equity Shareholding from the Vendor pursuant to the Agreement
“Agreement”	the sale and purchase agreement dated 11 January 2012 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Equity Shareholding
“Board”	the board of Directors
“Company”	China Mandarin Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange
“Completion”	the completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Consideration”	the purchase price for the Equity Shareholding
“Director(s)”	the director(s) of the Company
“Equity Shareholding”	approximately 9.943% equity interest in the PRC Subsidiary owned by the Vendor
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Mall”	民族廣場(Minzu Plaza), a five-stories shopping arcade located at 中國四川省成都市金牛區永陵路19號(No.19 Yung Ning Lu, Jin Niu Qu, Chengdu, Sichuan, the PRC)

“PRC”	the People’s Republic of China
“PRC Subsidiary”	成都中發黃河實業有限公司(Chengdu Zhongfa Real Estate Development Co. Ltd.), a sino-foreign joint venture enterprise which is owned as to approximately 90.057% by the Purchaser and as to approximately 9.943% by the Vendor as at the date of the Agreement
“Purchaser”	Profit Source International Limited, a company incorporated in Hong Kong and an indirectly wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Dongguan Yi Feng Enterprise Limited (東莞市易豐實業發展有限公司), a company established in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of this announcement, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB0.8306 to HK\$1. No representation is made that any amounts in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
China Mandarin Holdings Limited
JIN LEI
Chairman

Hong Kong, 11 January 2012

As at the date of this announcement, the Board comprises six Directors. The executive Directors are Mr. Jin Lei (Chairman), Ms. Law Kee, Alice (Chief Executive Officer) and Mr. Hui Wai Lee, Willy; and the independent non-executive Directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum and Mr. Chu To, Jonathan.