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CHINA MANDARIN HOLDINGS LIMITED

中國東方實業集團有限公司*

(Incorporated in the Bermuda with limited liability)

(Stock Code: 00009)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Adviser

AmCap
Ample Capital Limited
豐盛融資有限公司

Placing Agent

 **天順證券投資有限公司**
SKYWAY SECURITIES INVESTMENT LIMITED
<http://www.sws.hk> CE NO. APU820

PLACING OF NEW SHARES

On 30 October 2009, the Company entered into the Placing Agreement with the Placing Agent whereby the Company conditionally agreed to place, through the Placing Agent, on a best effort basis, up to maximum of 435,580,000 new Shares to independent Placees at a price of HK\$0.145 per Placing Share. The maximum of 435,580,000 Placing Shares represent 20.00% of the Company's existing issued share capital and approximately 16.67% of its issued share capital as enlarged by the Placing.

The Placing Price represents (i) a discount of approximately 15.2% to the closing price of HK\$0.171 per Share as quoted on the Stock Exchange on 30 October 2009, being the date of the Placing Agreement; and (ii) a discount of approximately 19.08% to the average closing price of approximately HK\$0.179 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 30 October 2009.

The maximum gross proceeds from the Placing will be approximately HK\$63.16 million. The maximum net proceeds from the Placing will amount to approximately HK\$62.3 million which is intended to be used for repayment of debts and general working capital of the group.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

30 October 2009

Issuer

The Company

Placing Agent

Skyway Securities Investment Limited, the Placing Agent, has conditionally agreed to place a maximum of 435,580,000 Placing Shares on a best effort basis and in consideration thereof, it will receive a placing commission of 1.25% on the gross proceeds of the actual number of Placing Shares being placed. The Directors are of the view that the placing commission with reference to the market rate is fair and reasonable.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not Connected Persons of the Company and are independent from and not connected with the Company and its Connected Persons.

Placees

The Placing Agent will place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners will not be Connected Persons of the Company and are third parties independent of and not connected with the Company, Connected Persons of the Company and any of the Directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares

The maximum of 435,580,000 Placing Shares represent 20.00% of the Company's existing issued share capital and approximately 16.67% of its issued share capital as enlarged by the Placing.

Placing Price

The Placing Price of HK\$0.145 represents (i) a discount of approximately 15.2% to the closing price of HK\$0.171 per Share as quoted on the Stock Exchange on 30 October 2009, being the date of the Placing Agreement; and (ii) a discount of approximately 19.08% to the average closing price of approximately HK\$0.179 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 30 October 2009.

The Placing Price was determined with reference to current market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate. Under the General Mandate, the Company is authorized to issue up to 435,580,000 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate.

Condition of the Placing

The Placing, which is not subject to the Shareholders' approval, is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The condition must be fulfilled on or before 30 November 2009 (or such other date as agreed by the Company and the Placing Agent), failing which the Placing Agreement shall terminate.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Completion of the Placing will take place on or before the third Business Day after the fulfilment of the condition as set out in the Placing Agreement or such other date as may be agreed between the Company and the Placing Agent.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Bermuda with limited liability whose Shares are listed on the Stock Exchange. The Group is principally engaged in the provision of films production services, film distribution and property investments in the PRC.

The maximum gross proceeds from the Placing will be approximately HK\$63.16 million. The maximum net proceeds from the Placing will amount to approximately HK\$62.3 million which is intended to be used for repayment of debts and general working capital of the Group. The net Placing Price per Share will be approximately HK\$0.143 per Share.

The Directors are of view that the Placing offers a good opportunity to raise further capital to strengthen the Group's financial position and enlarge the shareholder base of the Company. Accordingly, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

The Company has not conducted any fund raising exercise in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE

Assuming that there will be no change in the shareholding structure of the Company immediately before completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing are as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the placing	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Cheng Keung Fai (<i>note 1</i>)	507,500,000	23.30	507,500,000	19.42
Fang Han Song	269,500,000	12.37	269,500,000	10.31
Kwok Tsz Wing (<i>note 2</i>)	43,973,600	2.02	43,973,600	1.68
Super Grand Enterprises Limited (<i>note 3</i>)	74,482,182	3.42	74,482,182	2.85
Zhang Xun	109,498,400	5.03	109,498,400	4.19
Sub-total	1,004,954,182	46.14	1,004,954,182	38.45
Placees	–	–	435,580,000	16.67
Public Shareholders	1,172,945,818	53.86	1,172,945,818	44.88
Total	<u>2,177,900,000</u>	<u>100.00</u>	<u>2,613,480,000</u>	<u>100.00</u>

Note 1: Mr. Cheng Keung Fai also holds the convertible bonds which are amounted to HK\$63,739,409 conferring rights to subscribe a total of 232,265,071 shares.

Note 2: Mr. Kwok Tsz Wing is the executive Director of the Company.

Note 3: Super Grand Enterprises Limited is a company incorporated in British Virgin Islands whose entire issued share capital is solely and beneficially owned by Mr. Kwok Tsz Wing.

GENERAL

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

The following terms have the following meanings in this announcement, unless the context otherwise requires:

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong generally are open for business
“Company”	China Mandarin Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Directors(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 3 June 2009 subject to the limit up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Skyway Securities Investment Limited, a licensed corporation for type 1 regulated activity (dealing in securities) under the SFO
“Placing Agreement”	a conditional placing agreement dated 30 October 2009 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$0.145 per Placing Share
“Placing Shares”	up to a maximum of 435,580,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

By order of the Board of
China Mandarin Holdings Limited
Lai Pik Chi, Peggy
Chairman

Hong Kong, 30 October 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) and Mr. Hui Wai Lee, Willy; the non-executive Director is Mr. Sin Kwok Lam and the independent non-executive Directors are Mr. Choy Sze Chung, Jojo, Mr. Tsui Pui Hung and Mr. Chan Tung Tak, Alain.

* *For the purpose of identification only*