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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)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group, it is expected to record a significant loss for the six months ended 30 June 2012 compared to a profit which was recorded in the corresponding period in 2011.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Mandarin Holdings Limited (the “**Company**”, which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a significant loss for the six months ended 30 June 2012 compared to a profit which was recorded in the corresponding period in 2011. The loss for the Group is mainly attributable to the following:

- (i) the impairment loss due to the expected loss from the film production and release of the movie “Floating City”; and
- (ii) the decrease in both revenue and contribution from film processing due to the digital technology advancement.

The information contained in this announcement is only based on the Board's preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2012, which have not been audited or reviewed by the Company's auditors. The interim results of the Group for the six months ended 30 June 2012 will be announced in late August 2012.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Mandarin Holdings Limited
Jin Lei
Chairman

Hong Kong, 27 July 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), Mr. Hui Wai Lee, Willy; and the independent non-executive directors are Mr. Tsui Pui Hung, Mr. Tang Ping Sum, Mr. Chu To, Jonathan.

** for identification purpose only*