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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)

(1) MAJOR DISPOSAL AND CONNECTED TRANSACTION; AND (2) RESUMPTION OF TRADING

Financial adviser



Grand Vinco Capital Limited

(Wholly owned subsidiary of Vinco Financial Group Limited)

THE SALE AND PURCHASE AGREEMENT

On 17 December 2009 after the trading hours, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Target Sale Shares, the Inter-companies Balance 1 and to assume all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 by the Purchaser.

The consideration for the sale and purchase of the Target Sale Shares, the Inter-companies Balance 1 and assumption of all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 is HK\$29,000,000, which is payable by the Purchaser to the Vendor in cash.

Upon Completion, each of the Target Companies will cease to be a subsidiary of the Company.

GENERAL

The Disposal constitutes a major transaction on the part of the Company under the Listing Rules. As the Purchaser is wholly and beneficially owned by Mr. Wong, a former executive Director, the Purchaser is therefore a connected person of the Company. The Disposal also constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the SGM by way of poll.

A circular containing, among other things, details of the Disposal, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Disposal, information regarding the Group and a notice of the SGM will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

The Disposal is subject to, among others, the approval by the Independent Shareholders at the SGM to be taken by way of poll. The Purchaser and its associates, who hold in aggregate approximately 1.70% of the entire issued share capital of the Company as at the date of this announcement, will abstain from voting for the relevant ordinary resolutions at the SGM to approve the Disposal and the transactions contemplated thereunder due to their interests in the Disposal.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal. An independent financial adviser, Veda Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 18 December 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 December 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 17 December 2009

Parties: (1) Vendor : Grimston Limited; and

(2) Purchaser : Pegasus Motion Pictures Limited

The Purchaser is principally engaged in film acquisition, production and distribution. The Purchaser is wholly and beneficially owned by Mr. Wong, who is a former executive Director. Therefore, the Purchaser and its associates are connected persons of the Company.

Assets/Liabilities to be disposed/assumed

(A) The Target Sale Shares comprising

- (i) the Sale Shares 1, being 100 shares of HK\$1 each in the issued share capital of the Target Company 1, representing the entire issued share capital of the Target Company 1 as at the date of this announcement;
- (ii) the Sale Shares 2, being 500,000 shares of HK\$1 each in the issued share capital of the Target Company 2, representing the entire issued share capital of the Target Company 2 as at the date of this announcement; and
- (iii) the Sale Shares 3, being 10,000 shares of US\$1 each in the issued share capital of the Target Company 3, representing the entire issued share capital of the Target Company 3 as at the date of this announcement.

(B) Target Inter-companies Balances being (i) all obligations, liabilities and debts owing or incurred by the Target Company 1 to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion; and (ii) all obligations, liabilities and debts owing or incurred by the Vendor to the Target Company 2 and 3 respectively, on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion.

As at the date of this announcement, the Target Company 1 is indebted to the Vendor the sum of approximately HK\$103 million and the Vendor is indebted to the Target Company 2 and Target Company 3 of approximately HK\$2 million and approximately HK\$6 million respectively.

Consideration

The consideration for the sale and purchase of the Target Sale Shares, the Inter-companies Balance 1 and assumption of all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 is HK\$29,000,000. The Consideration shall be payable in cash in the following manner:

- (a) HK\$20,000,000, being the Deposit and part of the Consideration, has been paid by the Purchaser to the Vendor upon the signing of the Agreement; and
- (b) the remaining HK\$9,000,000 shall be payable by the Purchaser to the Vendor upon Completion.

The Consideration was determined through arm's length negotiations between the Vendor and the Purchaser and on a commercial basis with reference to (i) the aggregate net liabilities value of the Target Companies, which was mainly contributed by the retained losses recorded by the Target Company 1 and does not carry any value to the Group; (ii) the aggregate losses of the Target Companies; (iii) the business prospects of the Target Companies; and (iv) the preliminary valuation of the film library (including 109 films) held by the Target Companies in the amount of approximately HK\$26,000,000

based on discounted cashflow method performed by BMI Appraisals Limited, an independent valuer. The principal assumptions underlying the preliminary valuation are (i) the expected future royalty income of the films is proportional to the actual royalty income from the first 3 years after the release of such film; (ii) the films are classified by the first 3 years' royalty income of the films; and (iii) the royalty income exhibits a declining rate which is the same for the films within the same group. Each of Robert Chui & Co. and Grand Vinco Capital Limited has issued a report on the preliminary valuation in accordance with Rules 14.62 and 14A.56 (8) of the Listing Rules. For details, please refer to the section headed "Reports on the preliminary valuation" in this announcement. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Disposal to be fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (1) the passing by the Independent Shareholders at SGM to be convened and held of the necessary resolution to approve the Sale and Purchase Agreement and the transactions contemplated hereunder;
- (2) the warranties given by the Purchaser under the Sale and Purchase Agreement remaining true and accurate in all material respects; and
- (3) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects.

If the conditions have not been satisfied on or before 4:00 p.m. on 18 February 2010, or such later date as the Company and the Purchaser may agree, the Sale and Purchase Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 4:00 p.m. on the date falling the third Business Days after the fulfilment of the conditions or such later date as may be agreed between the Company and the Purchaser.

Upon Completion, each of the Target Companies will cease to be a subsidiary of the Company.

Undertakings and indemnities

The undertakings to be made by each of the Purchaser and the Target Companies in favour of the Vendor

Pursuant to the Sale and Purchase Agreement, upon Completion each of the Purchaser and the Target Companies shall jointly execute an undertaking deed in favour of the Vendor. Pursuant to the undertakings to be entered into by the Purchaser and the Target Companies upon Completion, each of the Target Companies shall duly perform its obligations under the Licence Agreements entered into by the subsidiaries of the Vendor with their customers for the licence granted by such subsidiaries to their customers for the display of certain films and movies which remains to be performed, in whole or in part.

The deed of indemnity in connection with the potential liability to be or may be incurred under the Licence Agreements

Under the Licence Agreements, the subsidiaries of the Vendor shall procure the Target Companies to grant licence to the counterparties of the Licence Agreements for the display of certain films held by the Target Companies. If the Target Companies after the Disposal fail to grant such licence, the Group will be liable for breach of the Licence Agreements. After arm's length negotiation, each of the Purchaser and the Target Companies shall jointly execute the deeds of indemnity in favour of the Vendor to indemnify the Vendor all the claims, damages, losses arising from the non-performance of all or any of the obligations of the Target Companies under the Licence Agreement.

The deed of tax indemnity in connection with the potential tax liability to be or may be incurred by Target Company 3

Since its incorporation in 2001 and up to the date of the Agreement, the Target Company 3 was carried on the business of selling films and film licenses to overseas customer and has retained earnings of about HK\$6 million. As there was unclear tax position of the taxation status, the Vendor agrees to indemnify the Purchaser and the Target Company 3 the potential tax liability of about maximum amount of approximately HK\$1 million for a period of two years after Completion after arm's length negotiation. Pursuant to the Sale and Purchase Agreement, upon Completion the Vendor shall execute the deed of tax indemnity in favour of the Purchaser and Target Company 3 to indemnify the Purchaser and Target Company 3 in respect of the tax liability incurred or may be incurred by Target Company 3 for the period from the Completion Date to two years after, with the indemnified amount of not exceeding HK\$1 million. The Directors take the view that it is fair and reasonable and in the interest of the Independent Shareholders to execute the Deed of Tax Indemnity in favour of the Purchaser and the Target Company 3.

The deed of indemnity in connection with the potential liability to be or may be incurred by Target Company 3 in relation to “Seven Swords”

Pursuant to the Sale and Purchaser Agreement, upon Completion the Vendor shall also execute another deed of indemnity in favour of the Purchaser and the Target Company 3 to indemnify the Purchaser and the Target Company 3 in respect of the liability incurred or may be incurred by Target Company 3 in relation to the film namely “Seven Swords (七劍)”. The Company cooperated with five other parties in the production and distribution of the film “Seven Swords”. During the distribution of “Seven Swords”, the Company had disputes with the PRC party in relation to the revenue generated from “Seven Swords” in the PRC, the Company therefore retained the PRC’s profit entitlement in the sum of about HK\$1.7 million (the “Lien”) from the “Seven Swords” worldwide (apart from the PRC) distribution royalties. The purpose of the deed of indemnity is to indemnify the Purchaser and the Target Company 3 against any potential liability in case that the PRC party institutes any proceedings and has valid claims against the Target Company 3 for the Lien. The Board anticipates that the maximum claims of the PRC party will not exceed the Lien. The Directors take the view that it is fair and reasonable and in the interest of the Independent Shareholders to execute the deed of indemnity in favour of the Purchaser and the Target Company 3.

INFORMATION ON THE TARGET COMPANIES

Each of the Target Companies is engaged in production and distribution of films and movies.

Set out below are the financial results of each of the Target Companies for the two years ended 31 December 2007 and 31 December 2008:

Target Company 1

	For the year ended 31 December 2007 HK\$’000 (audited)	For the year ended 31 December 2008 HK\$’000 (audited)
Profit/(Loss) before taxation	(26,292)	(32,739)
Profit/(Loss) after taxation	(26,292)	(32,739)

The unaudited net liabilities of the Target Company 1 as at 30 November 2009 was approximately HK\$103 million, which was contributed by substantially retained losses recorded by the Target Company 1.

Target Company 2

	For the year ended 31 December 2007 <i>HK\$'000</i> (audited)	For the year ended 31 December 2008 <i>HK\$'000</i> (audited)
Profit/(Loss) before taxation	(394)	61
Profit/(Loss) after taxation	(394)	837

The unaudited net assets of the Target Company 2 as at 30 November 2009 was approximately HK\$2 million, which was contributed by mainly trade and other receivables and bank balances and cash of the Target Company 2.

Target Company 3

	For the year ended 31 December 2007 <i>HK\$'000</i>	For the year ended 31 December 2008 <i>HK\$'000</i>
Profit/(Loss) before taxation	666	(53)
Profit/(Loss) after taxation	666	(53)

The unaudited net assets of the Target Company 3 as at 30 November 2009 was approximately HK\$6 million, which was contributed by mainly trade and other receivables and bank balances and cash of the Target Company 3.

REPORTS ON THE PRELIMINARY VALUATION

1. Report from Robert Chui & Co.

23 December, 2009

The Board of Directors
China Mandarin Holdings Limited
5/F, Cheung Fai Industrial Building,
No. 131 Wai Yip Street,
Kwun Tong,
Kowloon

Dear Sirs,

China Mandarin Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) Comfort letter on profit forecast underlying the market value of the 100% equity interest in the

film library (referred to as the “Film Library”) with 109 films owned by the Group as at 30 November, 2009 as contained in the Company’s announcement dated 23 December, 2009 (the “Announcement”)

We report on the calculations of the discounted future estimated cash flows on which the preliminary assets valuation (the “Valuation”) prepared by BMI Appraisals Limited (the “Valuer”) in respect of the Valuation on the market value of 100% equity interest in the Film Library with 109 films owned by the Group as at 30 November, 2009 as referred to in the Announcement of the Group. The Valuation which is determined based on the discounted cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Respective Responsibilities of the Directors of the Company and the Reporting Accountants

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows for the valuation which is regarded as a profit forecast under Rule 14.62 of the Listing Rules.

It is our responsibility to report, as required by Rule 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. The discounted future estimated cash flows do not involve the adoption of accounting policies.

The discounted future estimated cash flows depend on future events and on a number of bases and assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Consequently, we have not reviewed, considered or conducted any work on the appropriateness and validity of the bases and assumptions and express no opinion on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows, and thus the Valuation, are based.

Basis of Opinion

We conducted our work in accordance with Hong Kong Standards on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to the procedures under Auditing Guideline 3.341 “Accountants’ report on profit forecasts” issued by Hong Kong Institute of Certified Public Accountants. We examined the arithmetical accuracy of the Valuation. Our work has been undertaken solely to assist the directors of the Company in evaluating whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled and for no other purpose. We accept no responsibility to any other person in respect of, arising out of in connection with our work. Our work does not constitute any valuation of the Group.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions made by the directors of the Company.

Yours faithfully

Robert Chui & Co.

Certified Public Accountants (Practising)

2. Report from Grand Vinco Capital Limited

23 December 2009

The Directors

China Mandarin Holdings Limited
5/F, Cheung Fai Industrial Building,
131 Wai Yip Street,
Kwun Tong, Hong Kong

We refer to the discounted cash flow forecasts underlying the valuation (the “**Valuation**”) prepared by BMI Appraisals Limited (“**BMI**”) in relation to the appraisal of the valuation of the market value of 100% equity interest of the film library owned by the Target Companies. The Valuation is regarded as a profit forecast under paragraph 29(2) of Appendix 1B of the Listing Rules and the Valuation is set out in the announcement of the Company. Capitalised terms used in this letter have the same meanings as defined in the announcement unless the context otherwise requires.

We have reviewed the forecasts upon which the Valuation has been made for which you as the Directors are solely responsible, and have discussed with you and BMI the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from Robert Chui & Co. regarding the calculations upon which the forecasts have been made. We have noted that no accounting policies of the Company have been adopted in its preparation as the Valuation relates only to cashflows.

On the basis of the foregoing, we are satisfied that the forecasts upon which the Valuation has been made, for which you as the directors of the Company are solely responsible, have been made after due and careful enquiry by you.

Yours faithfully,

For and on behalf of

Grand Vinco Capital Limited

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the aggregate gain on Disposal of the Target Companies is approximately HK\$28 million, which is calculated on the basis that the consideration of the Disposal less (i) the difference between (1) the costs of Target Inter-companies Balances and (2) the aggregate net liabilities value of the Target Companies in the amount of approximately HK\$51,000; and (ii) the costs and expenses incurred by the Company in connection with the Disposal in the amount of approximately HK\$800,000.

The Board intends to use the 30% of net proceeds from the Disposal for repayment of debt and the remaining 70% of the net proceeds as general working capital of the Group.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the provision of films production services, film distribution and investment in film production and worldwide film distribution. The Group is also engaged in the property investments in the PRC.

After having considered (i) the business environment for distribution of old films has become hostile in view of the illegal downloading from internet and pirated VCD or DVD distribution, the Directors consider that the future licensing income will be diminishing, as such it is a good opportunity to dispose of the old film library at a premium; (ii) the aggregate net liabilities value of the Target Companies as at 30 November 2009; and (iii) the aggregate loss made by the Target Companies for the two years ended 31 December 2008, the Directors consider that it is in the interest of the Group to dispose of the Target Companies. The Board also considers that it is in the best interests of the Company and the Independent Shareholders as a whole to re-allocate the management and cash resources and to strengthen the operation and financial position of the Group. Upon Completion, the Company will continue to be engaged in the provision of film production services and film distribution business subsequent to the Disposal.

The Directors (including the independent non-executive Directors) are therefore of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and that the entering into of the Sale and Purchase Agreement is in the interests of the Company and the Independent Shareholders as a whole.

GENERAL

The Disposal constitutes a major transaction on the part of the Company under the Listing Rules. As Mr. Wong, being the ultimate beneficial owner of the Purchaser, is a connected person of the Company, the Disposal also constitutes a connected transaction on the part of the Company and will be subject to the approval of the Independent Shareholders at the SGM by way of poll.

A circular containing, among other things, details of the Disposal, the letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, the recommendation of the Independent Board Committee to the Independent Shareholders on the Disposal, information regarding the Group and a notice of the SGM will be despatched to the Shareholders as soon as practicable in compliance with the Listing Rules.

The Disposal is subject to, among others, the approval by the Independent Shareholders at the SGM to be taken by way of poll. The Purchaser and its associates, who hold in aggregate approximately 1.70% of the entire issued share capital of the Company as at the date of this announcement, will abstain from voting for the relevant resolutions at the SGM to approve the Disposal and the transactions contemplated thereunder due to their interests in the Disposal.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal. An independent financial adviser, Veda Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 18 December 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 24 December 2009.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“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”	completion of the sale and purchase of the Target Sale Shares, the Inter-companies Balance 1 and the assumption of all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	HK\$29,000,000, being the consideration for the sale and purchase of the Target Sale Shares, the Inter-companies Balance 1 and assumption of all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 and will be satisfied by the Purchaser in cash
“Directors”	the directors of the Company
“Disposal”	the Disposal of the Target Sale Shares and the Target Inter-companies Balances by the Company as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Disposal
“Independent Shareholders”	Shareholders other than the Purchaser and its associates
“Inter-companies Balance 1”	all obligations, liabilities and debts owing or incurred by the Target Company 1 to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion and as at the date of the Sale and Purchase Agreement, the Target Company 1 is indebted to the Vendor of approximately HK\$103 million
“Inter-companies Balance 2”	and all obligations, liabilities and debts owing or incurred by the Vendor to the Target Company 2, on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion and as at the date of the Sale and Purchase Agreement, the Vendor is indebted to the Target Company 2 of approximately HK\$2 million

“Inter-companies Balance 3”	and all obligations, liabilities and debts owing or incurred by the Vendor to the Target Company 3, on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion and as at the date of the Sale and Purchase Agreement, the Vendor is indebted to the Target Company 3 of approximately HK\$6 million
“Licence Agreements”	agreements which are entered into prior to the date of the Sale and Purchase Agreement by the subsidiaries of the Vendor with their customers for the licence granted by such subsidiaries to their customers for the display of certain films and movies which remains to be performed, in whole or in part
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Pak Ming, a former executive Director
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Purchaser”	Pegasus Motion Pictures Limited, a company incorporated in Hong Kong with limited liability, which is wholly and beneficially owned by Mr. Wong
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 17 December 2009 and entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Target Sale Shares, the Inter-companies Balance 1 and assumption of all liabilities under the Inter-companies Balance 2 and the Inter-companies Balance 3 by the Purchaser
“Sale Shares 1”	100 ordinary shares of HK\$1.00 each in the issued share capital of the Target Company 1, representing the entire issued share capital of the Target Company 1
“Sale Shares 2”	500,000 ordinary shares of HK\$1.00 each in the issued share capital of the Target Company 2, representing the entire issued share capital of the Target Company 2
“Sale Shares 3”	10,000 ordinary shares of US\$1.00 each in the issued share capital of the Target Company 3, representing the entire issued share capital of the Target Company 3

“SGM”	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary issued share(s) of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	together, the Target Company 1, the Target Company 2 and the Target Company 3
“Target Company 1”	Elite Films Limited, a company incorporated in Hong Kong, whose entire issued share capital is beneficially owned by the Vendor
“Target Company 2”	Motion Picture Limited, a company incorporated in Hong Kong, whose entire issued share capital is beneficially owned by the Vendor
“Target Company 3”	Pioneer Films Limited, a company incorporated in the British Virgin Islands, whose entire issued share capital is beneficially owned by the Vendor
“Target Inter-companies Balances”	together, all obligations, liabilities and debts owing or incurred by the Target Company 1 to the Vendor and all obligations, liabilities and debts owing or incurred by the Vendor to the Target Company 2 and the Target Company 3, on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Target Sale Shares”	together, the Sale Shares 1, the Sale Shares 2 and the Sale Shares 3
“Vendor”	Grimston Limited, a company incorporated in the British Virgin Islands with limited liability, is a wholly owned subsidiary of the Company

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 23 December 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 identification purpose only*