
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Mandarin Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee. This Prospectus appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.

Dealings in the existing Shares and the Offer Shares may be settled through CCASS. You should consult your stockbroker or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance and will be filed with the Registrar of Companies in Bermuda. The Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of any of these documents.

The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.



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)

OPEN OFFER OF NEW SHARES ON THE BASIS OF SEVEN OFFER SHARES FOR EVERY NEW SHARE HELD ON RECORD DATE

Financial adviser to the Company



Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

Terms used in this cover page have the same meanings as defined in this Prospectus.

The latest time for application and payment for the Offer Shares is 4:00 p.m. on Tuesday, 21 September 2010. The procedures for application and payment are set out on pages 22 to 23 of this Prospectus.

The Underwriting Agreement in respect of the Open Offer contains provisions entitling the Underwriter by notice in writing to terminate the Underwriting Agreement on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages i to ii and pages 18 to 19 of this Prospectus. If the Underwriter terminates the Underwriting Agreement, the Open Offer will not proceed.

It should be noted that the Shares have been dealt with on an ex-entitlements basis commencing from Wednesday, 25 August 2010 and that dealings in such Shares may take place whilst the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on Friday, 24 September 2010) will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

TERMINATION OF UNDERWRITING AGREEMENT

The Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if prior to the Latest Time for Termination:

- (a) in the sole and reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
 - (v) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (vi) the occurrence of any event, or series of events, beyond the control of the Underwriter which, in the sole and reasonable opinion of the Underwriter, has or would have the material and adverse effect of making the Underwriting Agreement (including the underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof or which has or is likely to have a material and adverse effect on the Open Offer; or

TERMINATION OF UNDERWRITING AGREEMENT

- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the sole and reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will materially and adversely affect the business prospects or financial condition of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or circular relating to the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (e) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it.

The Underwriter will be entitled to by notice in writing to the Company rescind the Underwriting Agreement if prior to the Latest Time for Termination or such other earlier date and/or time as the Company and the Underwriter may mutually agree:

- (a) any material breach of any of the warranties or undertakings contained in the relevant clause of the Underwriting Agreement comes to the attention of the Underwriter; or
- (b) any event or matter arising on or before the Latest Time for Termination which shows any representation or warranty to be or to have been untrue or inaccurate in any material aspect comes to the attention of the Underwriter.

If the Underwriter exercises the power to terminate the Underwriting Agreement, the obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Open Offer will not proceed.

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SUMMARY OF THE OPEN OFFER

The following information is derived from, and should be read in conjunction with, the full text of this Prospectus:

Issue statistics

Basis of the Open Offer:	Seven Offer Shares for every New Share held on the Record Date
Subscription Price:	HK\$0.0109 per Offer Share payable in full upon application
Number of Existing Shares in issue:	2,613,480,000 Existing Shares as at the Latest Practicable Date
Number of New Shares in issue upon the Capital Reorganisation having become effective:	2,613,480,000 New Shares (assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date the Capital Reorganisation becoming effective)
Number of Offer Shares:	18,294,360,000 Offer Shares, representing approximately 700% of the issued share capital of the Company immediately after the Capital Reorganisation has become effective and approximately 87.5% of the then issued share capital of the Company as enlarged by the Offer Shares (assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the Record Date)
Number of Offer Shares to be subscribed by the Underwriter under the Irrevocable Undertaking:	3,552,500,000 Offer Shares
Maximum number of Offer Shares underwritten:	Up to 14,741,860,000 Offer Shares
Number of New Shares in issue immediately upon completion of the Open Offer:	20,907,840,000 New Shares

At the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 9 July 2010 in relation to the Capital Reorganisation and change of board lot size, the Open Offer and the Whitewash Waiver
“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for normal business in Hong Kong
“Bye-laws”	the bye-laws of the Company in force from time to time
“Capital Reorganisation”	the capital reorganisation of the Company involving the capital reduction, the share subdivision, the share premium reduction and the elimination of accumulated losses, details of which have been set out in the Announcement and the Company’s circular dated 11 August 2010
“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
“Companies Act”	The Companies Act 1981 of Bermuda, as amended from time to time
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegate(s)

DEFINITIONS

“Existing Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately before the Capital Reorganisation has become effective on 6 September 2010
“Film”	the film “大鬧天宮” (“The Monkey King”) (working title), details of which are contained in the Previous Announcement
“Filmko”	Filmko International Limited, a company incorporated in the British Virgin Islands and an Independent Third Party
“Grimston”	Grimston Limited, a company incorporated in the British Virgin Island and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than the Underwriter and parties acting in concert with him and those who are involved in or interested in the Open Offer and the Whitewash Waiver and their respective associates, who are required by the Listing Rules or the Takeovers Code to abstain from voting on the relevant resolutions at the SGM
“Independent Third Party”	independent third party who is not connected person of the Company as defined in the Listing Rules and is independent of the Company and connected person(s) of the Company
“Ip Man Series”	“Ip Man” (葉問), the Group’s award-winning film, and its sequel “Ip Man 2” (葉問2)
“Irrevocable Undertaking”	the irrevocable undertaking given by the Underwriter pursuant to which the Underwriter has irrevocably undertaken to subscribe for his full entitlement pursuant to the Open Offer
“JV Agreement”	the joint venture agreement dated 21 June 2010, details of which are contained in the Previous Announcement
“JV Company”	Talent Films Limited, a company incorporated in Hong Kong with limited liability
“Last Trading Day”	23 June 2010, being the last trading day on which the Shares were traded on the Stock Exchange before the release of the Announcement

DEFINITIONS

“Latest Acceptance Date”	4:00 p.m. on 21 September 2010 or such other date as may be determined by the Company, being the latest date for acceptance of, and payment for, the Offer Shares
“Latest Practicable Date”	2 September 2010, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus
“Latest Time for Termination”	4:00 p.m. on Friday, 24 September 2010 or such later time to be agreed in writing between the Company and the Underwriter, being the latest time for the Underwriter to terminate the Underwriting Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“New Films”	“kung-fu” films similar or related to the Ip Man Series
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company (upon the Capital Reorganisation has become effective on 6 September 2010)
“Offer Shares”	18,294,360,000 New Shares to be issued pursuant to the Open Offer
“Open Offer”	the proposed issue of Offer Shares on the basis of seven Offer Shares for every New Share held by the Qualifying Shareholders on the Record Date at the Subscription Price, pursuant to the terms and conditions contained herein
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is(are) in a place outside Hong Kong
“party (parties) acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“PRC”	The People’s Republic of China
“Previous Announcement”	the announcement dated 21 June 2010 issued by the Company in relation to the formation of the JV Company to be engaged in the Film’s development, production and promotion and to deal with matters concerning copyrights and distribution of the Film

DEFINITIONS

“Prohibited Shareholder(s)”	those Overseas Shareholder(s), to whom the Directors, based on legal opinions provided by the Company’s legal advisers and on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient not to offer the Offer Shares
“Prospectus”	this prospectus issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	7 September 2010 or such other date, as the Underwriter may agree in writing with the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	3 September 2010, being the date by reference to which entitlements to the Open Offer were determined
“RMB”	Renminbi, the lawful currency of the PRC
“Settlement Date”	the third Business Day after the Latest Acceptance Date
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on 3 September 2010 for the purpose of passing the relevant resolutions to approve the Capital Reorganisation by the Shareholders, the Open Offer and the Whitewash Waiver by the Independent Shareholders
“Share(s)”	Existing Share(s) or New Share(s) (as the case may be)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.0109 per Offer Share

DEFINITIONS

“Sub-underwriter”	Skyway Securities Investment Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activities under the SFO, the sub-underwriter under the Sub-underwriting Arrangements and an Independent Third Party
“Sub-underwriting Agreements”	the sub-underwriting arrangements made between the Underwriter and the Sub-underwriter, pursuant to which the Sub-underwriter will be called upon to take-up, or procure other persons (who are (i) not connected persons of the Company; and (ii) are not parties acting in concert with any connected person of the Company and their respective associates) to take-up, up to 3,120,980,000 Offer Shares, so that the minimum public float (i.e. 25% of the issued share capital) of the Company could be maintained immediately upon completion of the Open Offer
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter” or “Mr. Cheng”	Mr. Cheng Keung Fai, a substantial Shareholder
“Underwriting Agreement”	the underwriting agreement dated 23 June 2010 entered into between the Company and the Underwriter in relation to the Open Offer
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on dispensation from Rule 26.1 of the Takeovers Code in respect of the Underwriter’s obligations to make a mandatory offer under Rule 26.1 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and parties acting in concert with him as a result of the transactions contemplated under the Underwriting Agreement
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Open Offer. The Company will notify the Shareholders by way of announcement on any change to the expected timetable as and when appropriate.

2010

Latest time for acceptance of and payment for the Offer Shares	4:00 p.m. on Tuesday, 21 September
Underwriting Agreement becoming unconditional.	Friday, 24 September
Announcement of results of the Open Offer to be published on the Stock Exchange website.	Friday, 24 September
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odds lots of New Shares	Monday, 27 September
Despatch of share certificates for Offer Shares	Wednesday, 29 September
Dealings in Offer Shares commence	Monday, 4 October
Last day of free exchange of existing certificates for new Certificates for the New Shares	Tuesday, 5 October

Note:

- (i) All times in this Prospectus refer to Hong Kong times.
- (ii) The latest time for acceptance of and payment for the Offer Shares will be postponed if there is:
 - a tropical cyclone warning signal number 8 or above, or
 - a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 21 September 2010. Instead the latest time of acceptance of and payment for the Open Offer will be extended to 5:00 p.m. on the same Business Day;
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 21 September 2010. Instead the latest time of acceptance of and payment the Open Offer will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Acceptance Date is postponed in accordance with the foregoing, the dates mentioned in the section headed “Expected timetable” in this Prospectus may be affected. An announcement will be made by the Company in such event.

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Lai Pik Chi, Peggy (*Chairman*)
Ms. Law Kee, Alice (*Chief Executive Officer*)
Mr. Hui Wai Lee, Willy

Registered Office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Independent non-executive Directors:

Mr. Choy Sze Chung, Jojo
Mr. Tsui Pui Hung
Mr. Chan Tung Tak, Alain

Principal place of business in

Hong Kong
Room 4101, 41/F
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

7 September 2010

To the Shareholders

Dear Sir or Madam,

**OPEN OFFER OF NEW SHARES ON THE BASIS OF
SEVEN OFFER SHARES FOR EVERY NEW SHARE HELD ON RECORD DATE**

INTRODUCTION

On 9 July 2010, the Company announced that it proposed to raise approximately HK\$199.4 million before expenses, by an open offer of 18,294,360,000 Offer Shares at a subscription price of HK\$0.0109 per Offer Share, payable in full on application, on the basis of seven Offer Shares for every New Share held on the Record Date. No excess application of Offer Shares will be available.

On 11 August 2010, the circular in relation to, inter alia, the Open Offer was despatched to the Shareholders. The Open Offer, among other things, was approved by the Independent Shareholders by way of poll at the SGM on 3 September 2010.

* *For identification purpose only*

LETTER FROM THE BOARD

The purpose of this Prospectus is to provide you with, among others, further information regarding the Open Offer, including information on dealings in and application for the Offer Shares, and financial and other information of the Group.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	Seven Offer Shares for every New Share held on the Record Date
Subscription Price:	HK\$0.0109 per Offer Share payable in full upon application
Number of Existing Shares in issue:	2,613,480,000 Existing Shares as at the Latest Practicable Date
Number of New Shares in issue upon the Capital Reorganisation having become effective:	2,613,480,000 New Shares (assuming that no further Shares are issued or repurchased between the Latest Practicable Date and the date the Capital Reorganisation becoming effective)
Number of Offer Shares:	18,294,360,000 Offer Shares, representing approximately 700% of the issued share capital of the Company immediately after the Capital Reorganisation has become effective and approximately 87.5% of the then issued share capital of the Company as enlarged by the Offer Shares (assuming that no further Shares are issued or repurchased between the Latest practicable Date and the Record Date)
Number of Offer Shares to be subscribed by the Underwriter under the Irrevocable Undertaking:	3,552,500,000 Offer Shares
Maximum number of Offer Shares underwritten:	Up to 14,741,860,000 Offer Shares
Number of New Shares in issue immediately upon completion of the Open Offer:	20,907,840,000 New Shares

At the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.0109 per Offer Share will be payable in full upon application for the Offer Shares. The Subscription Price represents:

- (i) a discount of approximately 94.55% to the closing price of HK\$0.2 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 94.67% to the average closing price of approximately HK\$0.2044 per Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 94.64% to the average closing price of approximately HK\$0.2032 per Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 68.41% to the theoretical ex-entitlement price of approximately HK\$0.0345 per Share based on the closing price of HK\$0.2 as quoted on the Stock exchange on the Last Trading Day;
- (v) a discount of approximately 87.46% to the net tangible asset value per Share of approximately HK\$0.0869 as shown on in the Group's audited consolidated financial statements made up to 31 December 2009; and
- (vi) a discount of approximately 79.04% to the closing price of HK\$0.052 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market conditions. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract all the Qualifying Shareholders to participate in the Open Offer.

The Board considers the Subscription Price attractive enough to allow all Qualifying Shareholders to participate in the Open Offer on the basis of the following:

- (i) the Subscription Price of HK\$0.0109 represents substantial discount to the respective average closing price as set out above;
- (ii) the Directors are optimistic that the Film and the New Films would become box office success in view of the overwhelmingly positive feedback from the Ip Man Series;
- (iii) the Directors believe that the Shareholders when considering the Subscription Price would also take into account of the Company's prospect; and
- (iv) after the Capital Reorganisation becoming effective, the accumulated losses of the Company would be eliminated and the Company would be in a better position to distribute dividend to the Shareholders.

LETTER FROM THE BOARD

The Board considers that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of allotment

The basis of the assured allotment shall be seven Offer Shares for every New Share held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with the remittance for the Offer Shares being applied for.

Conditions of the Open Offer

The Open Offer is conditional upon the following conditions having been fulfilled:

- (a) the passing of necessary resolutions on a vote taken by way of poll at the SGM to approve (i) the Capital Reorganisation by the Shareholders; and (ii) the Open Offer and the Whitewash Waiver by the Independent Shareholders;
- (b) the Capital Reorganisation becoming effective;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked listing of and permission to deal in all the New Shares;
- (d) the filing of the Prospectus Documents with the Registrar of Companies in Bermuda in accordance with the Companies Act;
- (e) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (f) the Executive granting the Whitewash Waiver and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted and such other necessary waiver or consent (if any) of the Executive for the transaction contemplated under the Open Offer;
- (g) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the Prospectus Posting Date;
- (h) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (i) the Underwriting Agreement becoming unconditional and not being terminated;

LETTER FROM THE BOARD

- (j) the performance in full by the Underwriter of his undertakings to take up his entitlement in full;
- (k) the compliance by the Company with Rule 8.08(1) of the Listing Rules in relation to public float requirement upon completion of the Open Offer; and
- (l) compliance with and performance of all the undertakings and obligations of the Company and the Underwriter under the terms of the Underwriting Agreement.

None of the conditions (a) to (k) can be waived. In the event of the conditions (a) to (k) not being fulfilled or condition (l) not being fulfilled or waived on or before the Latest Time for Termination (or such later date or dates as the Company and the Underwriter may agree in writing), no party shall have any rights or be subject to any obligations arising from the Underwriting Agreement, save that all reasonable and properly incurred costs, fees, and other out-of-pocket expenses (excluding underwriting commissions) have been incurred by the Underwriter will be borne by the Company, and the Open Offer will not proceed.

Each of the Company and the Underwriter agrees to use its or his best endeavours to procure fulfilment of all the said conditions on or before each of the said respective dates.

Status of the Offer Shares

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the New Shares in issue in all respect. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares will be subject to payment of stamp duty in Hong Kong.

Qualifying Shareholders

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and this Prospectus, for information only, to the Prohibited Shareholders.

Rights of Overseas Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda. To determine the identities of the Prohibited Shareholders and in compliance with the relevant Listing Rules, the Company will make necessary enquires regarding the legal restrictions, if any, under the laws of the relevant jurisdictions and will only exclude the Prohibited Shareholders for the Open Offer if it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place after making relevant enquires.

LETTER FROM THE BOARD

As at the close of business on the Record Date, there were 3 Overseas Shareholders on the register of members of the Company whose addresses are located in the PRC. The Directors made the necessary enquires and have been advised that it would be lawful for the Company to offer the Offer Shares to those Shareholders with registered address in the PRC, even though the Prospectus Documents are not registered in that relevant jurisdiction. Therefore, those Overseas Shareholders in the PRC are entitled to participate in the Open Offer.

No application for excess Offer Shares

After arm's length negotiation with the Underwriter and taking into account the administrative costs to be incurred by excess application arrangement, the Board has decided that the Qualifying Shareholders would not be entitled to apply for any Offer Shares which are in excess of their assured entitlements. The Offer Shares not validly applied for by the Qualifying Shareholders will be taken up by the Underwriter and/or subscribers procured by him. The absence of excess application and the alternative arrangement for the disposal of the Offer Shares not validly applied for were approved by the Independent Shareholders at the SGM by way of poll on 3 September 2010.

Fractions of Offer Shares

Given the Open Offer is on the basis of seven Offer Share for every New Share, there will not be any fractions of Offer Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots, the Company has appointed Skyway Securities Investment Limited to stand in the market to match the purchase and sale of odd lots of the New Shares at the relevant market price per New Share for the period from Monday, 6 September 2010 to Monday, 27 September 2010 (both days inclusive). Holders of odd lots of the New Shares who wish to take advantage of this facility either to dispose of their odd lots of the New Shares or to top up to a full board lot may contact Mr. Ho Shu Shun Joseph of Skyway Securities Investment Limited at Room 3302, 33/F., The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong (Tel: 852-29072307; Fax: 852-29072309) during the aforesaid period. Holders of odd lots of the New Shares should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

LETTER FROM THE BOARD

Free exchange of Share certificates

Subsequent to the approval of the Capital Reorganisation by the Shareholders at the SGM, the board lot size of the New Shares for trading on the Stock Exchange has been increased to 60,000 New Shares. Shareholders may submit existing certificates for the Shares in board lot of 2,000 Shares to the branch share registrar of the Company in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for exchange from Monday, 6 September 2010 to Tuesday, 5 October 2010 (both dates inclusive), at the expense of the Company for certificates for New Shares in board lot of 60,000 New Shares. Thereafter, certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.5 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each new share certificate issued for the New Shares. Nevertheless, the existing certificates for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose and may be exchanged for certificates for the New Shares at any time in accordance with the foregoing.

Share certificates for the Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Offer Shares on or before Wednesday, 29 September 2010 by ordinary post at their own risk.

Application for listing of the Offer Shares

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty and any other charges and fees in Hong Kong.

Subject to the grant of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

Reasons for the Open Offer and the use of proceeds

The Group is principally engaged in film production and related businesses and property investments in the PRC.

On 21 June 2010, Grimston, a wholly-owned subsidiary of the Company entered into the JV Agreement with Filmko in connection with the formation of the JV Company to be engaged in the Film's development, production and promotion and to deal with matters concerning copyrights and distribution of the Film. Pursuant to the JV Agreement, the total investment amount is HK\$206,000,000, Grimston and Filmko are required to make their investment contribution to the JV Company in proportion to their respective equity interests in the JV Company, which is 35% (HK\$72,100,000) and 65% (HK\$133,900,000) respectively. Details of the JV Agreement, among other matters, are set out in the Previous Announcement.

The estimated expense of the Open Offer is approximately HK\$6 million, which will be borne by the Company. The estimated expenses include the commission to the Underwriter of approximately HK\$4.0 million, the fees to the Company's professional and legal advisers of approximately HK\$1.5 million, printing and translation costs of approximately HK\$0.3 million and the prescribed application fees of approximately HK\$0.2 million to the relevant authorities. Assuming all the Qualifying Shareholders taking up their entitlements under the Open Offer, the Company will receive gross proceeds of approximately HK\$199.4 million and net proceeds of approximately HK\$193.4 million. As at the Latest Practicable Date, Grimston has paid a sum of HK\$15 million to the JV Company as its initial investment contribution pursuant to the JV Agreement. Approximately HK\$57 million of the net proceeds will be used for funding the remaining investment under the JV Agreement and the remaining balance will be used for production of other New Films and as general working capital of the Company.

The net price of each Offer Share is approximately HK\$0.0106 after expenses to the Company.

The Board had considered other alternative means of fund raising before resolving to the Open Offer, including but not limited to placing, debt finance and rights issue:

- (i) placing would only be available to certain placees who were not necessarily the Shareholders. The Directors considered that it would be unfair to those Shareholders who had stayed with the Company for a considerable time, especially when the prospect of the Company would be improved;
- (ii) debt financing or bank loans were not commonly available to the film companies due to the higher risk associated with the film industry, and the fact that limited securities could be provided as collateral; and
- (iii) although rights issue was similar to an open offer except that it enabled the Shareholders to trade in nil-paid rights, trading arrangement needed to be set up with the share registrar at the expense of the Company and extra administrative work from the Company would be involved.

LETTER FROM THE BOARD

The Directors consider that although there would not be any trading in nil-paid rights in the Open Offer, with the entitlement of Offer Shares firmly attached to the New Shares held, it would ensure stability in the Company's shareholders base and allow the existing Shareholders an opportunity to participate in and share the growth of the Company.

The Board is of the view that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Date of announcement	Event	Net proceeds (approximate)	Intended use of proceeds	Actual use of proceeds
2 November 2009	Placing of new shares under general mandate	HK\$62.3 million	Repayment of debts and general working capital of the Group	Redemption of the convertible bonds held by Mr. Cheng

UNDERWRITING ARRANGEMENT

Irrevocable Undertaking

The Underwriter directly holds 507,500,000 Shares at the Latest Practicable Date. Pursuant to the Underwriting Agreement, he has undertaken not to transfer or otherwise dispose of any Shares between the date of the Underwriting Agreement and the Latest Acceptance Date. He has also irrevocably undertaken to the Company to take up and accept 3,552,500,000 Offer Shares to which he is entitled under the Open Offer.

Save for the undertakings under the Underwriting Agreement as disclosed above, as at the Latest Practicable Date, the Board had not received any information or irrevocable undertakings from any other substantial Shareholder(s) of their intention to take up their assured entitlements under the Open Offer.

Underwriting Agreement

Date:	23 June 2010
Underwriter:	Mr. Cheng Keung Fai
Number of Offer Shares underwritten:	A maximum number of 14,741,860,000 Offer Shares (being the total number of Offer Shares less the assured entitlement of Offer Shares to the Underwriter) not taken up by the Qualifying Shareholders (<i>Note</i>)
Underwriting commission:	2.5% of the aggregate Subscription Price of the maximum number of Offer Shares underwritten by the Underwriter

LETTER FROM THE BOARD

Note: in view of the Sub-underwriting Arrangements in place, the maximum number of Offer Shares (excluding the assured entitlement of Offer Shares to the Underwriter) that could be taken up by the Underwriter would be 11,620,880,000 Offer Shares, which, together with his existing shareholding and the assured entitlement of Offer Shares, would amount to 15,680,880,000 New Shares, representing 75% of the issued share capital of the Company immediately upon completion of the Open Offer.

The Company will comply with the minimum public float requirement for the Shares under Rule 8.08(1) of the Listing Rules. To comply with such requirement, the Underwriter has made the Sub-underwriting Arrangements with the Sub-underwriter. Pursuant to the Sub-underwriting Arrangements, in respect of those Offer Shares not taken up by the Qualifying Shareholders, the Underwriter would take up to the maximum 11,620,880,000 Offer Shares, which, together with his existing shareholding and the assured entitlement of Offer Shares, would amount to 15,680,880,000 New Shares, representing 75% of the issued share capital of the Company immediately upon completion of the Open Offer, and the Offer Shares in excess of the 11,620,880,000 Offer Shares (if any) would be taken up by the Sub-underwriter or other persons (who are (i) not connected persons of the Company; and (ii) are not parties acting in concert with any connected persons of the Company and their respective associates) procured by the Sub-underwriter, such that the Company will be able to comply with the minimum public float requirement for the Shares under the Listing Rules immediately upon completion of the Open Offer. The Offer Shares (if any) to be taken up by the Sub-underwriter or persons procured by the Sub-underwriter pursuant to the Sub-underwriting Arrangements will be allotted and issued by the Company to the Sub-underwriter or such persons at the Subscription Price. The Sub-underwriter's obligations under the Sub-underwriting Arrangements will be subject to the fulfillment of the conditions of the Underwriting Agreement, and the Underwriter not having exercised his right to terminate the Underwriting Agreement pursuant to the term thereof, but are otherwise incapable of rescission or termination by the Sub-underwriter.

The terms of the Underwriting Agreement are agreed after arm's length negotiation between the Company and the Underwriter. The Directors consider that the terms of the Underwriting Agreement are fair and reasonable.

Conditions of the Underwriting Agreement

The conditions of the Underwriting Agreement have been set out in the paragraph headed "Conditions of the Open Offer" above.

LETTER FROM THE BOARD

Termination of the Underwriting Agreement

The Underwriter will be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination if prior to the Latest Time for Termination:

- (a) in the sole and reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generic with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
 - (iv) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic or threatened epidemic, terrorism, strike or lock-out; or
 - (v) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances; or
 - (vi) the occurrence of any event, or series of events, beyond the control of the Underwriter which in the sole and reasonable opinion of the Underwriter, has or would have the material and adverse effect of making the Underwriting Agreement (including the underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Open Offer or pursuant to the underwriting thereof or which has or is likely to have a material and adverse effect on the Open Offer; or

LETTER FROM THE BOARD

- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the sole and reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the sole and reasonable opinion of the Underwriter will materially and adversely affect the business prospects or financial condition of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (d) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or circular relating to the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (e) the circular, prospectus or announcements of the Company published since the date of the Underwriting Agreement when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date thereof been publicly announced or published by the Company and which may in the sole and reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Open Offer or might cause a prudent investor not to accept the Offer Shares provisionally allotted to it.

The Underwriter will be entitled to by notice in writing to the Company rescind the Underwriting Agreement if prior to the Latest Time for Termination or such other earlier date and/or time as the Company and the Underwriter may mutually agree:

- (a) any material breach of any of the warranties or undertakings contained in the relevant clause of the Underwriting Agreement comes to the attention of the Underwriter; or
- (b) any event or matter arising on or before the Latest Time for Termination which shows any representation or warranty to be or to have been untrue or inaccurate in any material aspect comes to the attention of the Underwriter.

If the Underwriting Agreement is terminated on or before the aforesaid deadline or does not become unconditional, the Open Offer will not proceed.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after completion of the Open Offer (assuming no further Shares will be issued or repurchased after the Latest Practicable Date):

Shareholder	Immediately before completion of the Open Offer		Immediately after completion of the Open Offer (assuming all the Qualifying Shareholders take up their assured entitlement of Offer Shares)		Immediately after completion of the Open Offer (on the assumption as set out in Note 1)	
	<i>Number of New Shares</i>	%	<i>Number of New Shares</i>	%	<i>Number of New Shares</i>	%
Underwriter and parties acting in concert with him	507,500,000	19.42	4,060,000,000	19.42	15,680,880,000	75
Public Shareholders	<u>2,105,980,000</u>	<u>80.58</u>	<u>16,847,840,000</u>	<u>80.58</u>	<u>5,226,960,000</u>	<u>25</u>
Total	<u><u>2,613,480,000</u></u>	<u><u>100</u></u>	<u><u>20,907,840,000</u></u>	<u><u>100</u></u>	<u><u>20,907,840,000</u></u>	<u><u>100</u></u>

Notes:

1. Assuming: (1) no Qualifying Shareholders except the Underwriter take up their assured entitlements of Offer Shares; and (2) the Underwriter would have to take up his maximum underwriting obligation pursuant to the Underwriting Agreement and with the Sub-underwriting Arrangements being effected.
2. Apart from that discussed in the above chart, as at the Latest Practicable Date, the Underwriter and his concert parties do not hold any convertible securities, warrants or options or did not enter into any outstanding derivative in respect of any relevant securities (as defined in Note 4 to Rule 22 of Takeovers Code) of the Company.

In order to comply with the minimum public float requirement under Rule 8.08(1) of the Listing Rules, the Company, with the assistance of its branch share registrar, will closely monitor the acceptances of the Offer Shares by the Qualifying Shareholders.

LETTER FROM THE BOARD

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the film production, distribution and licensing businesses and property investments in the PRC.

For the year ended 31 December 2009, the Group's turnover increased by 91% to HK\$120,993,000 (2008: HK\$63,229,000). The increase in turnover was primarily due to the better return from film production and property investment in the PRC. Profit attributable to owners of the Company amounted to HK\$6,694,000 (2008: loss of HK\$216,317,000). Basic earnings per share was HK0.3 cent (2008: HK18.53 cents loss per share).

For the year ended 31 December 2009, a turnover of HK\$85,989,000 was recorded which represents an increase of 158% as compared to 2008. The increase in turnover from film distribution and licensing business is attributable to the turnover received from two best-selling and well-received films, "Ip Man" and "All's Well End's Well 2009", in Hong Kong, the PRC and throughout the Southeast Asia and other overseas' markets.

"Ip Man" was distributed globally to major film markets and has been well-received by audiences who admire Chinese martial arts. Other than major global distribution and licensing revenue received, box office record reached approximately HK\$25,500,000 and RMB120,000,000 in Hong Kong and the PRC respectively. The Group released "All's Well End's Well 2009" during Lunar New Year of 2009, which achieved the highest box office receipt among local films in 2009 with a total of HK\$23,340,000.

As advised by the Directors, the Group will actively look into the research and development of film technology mainly in relation to 3-dimensional (3D) movie production. With the new form of amusement brought along by 3D movies, the Directors consider that it will result in revolutionary changes to the film industry. As a major player in the market, the Group intends to maintain its leading position by actively seeking out and capturing profitable opportunities.

In respect of property investment, majority of the shopping arcade currently held by the Group in Chengdu, the PRC has been leased out. With the growing reputation and popularity of the arcade, the Board is confident that future leasing renewal agreements will be entered in more favorable terms for the Group, which would bring in better rental returns to the Group and the Shareholders.

In the future, the Group will continue to maintain steady growth in its film production, distribution and licensing business as well as the property investment business in the PRC. The Group aims to further expand market share in both businesses with an ultimate goal to add value for the Shareholders.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is subject to the satisfaction of certain conditions as described in the section headed “Conditions of the Open Offer”. In particular, it is subject to the Whitewash Waiver having been granted by the Executive, the Underwriting Agreement having become unconditional and not having been terminated (see the section headed “Termination of the Underwriting Agreement” above). Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their own professional advisers.

INFORMATION ON THE UNDERWRITER AND HIS FUTURE INTENTION REGARDING THE GROUP

The Underwriter is a substantial Shareholder who is a private investor not engaged in the business of underwriting. As at the Latest Practicable Date, the Underwriter holds approximately 19.42% of the issued share capital of the Company. The Underwriter and parties acting in concert with him and those who are involved in or interested in the Open Offer and the Whitewash Waiver and their respective associates were required to abstain from voting on resolutions approving the Open Offer and the Whitewash Waiver at the SGM.

It is the intention of the Underwriter that the Group will continue its current business. The underwriter has no intention to introduce any major changes to the existing business of the Group, including the continued employment of the Group’s employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business.

PROCEDURE FOR APPLICATION

The Application Form is enclosed with this Prospectus which entitles the Qualifying Shareholders to whom it is addressed to apply for the number of Offer Shares as shown therein subject to payment in full by the Latest Acceptance Date. Qualifying Shareholders should note that they may apply for any number of Offer Shares only up to the number set out in the Application Form. If Qualifying Shareholders wish to apply for all the Offer Shares offered to them as specified in the Application Form or wish to apply for any number less than their entitlements under the Open Offer, they must complete, sign and lodge the Application Form in accordance with the instructions printed thereon, together with remittance for the full amount payable in respect of such number of Offer Shares they have applied for with Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by 4:00 p.m. on 21 September 2010. All remittance(s) must be made in Hong Kong dollars and cheques must be drawn on an account with, or bankers’ cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “China Mandarin Holdings Limited – Open Offer Account” and crossed “Account Payee Only”. It should be noted that unless the

LETTER FROM THE BOARD

duly completed and signed Application Form, together with the appropriate remittance, have been lodged with Tricor Standard Limited by not later than 4:00 p.m. on Tuesday, 21 September 2010, the entitlements of the respective Qualifying Shareholders under the Open Offer and all rights in relation thereto shall be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment. All cheques and cashier's orders accompanying completed Application Form will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received. If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders, or in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully
By order of the board
China Mandarin Holdings Limited
Ms. Lai Pik Chi, Peggy
Chairman

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2007, 2008 and 2009 are disclosed in the annual reports of the Company for the years ended 31 December 2007 (pages 27 to 83), 2008 (pages 27 to 95) and 2009 (pages 33 to 119) respectively, which are published on both the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (<http://www.hmdatalink.com/ChinaMandarin/eng/Financial.html>).

2. INDEBTEDNESS**Borrowings and debt securities**

At the close of the businesses on 31 July 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had indebtedness of a secured long-term bank loan of approximately HK\$1,860,000.

As at 31 July 2010, the Group's secured long-term bank loan is secured by certain of the Group's buildings and leasehold land with total carrying value of approximately HK\$3 million.

Operating lease commitments

As at 31 July 2010, the Group had operating lease commitments of approximately HK\$11,548,000 (of which approximately HK\$4,806,000 is repayable within one year and approximately HK\$6,742,000 is repayable in the second to fifth years, inclusive) in respect of rental of premises under operating lease arrangements.

Disclaimer

Save as disclosed above and apart from the intra-group liabilities and normal trade bills arising in the ordinary course of business, at the close of business on 31 July 2010, the Group did not have any other outstanding indebtedness, loan capital, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase or finance lease commitments, guarantees or contingent liabilities.

The Directors confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 July 2010 and up to and including the Latest Practicable Date.

3. WORKING CAPITAL

After taking into account the available internal resources and credit facilities granted by banks and other financial institution available to the Group and the estimated net proceeds from the Open Offer, and in the absence of unforeseen circumstances, the Directors are of opinion that the Group will have sufficient working capital for their present requirements, that is for at least twelve months from the date of this Prospectus.

4. MATERIAL CHANGE

The Directors are not aware of any material change in the financial or trading position or outlook of the Group since 31 December 2009, being the date to which the latest audited financial statements of the Group were made up to and including the Latest Practicable Date.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of the Group prepared in accordance with Rule 4.29 of the Listing Rules is set out below to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 31 December 2009.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Group following the Open Offer.

Open offer of 18,294,360,000 Offer Shares

Adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2009 <i>(note 1)</i> HK\$'000	Estimated net proceeds from the Open Offer <i>(note 2)</i> HK\$'000	Pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Open Offer HK\$'000	Audited adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2009 <i>(note 3)</i> HK\$	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company immediately upon completion of the Open Offer <i>(note 4)</i> HK\$
227,241	193,409	420,650	0.0869	0.0201

Notes:

- (1) This figure represented the consolidated net assets attributable to owners of the Company (HK\$227,242,000) less the intangible assets, being film rights (HK\$1,000) and these figures are extracted from the audited consolidated statement of financial position of the Company as at 31 December 2009.
- (2) The estimated net proceeds from the Open Offer are based on the gross proceeds from the Open Offer of the 18,294,360,000 Offer Shares at the Subscription Price of HK\$0.0109 per Offer Share totalling approximately HK\$199,409,000 and after deduction of the estimated related expenses of approximately HK\$6,000,000.
- (3) The audited adjusted consolidated net tangible assets per Share attributable to owners of the Company before completion of the Open Offer is based on 2,613,480,000 New Shares in issue as at 31 December 2009.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Open Offer is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company upon completion of the Open Offer on the basis of 20,907,840,000 Shares issued and issuable, comprising 2,613,480,000 New Shares in issue as at 31 December 2009 and 18,294,360,000 Offer Shares to be issued.

2. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from Robert Chui & Co., Certified Public Accountants, for the purpose of inclusion in this Prospectus.

**Robert Chui & Co.**

2109 China Resources Building
26 Harbour Road, Wanchai
Hong Kong

7 September 2010

The Board of Directors
China Mandarin Holdings Limited
Room 4101, 41/F, The Lee Gardens,
33 Hysan Avenue, Causeway Bay,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of China Mandarin Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on page II-1 of Appendix II to the prospectus dated 7 September 2010 (the "Prospectus") in connection with the Open Offer of 18,294,360,000 Offer Shares at HK\$0.0109 per Offer Share on the basis of seven Offer Shares for every New Share held (the "Open Offer"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Open Offer might have affected the financial information presented. The basis of preparation of the unaudited pro forma financial information is set out on page II-1 of the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 December 2009 or any future date.

Opinion

In our opinion:

- a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- b) such basis is consistent with the accounting policies of the Group; and
- c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully
Robert Chui & Co.
Certified Public Accountants (Practising)
Hong Kong

RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

SHARE CAPITAL

The Company had an authorised ordinary share capital of HK\$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK\$0.10 each prior to the Capital Reorganisation became effective. Subsequent to the completion of the Capital Reorganisation, the Company has an authorised ordinary share capital of HK\$1,000,000,000 divided into 100,000,000,000 New Shares of HK\$0.01 each. As at the Latest Practicable Date, there were no outstanding options, warrants, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into Shares. The authorised and issued ordinary share capital of the Company as at the Latest Practicable Date were and immediately upon completion of the Capital Reorganisation and the Open Offer will be as follows:

<i>Authorised ordinary share capital as at the Latest Practicable Date:</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Existing Shares	<u>1,000,000,000</u>
<i>Authorised ordinary share capital upon completion of the Capital Reorganisation:</i>		
100,000,000,000	New Shares	1,000,000,000
<i>Issued and fully paid:</i>		
<u>2,613,480,000</u>	Existing Shares as at the Latest Practicable Date	<u>261,348,000</u>
2,613,480,000	New Shares as at the Latest Practicable Date (assuming the Capital Reorganisation having become effective)	26,134,800
18,294,360,000	Offer Shares to be issued (assuming no further Shares will be issued or repurchased after the Latest Practicable Date)	182,943,600
<u>20,907,840,000</u>	New Shares upon completion of the Capital Reorganisation and the Open Offer	<u>209,078,400</u>

All the issued New Shares rank pari passu with each other in all respects including the rights as to voting, dividends and return of capital. The Offer Shares to be allotted and issued will, when issued and fully paid, rank pari passu in all respects with the existing New Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the New Shares or Offer Shares or any other securities of the Company to be listed or dealt on any other stock exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

The Board confirms that the Company did not have any outstanding share options as at the Latest Practicable Date.

DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are deemed or taken to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Division 2 and 3 of Part XV of the SFO and substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group:

Name of Shareholders	Nature of Interest	Number of Shares interested or deemed to be interested (long position)	Approximate percentage of the issued share capital of the Company
Cheng Keung Fai	Beneficial owner	507,500,000	19.42%
Fang Han Song	Beneficial owner	269,500,000	10.31%

MATERIAL CONTRACTS

Save as disclosed below, no other contract (not being contracts in the ordinary course of business) had been entered into by any member of the Group within two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date which are or may be material:

- a. the Underwriting Agreement;
- b. the JV Agreement;
- c. the sale and purchase agreement dated 17 December 2009 and entered into between Pegasus Motion Pictures Limited as purchaser and Grimston as vendor in relation to, among others, the sale and purchase of 100 shares of HK\$1 each in the issued share capital of Elite Films Limited, 500,000 shares of HK\$1 each in the issued share capital of Motion Picture Limited, 10,000 shares of US\$1 each in the issued share capital of Pioneer Films Limited;
- d. the sale and purchase agreement dated 3 December 2009 and entered into between Grimston, as vendor and Billion Base Investments Limited, as purchaser in relation to, among others, the disposal of the entire issued share capital of Film City Enterprises Limited, and the inter-company balance for a total consideration of HK\$23,863,636;

- e. the placing agreement dated 30 October 2009, subsequently replaced by a new placing agreement dated 2 November 2009 and entered into between the Company and Skyway Securities Investment Limited pursuant to which Skyway Securities Investment Limited agreed to place, on a best effort basis, up to 435,580,000 new Shares to independent places at a price of HK\$0.145 per placing share;
- f. the service agreement dated 31 August 2009 and entered into between Paramount Universal Limited, a wholly owned subsidiary of the Company and Mr. Cheng Ka Sing, a son of Mr. Cheng Keung Fai who is a substantial Shareholder, pursuant to which Mr. Cheng Ka Sing should render his service as an actor to shoot Ip Man 2 for the period commencing from 10 August 2009 to 9 November 2009 (both dates inclusive) for a total consideration of HK\$80,000;
- g. the master agreement dated 6 May 2009 and entered into between Grimston, and Mr. Wong Pak Ming (“Mr. Wong”) pursuant to which Grimston will procure that any of the companies (being a member of the Group) nominated and procured by the Company to enter into service agreement(s) with Mr. Wong and/or Mr. Wong Chi Woon, Edmond, Mr. Wong Pak Nin, Herrick, Ms. Wong Kit Chun, Jenny, Pure Project Limited, Big Bright Investment Limited, Pegasus Motion Pictures Production Limited, Pegasus Motion Pictures Limited, 東影影視出品有限公司, Prime Moon International Limited and any other associates of Mr. Wong (“PM Wong Associates”) with a term commencing from the date of the master agreement up to 31 December 2011 in which each of the aggregate annual amount to be paid by the Group to Mr. Wong and/or PM Wong Associates for the period from the date of the master agreement up to 31 December 2009 and for the two years ending 31 December 2010 and 2011 shall not exceed HK\$5,000,000;
- h. the sale and purchase agreement dated 27 March 2009 and entered into between Grimston, as vendor and Mr. Lam Sze Ho, Owen, an Independent Third Party, as purchaser in relation to the disposal of sale share, representing the entire issued capital of Chili Advertising & Promotions Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company with a consideration of HK\$500,000;
- i. the loan agreement dated 20 November 2008 and entered into between the Company as borrower and Mr. Wong in relation to the loan of HK\$20 million at the interest rate of Bank of China prime rate minus 2% per annum on the outstanding principal;
- j. the service agreement I dated 20 November 2008 and entered into between Mandarin Films Limited (“Mandarin Films”), a wholly-owned subsidiary of the Company and Big Bright Investment Limited (“Big Bright”) pursuant to which, Big Bright should procure Mr. Wong to render his service as executive producer for a film with consideration of HK\$300,000. On the same date, Mandarin Films and Mr. Wong entered into the service agreement II and service agreement III respectively. Pursuant to the service agreement II, Mr. Wong should render his services as an actor to shoot another film for the period up to 10 January 2009 with consideration of HK\$1,000,000. Pursuant to the service agreement III, Mr. Wong should also render his services as executive producer for a film with consideration of HK\$500,000;

- k. on 5 November 2008, Mandarin Films Distribution Company Limited, a wholly owned subsidiary of the Company, as tenant entered into a tenancy agreement with Pure Project Limited, as landlord in relation to the renewal of the lease in respect of a premise for the monthly rental fee of HK\$51,920 for the period from 1 February 2009 to 31 August 2009. 99% of the shareholdings in Pure Project Limited is beneficially owned by Mr. Wong and the remaining 1% of the shareholdings is beneficially owned by the sister of Mr. Wong;
- l. the settlement agreement dated 30 October 2008 and entered into among Chengshang Group Co., Ltd.# (成商集團股份有限公司), Chengdu Songde Investment Limited# (成都崇德投資有限公司), Chengdu Renmin Plaza Huanghe Commercial City Limited# (成都人民商場黃河商業城有限責任公司), Chengdu Zhongfa Huanghe Real Estate Development Co., Ltd.# (成都中發黃河實業有限公司), a non-wholly owned subsidiary of the Company (the “PRC Subsidiary”) and Sichuan Huanghe Commercial Limited# (四川黃河商業有限責任公司), pursuant to which the PRC Subsidiary agreed to pay RMB136,463,900 in aggregate to other parties for the settlement of the civil litigations number (2007)成民初字第270號, (2007)成民初字第241號, (2007)成民初字第205號, (2007)成民初字第165號, (2006)成民初字第608號, (2006)成民初字第616號, (2005)成民初字第138號 and (2007)成民初字第941號 ;
- m. the management agreement dated 25 August 2008 with Sichuan Huanghe Commercial Limited# (四川黃河商業有限責任公司), a non-wholly owned subsidiary of Guangdong Huanghe Enterprise Group Limited# (廣東黃河實業集團有限責任公司), a company incorporated in the PRC with limited liability, being owned as to 89% by Mr. Cheng Keung Fai, pursuant to which Sichuan Huanghe Commercial Limited# (四川黃河商業有限責任公司) agreed to provide management service to Minzu Plaza# (民族廣場) which is legally and beneficially owned by Chengdu Zhongfa Huanghe Real Estate Development Co., Ltd.# (成都中發黃河實業有限公司), a non-wholly owned subsidiary of the Company, for a monthly management fee of RMB70,000 for the period commencing from 1 September 2008 to 31 August 2009; and
- n. the underwriting agreement dated 2 July 2008 and entered into between the Company and Orient Securities Limited and Mr. Wong in relation to the open offer of not less than 1,426,900,000 offer shares and not more than 1,569,400,000 offer shares at HK\$0.1 per offer share on the basis of nineteen offer shares for every ten shares held on the relevant record date.

the English translation of the Chinese company names is for identification purpose only

LITIGATION

As at the Latest Practicable Date, none of the member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company or any of its subsidiaries or associated companies which does not expire or is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2009, the date on which the latest published audited financial statements of the Group were made up.
- (b) As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Directors was materially interested, directly or indirectly, and which was significant in relation to the business of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete either directly or indirectly with the business of the Group.

EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinions and advice which are included in this Prospectus:

Name	Qualification
Robert Chui & Co.	Certified Public Accountants

1. Robert Chui & Co. has no shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
2. Robert Chui & Co. has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.
3. Robert Chui & Co. had no direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2009, the date on which the latest published audited consolidated financial statements of the Group were made up.

PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION**Registered office**

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

**Head office and principal
place of business in Hong Kong**

Room 4101, 41/F
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Company secretary

Chan Chun Fat, who is a practicing
solicitor in Hong Kong

Authorised representatives

Lai Pik Chi, Peggy
Room 4101, 41/F
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Law Kee, Alice
Room 4101, 41/F
The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

**Principal share registrar and
transfer office**

Butterfield Corporate Services Limited
Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

**Hong Kong branch share registrar and
transfer office**

Tricor Standard Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal bankers

ICBC (Asia) Limited
33/F, ICBC Tower
3 Garden Road
Central
Hong Kong

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

The Hongkong and Shanghai
Banking Corporation Limited
1 Queen's Road
Central
Hong Kong

Chong Hing Bank Limited
Ground Floor, Chong Hing Bank Centre
24 Des Voeux Road Central
Hong Kong

Underwriter

Mr. Cheng Keung Fai

Legal advisers

as to Hong Kong law
Winnie Mak, Chan & Yeung
Solicitors
8th Floor, Two Chinachem Plaza,
68 Connaught Road Central
Hong Kong

as to Bermuda law
 Conyers Dill & Pearman
 2901 One Exchange Square
 8 Connaught Place
 Central
 Hong Kong

Independent financial adviser to the independent board committee established in relation to the Open Offer and the Whitewash Waiver

Nuada Limited
 17/F Blink
 111 Bonham Strand
 Sheung Wan
 Hong Kong

Reporting accountants

Robert Chui & Co.
 2109 China Resources Building
 26 Harbour Road
 Wanchai
 Hong Kong

PARTICULARS OF DIRECTORS

Name

Correspondence address

Executive Director

Lai Pik Chi Peggy

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Law Kee Alice

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Hui Wai Lee Willy

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Independent non-executive Director

Choy Sze Chung Jojo

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Tsui Pui Hung

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Chan Tung Tak Alain

Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

Senior Management

Ko Tin Chow	Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong
Chow Ming Sang	Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong
Fung Hon Wah	Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong
Lau Siu Sun	Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong
Wong Tung Ming	Room 4101, 41/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong

The brief biographies of the Directors and the members of senior management are set out below:

Executive Directors

Ms. LAI Pik Chi, Peggy, aged 45, an executive Director who is also the chairman of the Board. Ms. Lai joined the Group in June 2008 and was appointed as an executive Director in October 2008. Ms. Lai obtained a Master of Business Administration Degree from University of Manchester. Ms. Lai has over 20 years experience in auditing, accounting, financial management and corporate finance spanning a diverse range of business from media, entertainment, manufacturing, publishing, distribution and retailing. She is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

Ms. LAW Kee, Alice, aged 43, is an executive Director and the chief executive officer of the Company. Ms. Law joined the Group in September 2007 and was appointed as an executive Director in October 2007. Ms. Law holds a Bachelor Degree in Business Administration from University of Management and Technology, USA. She has extensive experience in business development, operation and marketing management. She is a member of The Hong Kong Institute of Directors and a member of The Hong Kong Association for the Advancement of Real Estate and Construction Technology Limited.

Mr. HUI Wai Lee, Willy, aged 50, is currently a director of Supreme Jewellery Company. Mr. Hui joined the Group as executive Director in April 2009. He has extensive experience in designing and manufacturing of European-style jewelry.

Independent Non-Executive Directors

Mr. CHOY Sze Chung, Jojo, aged 51, is the vice chairman of National Resources Securities Limited. Mr. Choy has extensive experience in the securities industry and business management. Mr. Choy obtained his Master of Business Administration Degree from University of Wales and his Master of Business Law Degree from Monash University, Australia. Mr. Choy is also the chairman of the Institute of Securities Dealers Limited, an independent non-executive director of the following companies listed on the Stock Exchange, namely, Chengdu PUTIAN Telecommunications Cable Company Limited (Stock Code: 1202), Zhaojin Mining Industry Company Limited (Stock Code: 1818), and Sparkle Roll Group Limited (Stock Code: 970). He is also a committee member of Society of Registered Financial Planner Ltd., a fellow member of Institute of Financial Accountants, a fellow member of the Institute of Compliance Officer, a member of China People's Policitical Consultative Committee of Shantou, an honorary president of Shantou Overseas Friendship Association, an honorary president of Shantou Overseas Exchanges Association, an honorary principal of the School of Chen Po Sum and a council member of Rotary Club Kowloon West.

Mr. TSUI Pui Hung, aged 35, is a practicing solicitor of the High Court of Hong Kong and an independent non-executive director of B.A.L. Holdings Limited (Stock Code: 8079). Mr. Tsui holds the degrees of a Master in Laws from University of London, a Bachelor of Laws (with Honours) from Manchester Metropolitan University, a Bachelor of Science (with Honours) from the Chinese University of Hong Kong, a Postgraduate Certificate in Laws from University of Hong Kong and a Diploma in Translation from the Chinese University of Hong Kong. Mr. Tsui has years of management experience and is familiar with internal control issues and regulatory rules of listed company.

Mr. CHAN Tung Tak, Alain, aged 55, is a chartered architect in the United Kingdom. He obtained a bachelor degree in architecture from the Polytechnic of North London, the United Kingdom. He is also a member of Architects Registration Council in the United Kingdom, Royal Institute of British Architect in the United Kingdom and Royal Architectural Institute of Canada. He is an independent non-executive director of First Credit Holdings Limited.

Senior Management

Mr. KO Tin Chow, aged 60, is the senior manager responsible for supervising the film processing business of the Group. Mr. Ko has over 37 years of experience in the film processing industry. Prior to joining the Group in 1995, he was the general manager of Hong Kong Color Moviellab Limited, a film processing company in Hong Kong. He is the chairman of the Hong Kong & Kowloon Film Laboratory Merchants' Association Limited.

Mr. CHOW Ming Sang, aged 60, is the production manager responsible for the operation of the printing division of the film processing business of the Group. Mr. Chow joined the Group since its establishment and has over 38 years of experience in the film processing industry.

Mr. FUNG Hon Wah, aged 58, is the production manager responsible for the operation of the special effects division of the film processing business of the Group. Mr. Fung joined the Group since its establishment and has over 35 years of experience in the film processing industry.

Mr. LAU Siu Sun, aged 62, is the production manager supervising the quality control division of the film processing business of the Group. Mr. Lau joined the Group since its establishment and has over 35 years of experience in the film processing industry.

Mr. WONG Tung Ming, aged 63, is the production manager who has overall responsibilities for film processing and film subtitling. Mr. Wong joined the Group since its establishment and has over 39 years of experience in the film processing industry.

RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

The Group currently holds a five-storey shopping arcade in Chengdu, Sichuan, the PRC. Hence part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China.

Under the PRC existing foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2009, being the date on which the latest published audited financial statements of the Group were made up.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the consent letter referred to in the paragraph headed "Expert and consent" in this appendix, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. A copy of each of the Prospectus Documents will, as soon as reasonably practicable, be filed with the Registrar of Companies in Bermuda.

EXPENSES

The expenses in connection with the Open Offer including, among others, listing application fee, financial and legal advisory fee, underwriting commission, printing, registration, translation and accounting charges are estimated to be approximately HK\$6 million and will be payable by the Company.

LEGAL EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance, so far as applicable.

MISCELLANEOUS

- (a) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text;
- (b) The Underwriter is Mr. Cheng Keung Fai, whose address is Duplex A & B, 37/F, Tower 2, Sky Horizon, 35 Cloud View Road, North Point, Hong Kong;
- (c) The Underwriter confirms that there is no agreement, arrangement or understanding with any other person regarding any charge or pledge or transfer of voting rights in relation to the Offer Shares to be acquired by him in pursuance of the Open Offer;
- (d) The Underwriter considers and confirms that:
 - (i) the Group will continue with its existing business following the completion of the Open Offer;
 - (ii) the Open Offer is in the interests of the Group in the long run as the Group requires funding for the continuation and expansion of its existing business;
 - (iii) he has no intention to introduce any major changes to the existing business of the Group, including the continued employment of the Group's employees and has no intention to re-deploy the fixed assets of the Group other than in its ordinary course of business; and
- (e) As at the Latest Practicable Date, there was no benefit to be given to any Directors as compensation for loss of office or otherwise in connection with the Open Offer.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company at Room 4101, 41/F., The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong, during the period from the date of this Prospectus up to and including the Latest Acceptance Date:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the consolidated audited annual reports of the Group for the two years ended 31 December 2008 and 2009;
- (c) the written consent referred to in the paragraph headed “Expert and consent” in this Appendix III to this Prospectus;
- (d) the letter from Robert Chui & Co. in respect of the pro forma financial information following completion of the Open Offer, the text of which is set out in appendix II to this Prospectus;
- (e) a copy of each of the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix III to this Prospectus;
- (f) a copy of each circular issued pursuant to the requirements set out in Chapter 14 and/or 14A which has been issued since 31 December 2009 (the date on which the latest published audited consolidated financial statements of the Group were made up); and
- (g) this Prospectus.