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## IMPORTANT

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Mandarin Entertainment (Holdings) Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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## MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED (東方娛樂控股有限公司\*)

(\*For identification purpose only)  
(incorporated in Bermuda with limited liability)  
(Stock code: 009)

### PROPOSALS FOR GENERAL MANDATES TO ISSUE SHARES AND TO REPURCHASE SHARES AND INFORMATION ON THE RETIRING DIRECTORS TO BE RE-ELECTED AT THE 2005 ANNUAL GENERAL MEETING

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A letter from the board of directors of the Company is set out on page 1 to 5 of this circular. A notice convening the annual general meeting (the “**2005 Annual General Meeting**”) of the Company to be held at 27th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong on 25th May 2005, (Wednesday) at 3:00 p.m. is set out in the 2004 annual report (the “**2004 Annual Report**”) accompanying this circular.

A form of proxy for the 2005 Annual General Meeting is also enclosed with the 2004 Annual Report. Whether or not you desire to attend the 2005 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company’s branch share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2005 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2005 Annual General Meeting or any adjournment thereof if you so wish.

\* For identification purpose only

29th April 2005

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## LETTER FROM THE BOARD OF DIRECTORS

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### MANDARIN ENTERTAINMENT (HOLDINGS) LIMITED (東方娛樂控股有限公司\*)

(\*For identification purpose only)  
(incorporated in Bermuda with limited liability)  
(Stock code: 009)

*Executive Directors:*

WONG Pak Ming (Chairman)  
WONG Kit Fong  
WONG Yee Kwan, Alvina

*Independent Non-Executive Directors:*

WAN Ngar Yin, David  
LAI Voon Wai  
Alan WOO

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

27th Floor, Chinachem Century Tower  
178 Gloucester Road, Wanchai  
Hong Kong

29th April, 2005

*To the Shareholders*

Dear Sir/Madam,

**PROPOSALS FOR  
GENERAL MANDATES TO ISSUE SHARES AND  
TO REPURCHASE SHARES  
AND  
INFORMATION ON THE RETIRING DIRECTORS TO BE  
RE-ELECTED AT THE 2005 ANNUAL GENERAL MEETING**

#### 1. INTRODUCTION

The Company's existing general mandates to issue shares and to repurchase shares were approved by the Company's in the annual general meeting held on 27th May, 2004. Unless otherwise renewed, the existing general mandates to issue shares and to repurchase shares will lapse at the conclusion of the 2005 Annual General Meeting.

In order to ensure flexibility when it is desirable to allot additional shares or to repurchase shares, the directors of the Company (**the "Directors"**) will seek the approval of shareholders to grant new general mandates to issue shares and to repurchase shares at the 2005 Annual General Meeting.

\* For identification purpose only

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## LETTER FROM THE BOARD OF DIRECTORS

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The purpose of this circular is to, inter alia, provide you with information on the proposed renewal of the general mandates to issue shares and to repurchase shares and on the retiring directors to be re-elected at the 2005 Annual General Meeting, so as to seek your approval of the related ordinary resolutions at the aforesaid meeting.

### 2. GENERAL MANDATE TO ISSUE SHARES (THE “ISSUE MANDATE”)

Two ordinary resolutions, as set out in the notice of the 2005 Annual General Meeting, will be proposed for the following purposes: –

Ordinary resolution no. 4 – to grant to the Directors a general mandate to issue new shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and

Ordinary resolution no. 6 – to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the general mandate if given in the Ordinary Resolution no. 4 by the aggregate nominal amount of share capital of the Company repurchased under the general mandate if given in the ordinary resolution no. 5.

The Company has in issue an aggregate of 330,000,000 shares of HK\$0.10 each as at 25th April 2005, (the “**Latest Practicable Date**”), being the latest practicable date before the printing of this circular for ascertaining certain information to be included herein. Subject to the passing of the aforesaid ordinary resolution no. 5 and in accordance with the terms therein, the Company would be allowed to issue additional shares up to the aggregate nominal amount of a maximum of 66,000,000 shares on the basis that no further shares will be issued or repurchased prior to the 2005 Annual General Meeting.

### 3. GENERAL MANDATE TO REPURCHASE SHARES (THE “REPURCHASE MANDATE”)

The ordinary resolution no. 5 as set out in the notice of the 2005 Annual General Meeting, will be proposed to grant to the Directors a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution.

The Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

In accordance with the Listing Rules, the appendix to this circular serves as the explanatory statement, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions for granting of the Repurchase Mandate.

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## LETTER FROM THE BOARD OF DIRECTORS

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#### 4. INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED AT THE 2005 ANNUAL GENERAL MEETING

For your further information, we set out below the relevant details of the two retiring directors proposed to be re-elected at the 2005 Annual General Meeting: –

Mr. Wan Ngar Yin, David (“**Mr. Wan**”), aged 44, was re-designated as independent non-executive director (“**INED**”) of the Company since 10th September 2004. Mr. Wan graduated with a bachelor degree in Social Sciences from the University of Hong Kong and obtained a master degree in Business Administration from the University of Sydney. He is also a member of the Australian Society of Certified Practising Accountants, fellow member of the Chartered Association of Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants). He has extensive experience in the areas of auditing and corporate finance for listed companies.

According to Mr. Wan’s letter of appointment, his appointment as INED is for a term of 2 years commencing from 10th September 2004 and may be extended thereafter for such period as the Company and Mr. Wan may agree in writing. During the tenure of his appointment, Mr. Wan is subject to retirement by rotation and re-election at annual general meeting in accordance with the bye-laws of the Company. Mr. Wan’s remuneration of HK\$240,000 per annum is commensurate with his duties and responsibilities as INED and chairman of audit committee of the Company, and is approved by the board of directors (**the “Board”**) with reference to the prevailing market situation. Regarding his directorship in listed public companies in the last three years, Mr. Wan was appointed as INED of 401 Holdings Limited for the period from 1st March 2004 to 28th July 2004. He had also been appointed as INED of Ocean Grand Chemical Holdings Limited since 8th September 2004. Other than these and his directorship in the Company, he has not held other directorship in listed public companies in the last three years.

Save as disclosed above, Mr. Wan is not holding any other position with the Company and its subsidiaries. He does not have other relationships with any directors, senior management, or other substantial or controlling shareholder(s) of the Company for the purpose of the Listing Rules. As at the Latest Practicable Date, Mr. Wan is personally interested in 3,292,000 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Alan Woo (“**Mr. Woo**”), aged 25, was appointed as INED of the Company since 1st November 2004. Mr. Woo graduated with a bachelor degree of Arts in International Relations from the University of Southern California. He also obtained a bachelor degree in Laws and a Postgraduate Certificate in Laws from the University of Hong Kong. In 1999, Mr. Woo was invited to become a member of the Los Angeles World Affairs Council. Mr. Woo has his own business in a joint venture for operating a petrol filling station in Macau.

According to Mr. Woo’s letter of appointment, his appointment as INED is for a term of 2 years commencing from 1st November 2004 and may be extended thereafter for such period as the Company and Mr. Woo may agree in writing. During the tenure of his appointment, Mr. Woo is subject to retirement by rotation and re-election at annual general meeting in accordance with the bye-laws of the Company. Mr. Woo’s remuneration of HK\$120,000 per annum is commensurate with his duties and responsibilities as INED and member of audit committee of the Company, and is approved by the Board with reference to

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## LETTER FROM THE BOARD OF DIRECTORS

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the prevailing market situation for similar appointment. Other than his directorship in the Company, Mr. Woo has not held any directorship in listed public companies in the last three years.

Save as disclosed above, Mr. Woo is not holding any other position with the Company and its subsidiaries. He does not have other relationships with any directors, senior management, or other substantial or controlling shareholder(s) of the Company for the purpose of the Listing Rules. As at the Latest Practicable Date, Mr. Woo is not interested in any shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board is not aware of any other matters that need to be brought to the attention of shareholders of the Company in relation to the proposed re-election of the aforesaid retiring directors.

### 5. ACTION TO BE TAKEN

The notice convening the 2005 Annual General Meeting to be held at 27th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong on 25th May 2005 (Wednesday) at 3:00 p.m. is set out in the Company's 2004 Annual Report.

A form of proxy for the 2005 Annual General Meeting is also enclosed with the 2004 Annual Report. Whether or not you desire to attend the 2005 Annual General Meeting, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Standard Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the 2005 Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the 2005 Annual General Meeting or any adjournment thereof if you so wish.

### 6. PROCEDURES FOR DEMANDING A POLL

For your further information as required by the Listing Rules, set forth below are the procedures for demanding a poll at general meeting of the Company. Pursuant to bye-law 66 of the Company's bye-laws (the "Bye-Laws"), every resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded: –

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

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## LETTER FROM THE BOARD OF DIRECTORS

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- (d) by a member or members present in person (or in the case of a member being a corporation by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A poll which is duly demanded shall be then held in such manner prescribed by the Bye-Laws of the Company.

### 7. RECOMMENDATION

The Directors believe that the granting of the Issue Mandate and the Repurchase Mandate are in the best interests of the Company and its shareholders as a whole. Moreover, adequate information regarding the re-election of the retiring directors at the 2005 Annual General Meeting is contained herein for your consideration. Accordingly, the Directors recommend that all shareholders should vote in favour of the related ordinary resolutions to be proposed at the 2005 Annual General Meeting.

Yours faithfully,  
By Order of the Board  
**Mandarin Entertainment (Holdings) Limited**  
**WONG Pak Ming**  
*Chairman*

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to shareholders of the Company for their consideration as to whether to vote for or against the ordinary resolution to be proposed at the 2005 Annual General Meeting for granting the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to rule 10.06 of the Listing Rules which is set out as follows:

### **SHARE CAPITAL**

As at the Latest Practicable Date, the Company has in issue an aggregate of 330,000,000 shares of HK\$0.10 each which are fully paid.

Subject to the passing of the ordinary resolution no. 5 as set out in the notice of 2005 Annual General Meeting and in accordance with the terms therein, the Company would be allowed under the Repurchase Mandate to repurchase fully paid shares up to the aggregate nominal amount of a maximum of 33,000,000 shares on the basis that no further shares will be issued or repurchased prior to the 2005 Annual General Meeting.

### **REASONS FOR SHARE REPURCHASE**

Although the Directors have no present intention of repurchasing any shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their interests in the assets of the Company would increase in proportion to the number of shares repurchased by the Company and thereby resulting in an increase in net asset value and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that the repurchases will benefit the Company and its shareholders as a whole.

### **FUNDING OF REPURCHASES**

The Company is empowered by its memorandum of association and bye-laws to repurchase its shares. In repurchasing shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Bermuda. In repurchasing shares, the Directors will only apply funds out of the capital paid up on the relevant shares or the funds of the Company which would otherwise be available for dividend or distribution or the proceeds of a fresh issue of shares made for the purpose in accordance with Bermuda laws. Regarding the amount of premium (if any) payable on a repurchase, the Directors will only apply funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company. The shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced.

**SHARE PRICES**

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which shares of the Company have been traded were as follows: –

	<b>Shares</b>	
	<b>Highest</b>	<b>Lowest</b>
	<i>HK\$</i>	<i>HK\$</i>
<b>2004</b>		
April	0.95	0.91
May	0.98	0.93
June	1.02	0.97
July	1.03	0.99
August	1.02	0.85
September	0.99	0.90
October	1.06	0.94
November	1.00	0.87
December	1.03	0.90
<b>2005</b>		
January	1.02	0.81
February	0.92	0.87
March	0.89	0.86

**REPURCHASES MADE BY THE COMPANY**

During the six months immediately preceding the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased any of the Company's shares, either on the Stock Exchange or otherwise.

**POSSIBLE MATERIAL ADVERSE IMPACT**

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts for the year ended 31st December, 2004) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**DIRECTORS' UNDERTAKING**

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases under the Repurchase Mandate in accordance with the Listing Rules and laws of Bermuda and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.



**EFFECT OF HONG KONG CODE ON TAKEOVERS AND MERGERS**

If as a result of share repurchase by the Company, a substantial shareholder's proportionate interest in voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a shareholder, or group of shareholders acting in concert, could, depending on the level of increase in the interest of shareholdings, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Code.

As at the Latest Practicable Date and to the best of knowledge and belief of the Company, the following person(s) were directly or indirectly interested in 5% or more of the nominal value of the ordinary shares that carry a right to vote in all circumstances at general meetings of the Company: –

Name	Number of shares interested/held	Approximate percentage of shareholding as at Latest Practicable Date
WONG Pak Ming ("Mr. WONG")	154,732,000 (Notes 1 and 2) Long position	46.89%
ZHANG Xun ("Mr. ZHANG")	34,936,000 Long position	10.59%

*Notes:*

- These 154,732,000 shares are held as to 30,000,000 shares by Capeland Holdings Limited and as to 122,200,000 shares by Idea Storm Holdings Limited, both of which are incorporated in the British Virgin Islands and are wholly-owned by Mr. WONG,; and as to 1,332,000 shares held by Mr. WONG personally; and as to the remaining 1,200,000 shares held by Mr. WONG's wife in which Mr. WONG is also deemed to be interested.*
- According to the Securities and Futures Ordinance, Mr. WONG's wife is also deemed to be interested in the shares held by Mr. WONG or in which he is interested.*

In the event that the Directors exercised in full the power to repurchase shares of the Company in accordance with the terms of the ordinary resolution no. 5 to be proposed at the 2005 Annual General Meeting, the aforesaid interests of Mr. WONG and Mr. ZHANG in the existing issued share capital of the Company would be proportionally increased respectively to approximately 52.10% and 11.76%. The increase of his shareholdings from approximately 46.89% to 52.10% will give rise to an obligation to Mr. WONG to make a mandatory offer under the Code, subject to the granting of waiver pursuant to the Code. Save as aforesaid, as at the Latest Practicable Date, the Directors are not aware of the consequences of such increases or as a result of repurchases of shares that would result in the aforesaid persons or any shareholder, or group of shareholders acting in concert, becoming obliged to make a mandatory offer under the Code. In this regard, the Directors have no present intention to exercise the Repurchase Mandate to such extent as would give rise to an obligation to make a mandatory offer under the Code or if the repurchase would result in less than 25% of the issued share capital of the Company being held in public hands.

**DIRECTORS' DEALINGS**

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates presently intends to sell shares to the Company under the Repurchase Mandate in the event that such mandate as proposed in the ordinary resolution no. 5 is approved by the shareholders of the Company.

**CONNECTED PERSONS**

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any shares to the Company, or that they have undertaken not to sell any shares held by them to the Company in the event that such mandate as proposed in the ordinary resolution no. 5 is approved by the shareholders of the Company.