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CHINA STAR FILM GROUP LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8172)

**(i) POLL RESULTS OF THE SPECIAL GENERAL MEETING
HELD ON 15 JANUARY 2010;**

**(ii) EFFECTIVE DATE OF THE CAPITAL REORGANISATION;
AND**

**(iii) ADJUSTMENTS TO CONVERSION PRICES OF CONVERTIBLE BONDS AND
EXERCISE PRICES OF SHARE OPTIONS**

The Board is pleased to announce that all the proposed resolutions set out in the Notice were duly passed by the Shareholders by way of poll at the SGM held on Friday, 15 January 2010.

The Board also announces that as all the conditions of the Capital Reorganisation have been fulfilled, the Capital Reorganisation will become effective on 18 January 2010.

Pursuant to the terms of each of the instruments of each of the Outstanding Convertible Bonds and the Share Options Scheme, the conversion price of each of the Outstanding Convertible Bonds and the number of Shares to be allotted and issued upon exercise of all the conversion rights thereunder, and the exercise price of the Outstanding Share Options and the number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the 29,200,000 Outstanding Share Options will be adjusted in the manner as disclosed herein as a result of the Capital Reorganisation becoming effective.

Reference is made to the circular (the “**Circular**”) of China Star Film Group Limited (the “**Company**”) and the notice (the “**Notice**”) of the special general meeting dated 23 December 2009 in connection with (i) the Capital Reorganisation; (ii) Placing of new Shares; and (iii) change of auditors. Capitalised terms used in this announcement shall have the same meaning as those defined in the Circular unless defined otherwise.

POLL RESULTS OF THE SPECIAL GENERAL MEETING HELD ON 15 JANUARY 2010

As at the date of SGM, the total number of issued Existing Shares was 676,330,271. Kingston Securities Limited (“**Kingston Securities**”) and its respective associates, who were interested in 11,029,027 Existing Shares, representing approximately 1.63% of the issue share capital of the Company, are required to abstain from voting on resolution no. 2 in respect of the Placing Agreement and the transactions contemplated thereunder at the SGM. Given (i) the net proceeds from the Placing may be applied to repay the Debts; (ii) Riche (BVI) Limited (“**Riche**”) is the substantial Shareholder and a wholly-owned subsidiary of China Star Investment Holdings Limited; and (iii) Mr. Heung Wah Keung (“**Mr. Heung**”) is the common directors of the Company, China Star Investment Holdings Limited and China Star Entertainment Limited, Mr. Heung and Riche and their respective associates, who were interested in 105,922,746 Existing Shares, representing approximately 15.66% of the issue share capital of the Company, are also required to abstain from voting on resolution no. 2 in respect of the Placing Agreement and the transactions contemplated thereunder at the SGM. Accordingly, there were a total of 559,378,498 Existing Shares entitling the Shareholders (the “**Independent Shareholders**”) other than Kingston Securities; Mr. Heung and Riche and their respective associates either in person, by their duly authorised representatives or by proxy to vote for or against the resolution no. 2 at the SGM. The Board confirms that Kingston Securities, Mr. Heung and Riche and their respective associates had abstained from the voting in respect of resolution no. 2 at the SGM.

Save as disclosed above, to the best of the Directors’ knowledge, belief and information, no other Shareholders or Directors had material interests in the resolutions proposed at the SGM and were accordingly required to abstain from voting at the SGM approving the relevant resolutions. As such, the total number of Existing Shares entitling the Shareholders to vote for or against the resolution no. 1 and resolution no. 3 either in person, by their duly authorised representatives or by proxy at the SGM were 676,330,271. There was no Shareholder who was entitled to attend the SGM but was only entitled to vote against the resolutions proposed at the SGM.

At the SGM, the proposed resolutions as set out in the Notice were voted by way of poll. The Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, was appointed as the scrutineers at the SGM for the purpose of vote-taking.

The Board is pleased to announce that all the resolutions were duly passed by the Shareholders (or the Independent Shareholders as regard the Placing Agreement and the transactions contemplated thereunder) by way of poll at the SGM. The poll results in respect of each of the resolutions were as follows:

| Special resolution | Number of Votes (%) | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------|
| | For | Against |
| <p>1. To approve the capital reorganisation, comprising, inter alia,</p> <p>(a) the proposed share consolidation (the “Share Consolidation”) that every five (5) issued shares of par value of HK\$0.01 each in the issued share capital of the Company be consolidated into one (1) share of the Company of par value of HK\$0.05 each (the “Consolidated Share(s)”).</p> <p>(b) the total number of the Consolidated Shares be rounded down to the nearest whole number by cancelling the fractional Consolidated Share in the total number of the issued Consolidated Shares immediately following the Share Consolidation.</p> <p>(c) the capital reduction that the paid-up capital of each Consolidated Share be reduced from HK\$0.05 to HK\$0.01 by cancelling HK\$0.04 so as to form a new share of HK\$0.01.</p> | <p>363,329,766 (100%)</p> | <p>0 (0%)</p> |

As more than 75% of the votes were cast in favour of the special resolution no. 1, the resolution was duly passed at the SGM.

| Ordinary resolutions | Number of Votes (%) | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------|
| | For | Against |
| <p>2. (a) to approve, ratify and confirm the conditional placing agreement dated 7 December 2009 (the “Placing Agreement”) entered into between the Company and the Kingston Securities pursuant to which, inter alia, the Company agrees to place, through the Kingston Securities, on a fully underwritten basis, up to 200,000,000 new shares of the Company at a price of HK\$0.30 per share (the “Placing Shares”) in tranches;</p> <p>(b) to approve the allotment and issue of the Placing Shares pursuant to and in accordance with the terms and conditions of the Placing Agreement; and</p> <p>(c) to authorise any one director of the Company to exercise all powers to effect the placing and the Placing Agreement.</p> | 247,711,453 (100%) | 0 (0%) |
| 3. to appoint HLB Hodgson Impey Cheng as the auditors of the Company. | 363,329,766 (100%) | 0 (0%) |

As more than 50% of the votes were cast in favour of resolution no. 2 and resolution no. 3, all the resolutions were duly passed at the SGM.

EFFECTIVE DATE OF THE CAPITAL REORGANISATION

The Board also announces that as all the conditions of the Capital Reorganisation have been fulfilled, the Capital Reorganisation will become effective on 18 January 2010.

Shareholders should note that the Company will appoint Kingston Securities to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Adjusted Shares to make up a full board lot, or to dispose of their holding of odd lots of the Adjusted Shares from Monday, 1 February 2010 to Tuesday, 23 February 2010 (both days inclusive). Shareholders of odd lots of the Adjusted Shares may contact Ms. Rosita Kiu of Kingston Securities Limited (telephone number: 2295-6215) during the aforesaid period. Shareholders should also note that matching arrangements of odd lots of Adjusted Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. The Company will bear the costs relating to the matching arrangements of odd lots of the Adjusted Shares.

The share certificates (the “**Existing Share Certificate**”) for the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. Tuesday, 23 February 2010 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Existing Share Certificates will continue to be good evidence of legal title to the Adjusted Shares and may be exchanged free of charge for the share certificates (the “**New Share Certificate**”) for Adjusted Shares at any time between Monday, 18 January 2010 and Thursday, 25 February 2010, and on payment of a prescribed fee any time after 4:00 p.m. on Thursday, 25 February 2010. It is expected that the New Share Certificates for the Adjusted Shares will be available for collection within a period of 10 Business Days after the submission of the Existing Share Certificates.

The New Share Certificates will be issued in orange colour in order to distinguish them from the Existing Share Certificates which are in purple.

ADJUSTMENTS TO CONVERSION PRICES OF OUTSTANDING CONVERTIBLE BONDS AND EXERCISE PRICES OF OUTSTANDING SHARE OPTIONS

Adjustments to the Outstanding Convertible Bonds

Pursuant to the terms of each instrument constituting each of the outstanding convertible bonds (the “**Outstanding Convertible Bonds**”) issued by the Company, the conversion price of each of the Outstanding Convertible Bonds and the total number of the Adjusted Shares to be allotted and issued upon exercise of all the conversion rights under each of the Outstanding Convertible Bonds shall be adjusted (the “**CB Adjustments**”) in the following manners:

| | Before the Capital Reorganisation becoming effective | | After the Capital Reorganisation becoming effective | |
|------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|
| | Number of Existing Shares to be allotted and issued upon exercise of all the conversion rights | Conversion price per Existing Share | Adjusted number of Adjusted Shares to be allotted and issued upon exercise of all the conversion rights | Adjusted conversion price per Adjusted Share |
| The Outstanding Convertible Bonds | 29,288,702 | HK\$0.239 | 5,857,740 | HK\$1.195 |
| The convertible bonds in the aggregate principle amount of HK\$7,000,000 | | | | |
| The convertible bonds, issued to China Star Entertainment Limited, in the aggregate principle amount of HK\$60,000,000 | 262,008,733 | HK\$0.229 | 52,401,746 | HK\$1.145 |

| | Before the Capital Reorganisation becoming effective | | After the Capital Reorganisation becoming effective | |
|------------------------------------------|------------------------------------------------------------------------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------|
| | Number of Existing Shares to be allotted and issued upon exercise of all the conversion rights | Conversion price per Existing Share | Adjusted number of Adjusted Shares to be allotted and issued upon exercise of all the conversion rights | Adjusted conversion price per Adjusted Share |
| The Outstanding Convertible Bonds | | | | |

The convertible bonds, issued to Riche (BVI) Limited, in the aggregate principle amount of HK\$100,000,000

436,681,222

HK\$0.229

87,336,244

HK\$1.145

The auditors of the Company has reviewed and confirmed in writing the CB Adjustments are in accordance with the terms of each of the relevant instruments,

Adjustments to the Outstanding Share Options

Pursuant to the terms of the Share Option Scheme, the exercise prices of the 29,200,000 outstanding share options (the “**Outstanding Share Options**”) granted by the Company under the Share Option Scheme and the number of Shares to be allotted and issued upon full exercise of the subscription rights attached to the Outstanding Share Options will be adjusted (the “**Share Options Adjustments**”) in the following manners:

| Date of grant | Exercisable period | Before the Capital Reorganisation becoming effective | | After the Capital Reorganisation becoming effective | |
|------------------|--------------------------------------|------------------------------------------------------|--------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------------|
| | | Number of the Outstanding Share Options | Exercise prices of the Outstanding Share Options | Adjusted number of the Outstanding Share Options | Adjusted exercise prices of the Outstanding Share Options |
| 3 September 2009 | 3 September 2009 to 2 September 2010 | 22,960,000 | HK\$0.091 | 4,592,000 | HK\$0.455 |
| 13 November 2009 | 13 November 2009 to 12 November 2010 | 6,240,000 | HK\$0.100 | 1,248,000 | HK\$0.500 |

The auditors of the Company has reviewed and confirmed in writing the Share Options Adjustments are in accordance with the terms of the Share Option Scheme and the appendix of supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 relating to adjustments to share option scheme.

By Order of the Board
China Star Film Group Limited
Lai Hok Lim
Chairman

Hong Kong, 15 January 2010

As at the date of this announcement, the executive Directors are Mr. Lai Hok Lim and Mr. Heung Wah Keung, and the independent non-executive Directors are Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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