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CHINA STAR FILM GROUP LIMITED

中國星電影集團有限公司

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

(Stock Code: 8172)

COMPLETION OF SECOND TRANCHE OF PLACING OF NEW SHARES AND ADJUSTMENT TO THE CONVERSION PRICES OF CONVERTIBLE BONDS

The Board is pleased to announce that the completion of the Second Tranche Placing of 100,000,000 Placing Shares took place on 5 February 2010 in accordance with the terms of the Placing Agreement. The 100,000,000 Placing Shares of the Second Tranche Placing, representing approximately 29.83% of the issued share capital of the Company as enlarged by the Second Tranche Placing, had been successfully placed and issued to not fewer than six Placees at the Placing Price of HK\$0.30 per Placing Share.

Pursuant to the terms of each instrument constituting each of the Convertible Bonds issued or to be issued by the Company, the conversion price of each of the Convertible Bonds and the total number of the Shares to be allotted and issued upon exercise of all the conversion rights under each of the Convertible Bonds have been adjusted as a result of the Second Tranche Placing.

Reference is made to the circular (the “**Circular**”) of the Company dated 23 December 2009 in relation to, among other matters, the Placing. Terms used in this announcement shall have the same meanings as those defined in the Circular unless the context requires otherwise.

COMPLETION OF THE SECOND TRANCHE PLACING OF NEW SHARES

The Board is pleased to announce that the completion of the second tranche of the Placing of 100,000,000 Placing Shares (the “**Second Tranche Placing**”) took place on 5 February 2010 in accordance with the terms of the Placing Agreement. The 100,000,000 Placing Shares of the Second Tranche Placing, representing approximately 29.83% of the issued share capital of the Company as enlarged by the Second Tranche Placing, had been successfully placed and issued to not fewer than six Placees at the Placing Price of HK\$0.30 per Placing Share.

As at the date of this announcement, the Company had 335,266,054 shares of HK\$0.01 each (the “**Shares**”) in issue. The shareholding structure of the Company before and upon the completion of the Second Tranche Placing is as follows:

	Immediately before completion of the Second Tranche Placing		Upon completion of the Second Tranche Placing	
Riche (BVI) Limited (<i>Note 1</i>)	21,184,549	9.00%	21,184,549	6.32%
Public Shareholders:				
Placees	0	0.00%	100,000,000	29.83%
Others (<i>Note 2</i>)	<u>214,081,505</u>	<u>91.00%</u>	<u>214,081,505</u>	<u>63.85%</u>
Total	<u><u>235,266,054</u></u>	<u><u>100.00%</u></u>	<u><u>335,266,054</u></u>	<u><u>100.00%</u></u>

Notes:

1. Riche (BVI) Limited is a wholly-owned subsidiary of China Star Investment Holdings Limited, a company listed on the main board of the Stock Exchange. As at the date of this announcement, Riche (BVI) Limited held a HK\$100,000,000 convertible bond of the Company which entitles the bondholder to convert 117,924,528 shares.
2. Some Placees may be the existing Shareholders (holding less than 5% if the entire issued share capital of the Company as at the date of this announcement). Any of the existing holdings of the Placees, if any, are included in “Others” under public Shareholders category.

ADJUSTMENT TO THE CONVERSION PRICES OF CONVERTIBLE BONDS

Pursuant to the terms of each instrument constituting each of the convertible bonds (the “**Convertible Bonds**”) issued or to be issued by the Company, the conversion price of each of the Convertible Bonds and the total number of the Shares to be allotted and issued upon exercise of all the conversion rights under each of the Convertible Bonds have been adjusted (the “**CB Adjustments**”) as a result of the completion of the Second Tranche Placing. The summary of the CB adjustments is set out in the table below:

The outstanding Convertible Bonds issued or to be issued	Before completion of the Second Tranche Placing	Conversion price per Share	Upon completion of the Second Tranche Placing	Adjusted conversion price per Share
	Number of Shares to be allotted and issued upon exercise of all the conversion rights		Adjusted number of Shares to be allotted and issued upon exercise of all the conversion rights	
The convertible bonds in the aggregate principal amount of HK\$7,000,000	7,007,007	HK\$0.999	7,918,552	HK\$0.884
The convertible bonds in the aggregate principal amount of HK\$60,000,000	62,630,480	HK\$0.958	70,754,716	HK\$0.848
The convertible bonds in the aggregate principal amount of HK\$100,000,000	104,384,133	HK\$0.958	117,924,528	HK\$0.848
The settlement convertible bonds to be issued in the aggregate principal amount of HK\$155,534,956 (<i>Note</i>)	162,353,816	HK\$0.958	183,413,863	HK\$0.848

Note: For details information in respect of the settlement convertible bonds, please refer to the Company’s circular dated 8 December 2008 and circular dated 23 January 2009.

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

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

Hong Kong, 5 February 2010

As at the date of this announcement, the executive Directors are Mr. Lai Hok Lim and Mr. Wong Chi Chiu; 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 responsibilities, includes particulars given in compliance with the GEM 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: (i) the information contained in this announcement is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumption that are fair and reasonable

This announcement will remain on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of its publication and on the Company’s website www.golife.com.hk.