
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 this circular.

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

If you have sold or transferred all your shares in China Media and Films Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular 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 circular misleading.



中國傳媒影視控股有限公司*
China Media and Films Holdings Limited

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

(Stock Code: 8172)

CONNECTED TRANSACTION — PROPOSED POSTPONEMENT OF MATURITY DATE OF CONVERTIBLE BONDS AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser
to Independent Board Committee and Independent Shareholders**



All capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 4 to 10 of this circular. A letter from an Independent Board Committee in respect of the Second Deed of Amendments and transaction(s) contemplated thereunder is set out on pages 11 to 12 of this circular. A letter from Donvex Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 18 of this circular.

A notice convening the SGM to be held at 4:00 p.m. on Wednesday, 23 October 2013 at Rooms 2506-09, 25th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong is set out in pages 26 to 27 of this circular.

A form of proxy for the special general meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than forty eight hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

This circular will remain on the GEM website on the “Latest Company Announcements” page for at least 7 days from the date of posting and on the Company's website at “www.cmfl.com”.

2 October 2013

* for identification purpose only

CHARACTERISTICS OF GEM

The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
Background	5
The Proposed Amendment	6
Shareholding structure of the Company	7
Reasons for the Proposed Amendment	8
GEM Listing Rule implications	9
SGM	10
Recommendation	10
Additional information	10
Letter from the Independent Board Committee	11
Letter from Donvex Capital	13
Appendix – General information	19
Notice of special general meeting	26

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“Announcement”	the Company’s announcement dated 10 September 2013 in relation to the Proposed Amendment
“Board”	the board of Directors
“Company”	China Media and Films Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Convertible Bonds”	the HK\$350,000,000 face value convertible bonds issued by the Company pursuant to the Subscription Agreement
“Culture Landmark”	Culture Landmark Investment Limited (stock code: 674), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Donvex Capital”	Donvex Capital Limited, a licensed corporation registered under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) to carry on type 6 regulated activity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Amendment and transaction(s) contemplated under the Second Deed of Amendments
“First Deed of Amendments”	the first deed of amendments dated 5 October 2009 entered into between Golife Concepts Holdings Limited (former name of the Company) and the holders of the Convertible Bonds to amend the terms of the Convertible Bonds as detailed in the Company’s announcement dated 21 July 2009 and circular dated 12 August 2009
“GEM”	the Growth Enterprise Market of the Stock Exchange

DEFINITIONS

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors to advise the Independent Shareholders as to fairness and reasonableness of the Proposed Amendment and the transaction(s) contemplated under the Second Deed of Amendments
“Independent Shareholders”	Shareholders other than Culture Landmark, New Asia and their respective associate(s)
“Latest Practicable Date”	27 September 2013, being the latest practicable date for ascertaining certain information prior to printing of this circular
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“New Asia”	New Asia Media Development Limited, a wholly-owned subsidiary of Culture Landmark, a substantial/controlling Shareholder (as defined under the GEM Listing Rules)
“Proposed Amendment”	the proposed amendment to the terms of convertible securities which involves the extending of the maturity date of the Convertible Bonds from 24 September 2013 to 24 September 2015
“Second Deed of Amendments”	the second deed of amendments dated 10 September 2013 entered into between the Company and New Asia to amend the terms of the Convertible Bonds to take effect on 24 September 2013

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened and held at 4:00 p.m. on Wednesday, 23 October 2013 at Rooms 2506-09, 25th Floor, China Resources Building; 26 Harbour Road, Wan Chai, Hong Kong for the Independent Shareholders to consider and, if thought fit, approve the Proposed Amendment and transaction(s) contemplated under the Second Deed of Amendments
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) as recorded on the registers of members of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 9 July 2008 entered into by Golife Concepts Holdings Limited (former name of the Company) and the subscriber in relation to the subscription of the Convertible Bonds as detailed in the Company’s announcement dated 9 July 2008 and circular dated 28 July 2008
“%”	per cent.

LETTER FROM THE BOARD



中國傳媒影視控股有限公司*
China Media and Films Holdings Limited

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

(Stock Code: 8172)

Directors:

Cheng Yang (*Chairman and Chief Executive Officer*)

Leung Wai Man

Jiang Di

Yip Tai Him*

Law Yiu Sang, Jacky*

Fung Wai Ching*

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

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

Rooms 2506-09, 25th Floor,
China Resources Building,
26 Harbour Road, Wan Chai,
Hong Kong

* *Independent non-executive directors*

2 October 2013

To the Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION —
PROPOSED POSTPONEMENT OF MATURITY DATE OF
CONVERTIBLE BONDS
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 10 September 2013 (after trading hours), the Company announced that it and New Asia, the current holder of the Convertible Bonds and a wholly-owned subsidiary of Culture Landmark entered into the Second Deed of Amendments to further extend the maturity date of the Convertible Bonds from 24 September 2013 to 24 September 2015.

* *for identification purpose only*

LETTER FROM THE BOARD

The main purpose of this circular is to provide you with details of the Proposed Amendment, the letter from the Independent Board Committee, the letter from Donvex Capital, the independent financial adviser and notice convening the SGM.

BACKGROUND

Reference is made to the Company's announcement dated 9 July 2008 and its circular dated 28 July 2008 in relation to the Convertible Bonds issued by the Company in the aggregate principal amount of HK\$35,000,000. Reference is also made to the Company's announcement dated 21 July 2009 and its circular dated 12 August 2009 in relation to the alteration to conditions of the Convertible Bonds.

On 9 July 2008, the Company entered into the Subscription Agreement with the then subscriber pursuant to which the subscriber had agreed to subscribe for the Convertible Bonds in the principal amount of HK\$35,000,000, with maturity on the third anniversary of the date of issue. The entering into of the Subscription Agreement and the transaction contemplated thereunder including the issue of the Convertible Bonds constituted a connected transaction of the Company under Chapter 20 of the GEM Listing Rules and was subject to the then independent Shareholders' approval by way of poll at an extraordinary general meeting of the Company. The entering into the Subscription Agreement and the transaction(s) contemplated thereunder was approved by the then independent Shareholders at an extraordinary general meeting held on 12 August 2008.

On 21 July 2009, the Company entered into the First Deed of Amendments with holders of the Convertible Bonds, who are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules), to modify the terms and conditions of the Convertible Bonds which involves (i) extending the maturity date of the Convertible Bonds to be the fifth anniversary, i.e. 24 September 2013, of the date of issue instead of the third anniversary of the date of issue; and (ii) the mandatory conversion of any outstanding amount of Convertible Bonds into conversion Shares by the then holders of the Convertible Bonds as at 24 September 2013. The entering into of the First Deed of Amendments was approved by the Shareholders by way of poll at a special general meeting of the Company held on 7 September 2009.

LETTER FROM THE BOARD

THE PROPOSED AMENDMENT

On 10 September 2013 (after trading hours), the Company and New Asia, the current holder of the Convertible Bonds and a wholly-owned subsidiary of Culture Landmark, entered into the Second Deed of Amendments to further extend the maturity date of the Convertible Bonds from 24 September 2013 to 24 September 2015. Subject to the fulfilment of the conditions under the Second Deed of Amendments, the Proposed Amendment will become effective on 24 September 2013 and New Asia can exercise the conversion rights attaching to the Convertible Bonds on or before 24 September 2015.

Apart from the Proposed Amendment, the terms and conditions of the Convertible Bonds remain intact and unchanged.

The Second Deed of Amendments shall be subject to the following conditions:

- (i) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Second Deed of Amendments and transaction(s) contemplated thereunder having been obtained; and
- (ii) the Stock Exchange having approved the Proposed Amendment.

As at the Latest Practicable Date, condition (ii) has been fulfilled. The Proposed Amendment shall take effect immediately upon the fulfilment of the abovementioned conditions.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table shows the Company's shareholding as at the Latest Practicable Date and the effect on the Company's shareholding as at the Latest Practicable Date assuming all 12,731,006 new conversion Shares were allotted and issued to New Asia upon exercise of the conversion rights attached to the outstanding amount of HK\$6,200,000 of the Convertible Bonds held by New Asia in full:

Shareholders	As at the Latest Practicable Date		Assuming all 12,731,006 new conversion Shares were allotted and issued to New Asia upon exercise of the conversion rights attached to the outstanding amount of HK\$6,200,000 of the Convertible Bonds held by New Asia in full (Note)	
	Shares	Approximate %	Shares	Approximate %
Culture Landmark	232,366,016	45.95	245,097,022	47.28
Eternity Investment Limited	146,640,000	29.00	146,640,000	28.29
Public Shareholders	126,643,710	25.05	126,643,710	24.43
Total	505,649,726	100.00	518,380,732	100.00

Note: For illustration purpose only. Pursuant to the terms of the Convertible Bonds, the holder(s) of the Convertible Bonds shall not be entitled to exercise the conversion right attaching to the Convertible Bonds if such conversion will cause the public float of the Company to fall below the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules.

As at the Latest Practicable Date, New Asia is interested in (i) 232,366,016 Shares, representing approximately 45.95% of the existing total issued Shares of 505,649,726 Shares; and (ii) the outstanding amount of HK\$6,200,000 of the Convertible Bonds convertible into 12,731,006 new conversion Shares, representing approximately 2.46% of the total issued Shares of 518,380,732 Shares as enlarged by the 12,731,006 new conversion Shares, at the prevailing conversion price of HK\$0.487 per conversion Share, subject to adjustment if required.

LETTER FROM THE BOARD

REASONS FOR THE PROPOSED AMENDMENT

The Company's principal activity is investment holding and the principal activities of its subsidiaries and jointly controlled entities are the provision of artist management services and film production and distribution.

According to the original terms and conditions under the Subscription Agreement, the holder(s) of the Convertible Bonds shall not be entitled to exercise the conversion right attaching to the Convertible Bonds if such conversion will cause the public float of the Company to fall below the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules. As at the Latest Practicable Date, 126,643,710 Shares, representing approximately 25.05% of the entire issued Shares, are held by public Shareholders.

Given the upcoming maturity of the Convertible Bonds on 24 September 2013, the Company and New Asia entered into the Second Deed of Amendments.

The Proposed Amendment was arrived after arm's length negotiation between the Board and New Asia having taken into consideration the following factors:

- (i) the Proposed Amendment offers flexibility to New Asia to exercise the conversion rights attaching to the Convertible Bonds or procure strategic investors or strategic alliance to participate in the business of the Company as and when the board of New Asia considers appropriate;
- (ii) the Convertible Bonds do not carry any interest;
- (iii) the conversion of the Convertible Bonds, if converted in full, which represents approximately 2.46% of total issued Shares of 518,380,732 Shares as enlarged by the 12,731,006 new conversion Shares, has no material effect on the existing shareholding of the Company; and
- (iv) there is no financial impact to the financial position and operations of the Group as a result of such amendment.

As at the Latest Practicable Date, the Board has no intention to redeem any of the outstanding Convertible Bonds held by New Asia as it will require cashflow of the Company. In view of the above, the Board considers that the Proposed Amendment is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

According to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. The Proposed Amendment shall be subject to the approval from the Stock Exchange. An application for approval of the Proposed Amendment under the Second Deed of Amendments has been submitted by the Company to the Stock Exchange. The Stock Exchange confirmed the Proposed Amendment on 28 August 2013 provided that the Proposed Amendment is duly approved by the Independent Shareholders at the SGM.

As New Asia is a wholly-owned subsidiary of Culture Landmark, a substantial Shareholder, the Proposed Amendment constitutes a connected transaction for the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders' approval requirements.

Given that Culture Landmark, the ultimate beneficial owner of the Convertible Bonds, is considered to have material interests in the Proposed Amendment, Culture Landmark, New Asia and their respective associates shall abstain from voting to approve the Second Deed of Amendments and the transaction(s) contemplated thereunder at the SGM. Save as disclosed, no other Shareholders have material interest in the Second Deed of Amendments and the transaction(s) contemplated thereunder and are required to abstain from voting at the SGM.

Mr. Cheng Yang, the Director and the director of Culture Landmark, is considered to have a material interest in the Proposed Amendment. Mr. Cheng Yang had abstained from voting on the board resolution of the Company relating the Second Deed of Amendments on 10 September 2013.

The Independent Board Committee comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Amendment. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Second Deed of Amendments and the transaction(s) contemplated thereunder has been set out at pages 11 to 12 of this circular.

Donvex Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard and a letter from Donvex Capital to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the Second Deed of Amendments and the transaction(s) contemplated thereunder has been set out at pages 13 to 18 of this circular.

LETTER FROM THE BOARD

SGM

A notice convening the special general meeting of the Company to be held at 4:00 p.m. on Wednesday, 23 October 2013 at Rooms 2506-09, 25th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong is set out on pages 26 to 27 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than forty eight hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not prevent you from attending and voting at the meeting if you so wish.

RECOMMENDATION

The Board believes that the Proposed Amendment which is arrived at after arm's length negotiations between the Company and New Asia, the entering into the Second Deed of Amendments is in the interests of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out the appendix to this circular.

Yours faithfully,
By order of the Board
Cheng Yang
Chairman



中國傳媒影視控股有限公司*
China Media and Films Holdings Limited

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

(Stock Code: 8172)

To the Independent Shareholders

Dear Sir or Madam

**CONNECTED TRANSACTION —
PROPOSED POSTPONEMENT OF MATURITY DATE OF
CONVERTIBLE BONDS
AND
NOTICE OF SPECIAL GENERAL MEETING**

We refer to the Company's circular dated 2 October 2013 (the "**Circular**") to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as members to form the Independent Board Committee and to advise you the terms of the Second Deed of Amendments and the transaction(s) contemplated thereunder and whether such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Donvex Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Second Deed of Amendments are on normal commercial terms and are fair and reasonable; and whether the Proposed Amendment is in the interests of the Company and the Shareholders as a whole. Details of its advice, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 13 to 18 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 10 of the Circular and the additional information set out in the appendix to the Circular.

Having considered the terms of the Second Deed of Amendments and the transaction(s) contemplated thereunder and the advice of Donvex Capital, we are of the opinion that the terms of the Second Deed of Amendments are on normal commercial terms and are

LETTER FROM INDEPENDENT BOARD COMMITTEE

fair and reasonable and the Proposed Amendments is in the interests of the Company and the Shareholders as a whole. We therefore recommend that you vote in favour of the resolution to be proposed at the SGM to approve the Second Deed of Amendment and the transaction(s) contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee of
China Media and Films Holdings Limited

Mr. Yip Tai Him
Independent
non-executive Director

Mr. Law Yiu Sang, Jacky
Independent
non-executive Director

Mr. Fung Wai Ching
Independent
non-executive Director

LETTER FROM DONVEX CAPITAL

The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



Unit 1305, 13th Floor,
Carpo Commercial Building
18-20 Lyndhurst Terrace
Central
Hong Kong

2 October 2013

*The Independent Board Committee and the Independent Shareholders of
China Media and Films Holdings Limited*

Dear Sirs,

CONNECTED TRANSACTION — PROPOSED POSTPONEMENT OF MATURITY DATE OF CONVERTIBLE BONDS

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to terms and conditions of the Second Deed of Amendments, details of which are set out in the letter from the Board contained in the circular of the Company dated 2 October 2013 to the Shareholders (the “Circular”), of which this letter forms part. Terms used herein have the same meanings as defined elsewhere in the Circular unless the context require otherwise.

On 10 September 2013, the Company and New Asia, the current holder of the Convertible Bonds and a wholly-owned subsidiary of Culture Landmark, entered into the Second Deed of Amendments to further extend the maturity date of the Convertible Bonds from 24 September 2013 to 24 September 2015. Subject to the fulfilment of the conditions under the Second Deed of Amendments, the Proposed Amendment will become effective on 24 September 2013 and New Asia can exercise the conversion rights attaching to the Convertible Bonds on or before 24 September 2015.

As New Asia is a wholly-owned subsidiary of Culture Landmark, a substantial Shareholder, the Proposed Amendment constitutes a connected transaction for the Company under the GEM Listing Rules and is subject to reporting, announcement and Independent Shareholders’ approval requirements.

LETTER FROM DONVEX CAPITAL

The Independent Board Committee comprising all the independent non-executive directors of the Company, will be formed to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Amendment.

Independent Shareholders should also note that pursuant to Rule 34.05 of the GEM Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where alterations take effect automatically under the existing terms of such convertible debt securities. The Company has applied to the Stock Exchange for its approval of the proposed amendments contemplated under the Second Deed of Amendments pursuant to Rule 34.05 of the GEM Listing Rules. As at the Latest Practicable Date, the Stock Exchange confirmed the Proposed Amendment on 28 August 2013 provided that the Proposed Amendment is duly approved by the Independent Shareholders at the SGM.

BASIS OF OUR OPINION

In formulating our opinion, we have (i) reviewed the Second Deed of Amendments; and (ii) relied on the accuracy of the information, opinions and representations contained in the Circular, the Subscription Agreement and other relevant documents. We have also assumed that all statements of belief, opinion and intention of the Directors as set out in the letter from the Board contained in the Circular were reasonable made after due and careful inquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular.

The Company confirmed that it has provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material facts or information, which is known to the Company, have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth and accuracy of the information and facts, or the reasonableness of the opinions expressed by the Company and the Directors which have been provided to us. We have not, however, carried out any independent verification on the information provided to us by the Directors, nor have we conducted any form of independent in-depth investigation into business and affairs of the prospects of the Company and New Asia or any of their respective subsidiaries or associates.

LETTER FROM DONVEX CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have considered the following principal factors and reasons:

1. Background information

On 10 September 2013, the Company and New Asia, the current holder of the Convertible Bonds and a wholly-owned subsidiary of Culture Landmark, entered into the Second Deed of Amendments to further extend the maturity date of the Convertible Bonds from 24 September 2013 to 24 September 2015. Subject to the fulfilment of the conditions under the Second Deed of Amendments, the Proposed Amendment will become effective on 24 September 2013 and New Asia can exercise the conversion rights attaching to the Convertible Bonds on or before 24 September 2015.

Apart from the Proposed Amendment, the terms and conditions of the Convertible Bonds remain intact and unchanged.

The Second Deed of Amendments shall be subject to the following conditions:

- (i) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Second Deed of Amendments and transaction(s) contemplated thereunder having been obtained; and
- (ii) the Stock Exchange having approved the Proposed Amendment.

2. Reasons and benefits for the entering into the Second Deed of Amendments

As stated in the letter from the Board contained in the Circular, the Convertible Bonds would mature on 24 September 2013 unless further extended. According to the Subscription Agreement, (i) all of the outstanding Convertible Bonds will be converted into Shares on the maturity date unless previously redeemed, purchased and cancelled or converted; (ii) the exercise of the conversion right attached to the Convertible Bonds by the bondholders will be subject to the provisions under Rule 11.23(7) of the GEM Listing Rules. It is specifically provided in the Subscription Agreement that both the Company and the subscriber unconditionally and irrevocably undertake to ensure that no less than 25% of the Shares will be held by the public at all times in compliance with the minimum public float requirement of the Listing Rules, in particular immediately following the conversion of the Convertible Bonds.

LETTER FROM DONVEX CAPITAL

As advised by the Company and according to disclosure of interest filed on the website of the Stock Exchange, New Asia is interested in 232,366,016 Shares, or 45.95% of the issued share capital of the Company as at the Latest Practicable Date. In the event that all the outstanding Convertible Bonds are converted into Shares of the Company, 12,731,006 new Shares will be issued to New Asia, following which issuance, New Asia will be interested in 245,097,022 Shares, or 47.28% of the issued share capital of the Company. In such event, the Company would be in breach of the Listing Rules, which require there must be an open market in the Shares, which normally mean that at least 25% of the Company's share capital must at all times be held by the public.

For illustration purpose, the following table shows the Company's shareholding as at the Latest Practicable Date and the effect on the Company's shareholding as at the Latest Practicable assuming all 12,731,006 new conversion Shares were allotted and issued to New Asia upon exercise of the conversion rights attached to the outstanding amount of HK\$6,200,000 of the Convertible Bonds held by New Asia in full:

Shareholders	As at the Latest Practicable Date		Assuming all 12,731,006 new conversion Shares were allotted and issued to New Asia upon exercise of the conversion rights attached to the outstanding amount of HK\$6,200,000 of the Convertible Bonds held by New Asia in full <i>(Note)</i>	
	Approximate		Approximate	
	Shares	%	Shares	%
Culture Landmark	232,366,016	45.95	245,097,022	47.28
Eternity Investment Limited	146,640,000	29.00	146,640,000	28.29
Public Shareholders	126,643,710	25.05	126,643,710	24.43
Total	505,649,726	100.00	518,380,732	100.00

LETTER FROM DONVEX CAPITAL

In view of the above factors, we are of the opinion that it is fair and reasonable for entering into the Second Deed of Amendments, as a result of the consideration of the following factors:

- (i) the Proposed Amendment offers flexibility to New Asia to exercise the conversion rights attaching to the Convertible Bonds or procure strategic investors or strategic alliance to participate in the business of the Company as and when the board of New Asia considers appropriate. By extending the maturity date of the Convertible Bonds, the Company could have more time to identify any suitable strategic investors to invest in its existing business instead of having immediate placement as a result of insufficient public float after the conversion of the Convertible Bonds held by New Asia on 24 September 2013 without having the extension;
- (ii) the Convertible Bonds do not carry any interest. As a result, it would not have impact on the cash outflow of the Company even after entering into the Proposed Amendment;
- (iii) the conversion of the Convertible Bonds, if converted in full, which represents approximately 2.46% of total issued Shares of 518,380,732 Shares as enlarged by the 12,731,006 new conversion Shares, has no material effect on the existing shareholding of the Company. As such, no adverse or material dilution on the shareholding interest of the public would be obtained as a result of the Proposed Amendment; and
- (iv) there is no financial impact to the financial position and operations of the Group as a result of such amendment.

Furthermore, we are advised by the management of the Company that, as at the Latest Practicable Date, the Company has no intention to redeem any outstanding Convertible Bonds held by New Asia as the redemption will require cash outflow of the Company and the Convertible Bonds bear zero interest. Based on the foregoing, we concur with the Company that the Proposed Amendment is a reasonable measure to address the issue of possible insufficient public float and avoid the Company's default under the Subscription Agreement.

LETTER FROM DONVEX CAPITAL

RECOMMENDATION

Having taken into consideration the reasons as stated above, we are of the opinion that the terms of the Second Deed of Amendments are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the benefits of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the SGM to approve the Proposed Amendment and transaction(s) contemplated under the Second Deed of Amendments and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,
For and on behalf of

Doris Sy
Director

RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

DISCLOSURE OF INTERESTS**(A) Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Rule 5.46 to Rule 5.67 of the GEM Listing Rules, were as follows:

Long positions in the associated corporation

Name of associated corporation	Name of director	Class of share held	Capacity	Number of shares held (approximate percentage of the issued shares at the Latest Practicable Date)
Culture Landmark	Cheng Yang	Ordinary	Personal interest	89,300,000 (14.91%)
	Cheng Yang	Ordinary	Family interest	49,000 (0.01%)

(B) Interest of substantial shareholders and other persons

As at the Latest Practicable Date, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following shareholders had an interest of 5% or more in the issued share capital of the Company:

Long positions in ordinary shares of HK\$0.01 each of the Company

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Culture Landmark	Interest of controlled corporation <i>(Note 1)</i>	232,366,016	12,731,006	245,097,022	48.47%
New Asia Media Development Limited ("New Asia Media")	Beneficial owner <i>(Note 1)</i>	232,366,016	12,731,006	245,097,022	48.47%
Eternity Investment Limited	Interest of controlled corporation <i>(Note 2)</i>	146,640,000	—	146,640,000	29.00%
Riche (BVI) Limited	Interest of controlled corporation <i>(Note 2)</i>	146,640,000	—	146,640,000	29.00%
Riche Advertising Limited	Beneficial owner <i>(Note 3)</i>	146,640,000	—	146,640,000	29.00%
Mr. Lo Yuk Sui ("Mr. Lo")	Interest of controlled corporation <i>(Note 4)</i>	35,247,161	—	35,247,161	6.97%
Secure Way Technology Limited ("Secure Way")	Interest of controlled corporation <i>(Note 4)</i>	35,247,161	—	35,247,161	6.97%

Name of substantial shareholder	Capacity	Interest in shares	Interest in underlying shares	Total interest in shares	Approximate percentage of the Company's issued share capital
Net Community Limited ("Net Community")	Interest of controlled corporation (Note 5)	35,247,161	—	35,247,161	6.97%
Century Digital Holdings Limited ("Century Digital")	Interest of controlled corporation (Note 6)	35,247,161	—	35,247,161	6.97%
Grand Modern Investments Limited ("Grand Modern")	Interest of controlled corporation (Note 7)	35,247,161	—	35,247,161	6.97%
Century City International Holdings Limited ("Century City International")	Interest of controlled corporation (Note 8)	35,247,161	—	35,247,161	6.97%
Century City BVI Holdings Limited ("Century City BVI")	Interest of controlled corporation (Note 9)	35,247,161	—	35,247,161	6.97%
Century City Holdings Limited ("Century City Holdings")	Interest of controlled corporation (Note 10)	35,247,161	—	35,247,161	6.97%
Aikford Financial Services Limited ("Aikford")	Beneficial owner (Note 11)	35,247,161	—	35,247,161	6.97%

Notes:

- (1) New Asia Media, a company which is wholly and beneficially owned by Culture Landmark, a company listed on the Main Board of the Stock Exchange, is the beneficial owner of 232,366,016 Shares and zero-coupon convertible loan notes due 24 September 2013 in the principal amount of HK\$6,200,000 issued by the Company carrying the right to convert into a total of 12,731,006 Shares at the prevailing conversion price of HK\$0.487 per Share (subject to adjustment). The Chairman and Chief Executive Officer of the Company, Mr. Cheng Yang, is also the chairman, chief executive officer and executive director of the Culture Landmark.
- (2) Riche (BVI) Limited is wholly and beneficially owned by Eternity Investment Limited.
- (3) Riche Advertising Limited is the beneficial owner of 146,640,000 shares of the Company and is wholly and beneficially owned by Riche (BVI) Limited.
- (4) Secure Way is wholly and beneficially owned by Mr. Lo.
- (5) Net Community is wholly and beneficially owned by Secure Way.
- (6) Century Digital is wholly and beneficially owned by Net Community.
- (7) Grand Modern is wholly and beneficially owned by Century Digital.
- (8) Grand Modern owns 50.38% interest in Century City International, a company listed on the Main Board of the Stock Exchange.
- (9) Century City BVI is wholly and beneficially owned by Century City International.
- (10) Century City Holdings is wholly and beneficially owned by Century City BVI.
- (11) Aikford is the beneficial owner of 35,247,161 Shares and is wholly and beneficially owned by Century City Holdings.

As at the Latest Practicable Date, save as disclosed above, the Company has not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any member of the Group which is not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Group were made up.

None of the Directors was materially interested in any contact or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the businesses of the Group.

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the substantial Shareholders nor their respective associates had any interest in any business which competes or may compete with the business of the Group.

EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given its opinion or advice on the information contained in this circular:

Name	Qualification
Donvex Capital	a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Donvex Capital had no interest in the share capital of any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and had no interest, either directly or indirectly, in any assets which have been, since 31 December 2012, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Donvex Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter from Donvex Capital is given as of the date of this circular for incorporation herein.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Company is not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, the date to which the latest published audited consolidated accounts of the Group were made up.

LITIGATION

On 30 May 2011, China Star Management Limited, an indirect wholly-owned subsidiary of the Company, issued a Writ of Summons to claim against Tang's Workshop Limited ("Tang's Workshop") for the sum of HK\$127,500, being the fees charged for the services rendered and material supplied to Tang's Workshop. As at the Latest Practicable Date, the litigation has yet to be settled.

As at the Latest Practicable Date, save for the disclosed above, no member of the Company was engaged in any litigation of material importance and there is no litigation or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Rooms 2506-09, 25th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary of the Company is Leung Wai Man, a member of the Association of Chartered Certified Accountants in the United Kingdom and Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese version.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Rooms 2506-09, 25th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the Subscription Agreement;
- (b) the First Deed of Amendments;
- (c) the Second Deed of Amendments; and
- (d) this circular.

NOTICE OF SGM



中國傳媒影視控股有限公司*
China Media and Films Holdings Limited

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

(Stock Code: 8172)

NOTICE IS HEREBY GIVEN THAT an special general meeting (the “SGM”) of China Media and Films Holdings Limited (the “Company”) will be held at 4:00 p.m. on Wednesday, 23 October 2013 at Rooms 2506-09, 25th Floor, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong for the following purpose of considering and, if thought fit, passing with or without amendments, the following resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the second deed of amendments to be entered into between the Company and New Asia Media Development Limited (the “**Second Deed of Amendments**”) with effective from 24 September 2013, a copy of which is marked “A” has been produced to the meeting and signed by the Chairman of the meeting for the purpose of identification, be and is hereby approved, confirmed and ratified; and
- (b) the directors of the Company be and are hereby authorised to take all actions and sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as directors may consider necessary or desirable for the purpose of effecting or implementing the Second Deed of Amendments.”

By Order of the Board
China Media and Films Holdings Limited
Cheng Yang
Chairman

Hong Kong, 2 October 2013

* *for identification purpose only*

NOTICE OF SGM

Notes:

1. A member entitled to attend and vote at the SGM convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company but must be present in person at the SGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the SGM or any adjournment thereof, should he so wish.
3. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. In order to be valid, a form of proxy must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.