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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 licensed securities dealer or registered institution 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 (“**Company**”), you should at once hand this circular, together with the accompanying reply slip and form of proxy, to the purchaser or to the transferee or to the bank, or a licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the 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 (“**GEM**”) of the Stock Exchange 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)

(I) PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE SUBJECT TO SHAREHOLDERS' APPROVAL

AND

(II) NOTICE OF SPECIAL GENERAL MEETING

Placing Agent



金利豐證券

KINGSTON SECURITIES

A letter from the board of directors of the Company is set out on pages 4 to 14 of this circular.

A notice convening the special general meeting (“**SGM**”) of the shareholders of the Company to be held at 4:30 p.m. on Tuesday, 10 June 2014 or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 4:00 p.m. on Tuesday, 10 June 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, 168-200 Connaught Road Central, Hong Kong is set out on pages 15 to 16 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 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or at any adjourned meeting(s) should you so wish.

This circular will remain on the “Latest Company Announcement” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the website of the Company at www.cmfh.com.

20 May 2014

* for identification purpose only

CHARACTERISTICS OF GEM

GEM 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 Stock 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 of The Stock Exchange of Hong Kong Limited and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“Announcement”	the Company’s announcement dated 24 April 2014 in relation to the Placing
“associate(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday and public or statutory holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Media and Films Holdings Limited (stock code: 8172), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM
“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
“Directors”	the directors of the Company
“Eternity Investment Limited”	Eternity Investment Limited (stock code: 764), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third parties who are not connected with or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any directors, chief executive or Substantial Shareholder(s) or its subsidiaries and their respective associates
“Latest Practicable Date”	15 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Division”	the Listing Division of the Stock Exchange
“Placee(s)”	any independent professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to an aggregate of 300,000,000 new Shares to be allotted and issued to the Placees pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, licensed to carry on type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 24 April 2014 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.28 per Placing Share
“Placing Shares”	up to an aggregate of 300,000,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company

DEFINITIONS

“Shareholders”	holders of the issued Shares
“SGM”	the special general meeting of the Company to be convened at 4:30 p.m. on Tuesday, 10 June 2014 or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 4:00 p.m. on Tuesday, 10 June 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, 168-200 Connaught Road Central, Hong Kong for the Shareholders to consider, if thought fit, and approve the Placing Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning as ascribed thereto under the GEM Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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)

Executive Directors:

Mr. Heung Wah Keung (*Chairman*)

Mr. Leung Wai Man

Independent non-executive Directors:

Mr. Yip Tai Him

Mr. Law Yiu Sang

Mr. Fung Wai Ching

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head Office and Principal place of
business:*

Unit 3407, 34/F.,

Shun Tak Centre West Tower

168-200 Connaught Road Central

Hong Kong

20 May 2014

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC
MANDATE SUBJECT TO SHAREHOLDERS' APPROVAL
AND
(II) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 24 April 2014, the Company announced that the Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 300,000,000 Placing Shares to currently expected not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.28 per Placing Share.

* *for identification purpose only*

LETTER FROM THE BOARD

The purpose of this circular, among other matter, is to provide you with the relevant information regarding the Placing, and to give you notice of the SGM.

THE PLACING AGREEMENT

Date: 24 April 2014

Parties: (1) The Company
(2) The Placing Agent

The Placing Agent has been appointed to place, on a best effort basis, the Placing Shares at the Placing Price. The Placing Agent is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will receive a placing commission of 3.5% on the gross proceeds of Placing shares actually placed. The Directors are of the view that the placing commission of 3.5% is fair and reasonable.

The Placees

The Placing Shares will be placed on a best effort basis to currently expected not less than six Placees (who will be independent professional, institutional or other investors) who and whose ultimate beneficial owners shall be Independent Third Parties. It is not expected that any of the Placees will become a Substantial Shareholder immediately after completion of the Placing. If any of the Placees becomes a Substantial Shareholder after the completion of the Placing, a further announcement will be made by the Company.

Number of Placing Shares

The Placing Shares shall be up to 300,000,000 new Shares, representing (i) approximately 49.53% of the existing issued share capital of the Company of 605,649,726 Shares as at the date of the Announcement; and (ii) approximately 33.13% of the Company's issued share capital of 905,649,726 Shares as enlarged by the allotment and issue of the Placing Shares.

LETTER FROM THE BOARD

Placing Price

The Placing Price is HK\$0.28 per Placing Share. In line with the market practice, the Company will bear all costs and expenses of the Placing. Based on the estimated expenses for the Placing, the net Placing Price is approximately HK\$0.27 per Placing Share.

The Placing Price of HK\$0.28 represents:

- (i) a discount of approximately 32.53% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement;
- (ii) a discount of approximately 22.22% to the average closing price of HK\$0.36 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement; and
- (iii) a discount of approximately 12.5% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange as at the Latest Practicable Date;

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to, among others, the prevailing market price of the Shares and the recent thin trading volume of the Shares.

The Directors consider that the recent market sentiment of the Hong Kong stock market is not optimistic. Based on the market statistics as quoted on the GEM website, the total monthly turnover value and the average daily turnover of the GEM listed stocks in April 2014 were approximately HK\$9,888 million and HK\$494 million, representing a significant drop of approximately 54.0% and 51.7% respectively as compared to those of approximately HK\$21,510 million and HK\$1,024 million in March 2014. Besides, the number of deal transactions had dropped from 532,243 in March 2014 to 288,218 in April 2014.

In April 2014, the average daily trading volume of the Shares was 1,275,190 Shares, representing approximately 0.21% of the total issued share capital of the Company. Based on the above, the Directors consider the liquidity of the Shares at the time was low and the current share price of the Company was not supported by active trading volume in the open market.

Given the recent sluggish market condition on the GEM listed stocks and the thin trading volume of the Shares, the Directors considered the Placing Price should be set at a discount for the Placing Agent to proceed with the Placing. Due to the low liquidity of the Shares in April 2014, the Directors had made reference to the average closing price of the Share

LETTER FROM THE BOARD

in April 2014 in setting the Placing Price. In April 2014, the average closing price of the Share was approximately HK\$0.34 per Share. The Placing Price of HK\$0.28 represented a discount of approximately 17.65% to the average closing price of the Share in April 2014. The Directors therefore are of the view that such discount is fair and reasonable.

The Directors (including the independent nonexecutive Directors) consider that the Placing Price is fair and reasonable based on the prevailing market conditions and the liquidity of the Shares and is in the interests of the Company and the Shareholders as a whole.

Assuming the 300,000,000 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$3,000,000.

The Placing Shares will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

Ranking of Placing Shares

The Placing Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the date of allotment and issue of the Placing Shares.

Specific Mandate to Allot and Issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to a specific mandate to be obtained at the SGM.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing;
- (ii) the passing of resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares, at the SGM; and
- (iii) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

LETTER FROM THE BOARD

Completion of the Placing

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions as set out in paragraph headed “Conditions of the Placing Agreement” above or such other date to be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”). If the above conditions are not satisfied and/or waived (other than condition (i) or (ii) above, which cannot be waived) in whole or in part by the Placing Agent prior to 5:00 p.m. of the 30th day after the date of the SGM (or such later date to be agreed between the Company and the Placing Agent in writing), the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties of the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches of the Placing Agreement).

Termination and force majeure

The Placing Agent may terminate the Placing Agreement by notice in writing prior to 9:00 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events:

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or**

LETTER FROM THE BOARD

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the Completion Date;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcement(s) or circular(s) relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent thereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

The Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

Application for listing

Application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

LETTER FROM THE BOARD

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding and the principal activities of its subsidiaries and joint ventures are the provision of artist management services and film production and distribution.

The maximum gross proceeds of the Placing will amount to approximately HK\$84.0 million and the maximum net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$81.0 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be used for the film production and/or general working capital purpose.

Reference is made to the Company's announcements dated 7 May 2014 and 8 May 2014. The Group is planning to produce a series of three films, of which the first film of the series will be released in the Chinese New Year in 2016. On 8 May 2014, a framework agreement (the "**Framework Agreement**") has been entered into between China Star Movie Limited ("**China Star**"), a wholly-owned subsidiary of the Company, and an independent third party ("**Film Distributor**"). Pursuant to the Framework Agreement, the Film Distributor will be responsible for the investment of a series of three films to be produced by China Star and their film distributions in Mainland China. As at the Latest Practicable Date, despite no detailed investment distribution arrangement was fixed, China Star has commenced the pre-production works of the movie series. It is currently expected all the proceeds from the Placing will be used for the production of such movie series.

The Board also considers that the Placing represents an opportunity to raise capital for the Group while broadening its shareholder and capital base thereby increasing the liquidity of the Shares. As such, the Directors (including the independent non-executive Directors) consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board has considered other alternative means of fund raising before resolving to the Placing including but not limited to debt financing and other pre-emptive fund raising methods (such as rights issue and open offer). However, the Board considers that the Placing is the most appropriate fund raising method for the Company as:

1. debt financing or bank borrowings would result in additional interest burden and finance cost of the Group;
2. longer time will be taken by the Company to obtain the proceeds of the fund raising activities if other pre-emptive fund raising methods are adopted; and

LETTER FROM THE BOARD

3. Other pre-emptive fund raising methods generally incur higher cost in documentation works, administrative and printing fees and professional fees.

As compared to other pre-emptive fund raising methods, the completion time for the Placing would be shorter. However, the Placing would only be available to certain places who were not necessarily the existing Shareholders and would dilute their shareholding in the Company.

Having considered, (i) the Placing would broaden the shareholder and capital base and thereby increase the liquidity of the Shares; (ii) the longer timeframe and higher costs are expected when other pre-emptive fund raising methods such as rights issue and open offer are adopted; (iii) the similar potential dilution effect to the existing Shareholders will occur if the existing Shareholders do not participate their pro-rata entitlements in the pre-emptive fund raising methods; (iv) the debt financing or bank borrowings will incur additional interest cost to the Company, the Directors consider that the adoption of the Placing as the Company's fund raising activity is fair and reasonable and in the interest of the Company and its Shareholders as a whole despite its inherent dilution effect.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE LATEST PRACTICABLE DATE

Set out below is the fund raising activity conducted by the Company in the past 12 months prior to the Latest Practicable Date.

Date of announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds
3 April 2014	Placing of 100,000,000 new Shares at HK\$0.23 per Share	Approximately HK\$22.1 million	Working capital, capital expenditures and general corporate purposes	(i) Approximately HK\$4.3 million of the proceeds was utilised for the acquisition of China Star Movie Limited as announced by the Company on 14 April 2014; (ii) approximately HK\$3.0 million of the proceeds was used as general corporate purposes; and (iii) the remaining proceeds have not been utilised

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 605,649,726 Shares in issue. The shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing; and (ii) all of the 300,000,000 Placing Shares are placed in full) and (c) immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing; (ii) all of the 300,000,000 Placing Shares are placed in full; and (iii) the outstanding amount of HK\$6,200,000 of the convertible bonds having been fully converted into 12,731,006 new Shares) is as follows:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing; and (ii) all of the 300,000,000 Placing Shares are placed in full)		Immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the Latest Practicable Date and the completion of the Placing; (ii) all of the 300,000,000 Placing Shares are placed in full; and (iii) the outstanding amount of HK\$6,200,000 of the convertible bonds having been fully converted into 12,731,006 new Shares) (Note 1)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Culture Landmark (Note 1)	232,366,016	38.37	232,366,016	25.66	245,097,022	26.69
Eternity Investment Limited	146,640,000	24.21	146,640,000	16.19	146,640,000	15.97
<i>Public Shareholders</i>						
Placees	—	—	300,000,000	33.13	300,000,000	32.67
Other public Shareholders (Note 2)	226,643,710	37.42	226,643,710	25.02	226,643,710	24.67
Total	605,649,726	100.00	905,649,726	100.00	918,380,732	100.00

LETTER FROM THE BOARD

Notes:

1. As at the Latest Practicable Date, Culture Landmark, through its wholly-owned subsidiary, is interested in (i) 232,366,016 Shares, representing approximately 38.37% of the existing total issued Shares of 605,649,726 Shares; and (ii) the outstanding amount of HK\$6,200,000 of the convertible bonds, which is convertible into 12,731,006 new conversion Shares, representing approximately 2.10% of the existing total issued Shares of 605,649,726 Shares or approximately 1.39% of the total issued Shares of 918,380,732 Shares as enlarged by the 300,000,000 Placing Shares and the 12,731,006 new conversion Shares, at the prevailing conversion price of HK\$0.487 per conversion Share, subject to adjustment if required.
2. Pursuant to the Placing Agreement, the Placing Agent will ensure that the Placing will be done in such a way that the Company will still maintain and/or meet the public float requirements under Rule 11.23(7) of the GEM Listing Rules immediately after the Placing. Therefore, it is expected that the shareholding held by the Public (including the shareholding held by the Placees) will at all time at least 25% of the Company's issued share capital.

SGM

The SGM will be held for the purpose of passing the ordinary resolution in respect of the Placing.

A notice of the SGM is set out on pages 15 to 16 of this circular. At the SGM, resolution will be proposed to the Shareholders to approve the Placing. Voting at the SGM shall be taken on poll.

A form of proxy for the special general meeting 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 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or at any adjourned meeting(s) should you so wish.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed "Conditions of the Placing Agreement" and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the Placing and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution as set out in the notice of the SGM.

Yours faithfully,
By order of the Board
China Media and Films Holdings Limited
Heung Wah Keung
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)

NOTICE OF THE SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “SGM”) of China Media and Films Holdings Limited (the “Company”) will be held at 4:30 p.m. on Tuesday, 10 June 2014 or immediately after the conclusion or adjournment of the annual general meeting of the Company to be held at 4:00 p.m. on Tuesday, 10 June 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, 168-200 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT**

- (a) the conditional placing agreement (the “**Placing Agreement**”) dated 24 April 2014 and entered into between the Company and Kingston Securities Limited (the “**Placing Agent**”) pursuant to which, inter alia, the Company agrees to place, through the Placing Agent, on a best effort basis, up to 300,000,000 new shares of the Company (the “**Placing Shares**”) at a price of HK\$0.28 per share (a copy of which has been produced to this meeting marked “A” and initialled by the Chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- (b) the allotment and issue of the Placing Shares pursuant to and in accordance with the terms and conditions of the Placing Agreement be and is hereby approved; and

* *for identification purpose only*

NOTICE OF SGM

- (c) the directors of the Company (the “**Directors**”) be and is hereby authorised to exercise all the powers of the Company and take such actions or execute such documents to effect the allotment and issue of the Placing Shares and to do such other things and to take all such action the Directors may consider necessary or desirable for the purpose of giving effect to the Placing Agreement.”

Yours faithfully,
By order of the Board
China Media and Films Holdings Limited
Heung Wah Keung
Chairman

Hong Kong, 20 May 2014

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 3407, 34/F.,
Shun Tak Centre West Tower
168-200 Connaught Road Central
Hong Kong

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.