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CHINA STAR FILM GROUP LIMITED

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

(Stock Code: 8172)

CLARIFICATON ANNOUNCEMENT

Reference is made to the announcement (the “**Announcement**”) of the Company dated 7 December 2009 in relation to the proposed capital reorganisation, proposed placing of new shares subject to shareholders’ approval and change of auditors. Unless otherwise defined herein, terms used in this announcement shall have the same meanings as those defined in the Announcement.

There were typographical errors in the Announcement due to inadvertent mistakes. The Directors wish to clarify that under the Capital Reorganisation, no share consolidation and diminution will apply to the authorised but unissued share capital of the Company where the Announcement has stated that the authorised but unissued Existing Shares will be consolidated on a five to one basis and the par value of each of the authorised and unissued Consolidated Shares will thereafter be diminished from HK\$0.05 to HK\$0.01. Accordingly, the Capital Reorganisation will involve:

- (i) the consolidation of shares whereby every five (5) Existing Shares of HK\$0.01 each in the issued share capital of the Company shall be consolidated into one (1) Consolidated Share of HK\$0.05 in the issued share capital of the Company;
- (ii) the reduction of the par value of each of the issued Consolidated Shares from HK\$0.05 to HK\$0.01 by canceling the paid-up capital to the extent of HK\$0.04 on each issued Consolidated Share; and
- (iii) the credit of HK\$5,410,642.16 arising from the reduction of issued share capital will be transferred to the contributed surplus account of the Company and applied to offset against part of the accumulated loss permitted by the laws of Bermuda and the Bye-laws.

The Directors wish to clarify that, immediately after the Capital Reorganisation, the authorised share capital of the Company will remain as HK\$30,000,000 divided into 3,000,000,000 Adjusted Shares of HK\$0.01 each.

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

Hong Kong, 11 December 2009

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 Company. 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.

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