

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 3 April 2014 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 100,000,000 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\$0.23 per Placing Share.

The Placing Shares shall be up to 100,000,000 new Shares, representing (i) approximately 19.78% of the existing issued share capital of the Company of 505,649,726 Shares as at the date of this announcement; and (ii) approximately 16.51% of the Company's issued share capital of 605,649,726 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.23 represents (i) a discount of approximately 14.8% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange as at the date of this announcement; and (ii) a discount of approximately 19.6% to the average closing price of HK\$0.286 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$23.0 million and HK\$22.1 million respectively, which are intended to be used for the Group's working capital, capital expenditures and general corporate purposes.

* For identification only

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

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” 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.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 3 April 2014 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, up to 100,000,000 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\$0.23 per Placing Share.

The Placing Agreement

Date: 3 April 2014 (after trading hours of the Stock Exchange)

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 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 Placee 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, further announcement will be made by the Company.

Number of Placing Shares

The Placing Shares shall be up to 100,000,000 new Shares, representing (i) approximately 19.78% of the existing issued share capital of the Company of 505,649,726 Shares as at the date of this announcement; and (ii) approximately 16.51% of the Company's issued share capital of 605,649,726 Shares as enlarged by the allotment and issue of the Placing Shares.

Placing Price

The Placing Price is HK\$0.23 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\$0.221 per Placing Share.

The Placing Price of HK\$0.23 represents:

- (i) a discount of approximately 14.8% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange as at the date of this announcement; and
- (ii) a discount of approximately 19.6% to the average closing price of HK\$0.286 per Share as quoted on the Stock Exchange for last five consecutive trading days immediately prior to the date of the Placing Agreement.

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 (including the independent non-executive Directors) consider that the term of the Placing Agreement are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Assuming the 100,000,000 Placing Shares are subscribed in full, the aggregate nominal value of the Placing Shares is HK\$1,000,000.

Ranking of Placing Shares

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

General Mandate to allot and issue the Placing Shares

The Placing Shares will be allotted and issued under the general mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 16 May 2013 subject to the limit up to 20% of the issued share capital of the Company as at the date of the annual general meeting.

Under the general mandate, the Company is authorized to allot and issue 101,129,945 new Shares. Up to the date of this announcement, no new Shares have been allotted and issued under the general mandate and the Company is allowed to allot and issue up to 101,129,945 new Shares. Accordingly, no Shareholder's approval is required for the Placing.

Conditions of the Placing Agreement

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the Placing; and
- (ii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure events.

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) above, which cannot be waived) in whole or in part by the Placing Agent on or before 5:00 p.m. on 17 April 2014 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 thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

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**
- (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) the trading of the Shares on GEM has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to the Placing Agreement or any announcements or circulars 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 date of this announcement.

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.

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\$23.0 million and the maximum net proceeds receivable by the Company under the Placing are estimated to be approximately HK\$22.1 million after deducting relevant expenses incurred in relation to the Placing. It is presently expected that the net proceeds will be used for the Group's working capital, capital expenditures and general corporate purposes.

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 Company has not conducted any fund raising exercise during the past twelve months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 505,649,726 Shares in issue. The shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing; and (ii) all of the 100,000,000 Placing Shares are placed in full) is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing (assuming (i) there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing; and (ii) all of the 100,000,000 Placing Shares are placed in full)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Culture Landmark (<i>Note</i>)	232,366,016	45.95	232,366,016	38.37
Eternity Investment Limited	146,640,000	29.00	146,640,000	24.21
<i>Public Shareholders</i>				
Placees	—	—	100,000,000	16.51
Other public Shareholders	<u>126,643,710</u>	<u>25.05</u>	<u>126,643,710</u>	<u>20.91</u>
Total	<u>505,649,726</u>	<u>100.00%</u>	<u>605,649,726</u>	<u>100.00%</u>

Note: As at the date of this announcement, Culture Landmark, through its wholly-owned subsidiary, 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, which is convertible into 12,731,006 new conversion Shares, representing approximately 2.52% of the existing total issued Shares of 505,649,726 Shares or approximately 2.06% of the total issued Shares of 618,380,732 Shares as enlarged by the 100,000,000 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.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

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” 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.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associates”	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, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on GEM (stock code: 8172)
“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
“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 of the Company and their respective associates
“Listing Division”	the Listing Division of the Stock Exchange
“Placees”	any independent professional, institutional or other investors 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 100,000,000 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 3 April 2014 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the placing price of HK\$0.23 per Placing Share
“Placing Shares”	up to an aggregate of 100,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“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.

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

Hong Kong, 3 April 2014

As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung and Mr. Leung Wai Man and the independent non-executive directors are Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Mr. Fung Wai Ching.

This announcement, for which the directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange 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 announcement 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 announcement misleading.

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.cmfh.com.