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

(Stock Code: 8172)

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

PLACING AGENT



On 24 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 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.

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 this 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.

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 this announcement; and (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.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$84.0 million and HK\$81.0 million respectively, which are intended to be used for the film production and/or general working capital purpose.

* *for identification purposes only*

Completion of the Placing is subject to the conditions as set out in the section headed “Conditions of the Placing Agreement” below.

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.

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THE PLACING AGREEMENT

Date: 24 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 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 this 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.

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 this announcement; and
- (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.

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 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.

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**
- (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 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\$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.

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.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund raising activity conducted by the Company in the past 12 months prior to the date of this announcement.

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 for general corporate purposes; and (iii) the remaining proceeds have not been utilised

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 605,649,726 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 300,000,000 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 300,000,000 Placing Shares are placed in full)	
	Number of Shares	Approximate percentage (%)	Number of Shares	Approximate percentage (%)
Culture Landmark (<i>Note</i>)	232,366,016	38.37	232,366,016	25.66
Eternity Investment Limited	146,640,000	24.21	146,640,000	16.19
<i>Public Shareholders</i>				
Placees	—	—	300,000,000	33.13
Other public Shareholders	<u>226,643,710</u>	<u>37.42</u>	<u>226,643,710</u>	<u>25.02</u>
Total	<u>605,649,726</u>	<u>100.00%</u>	<u>905,649,726</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 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.

SGM

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Placing Agreement and the transaction contemplated thereunder. To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, details of the Placing and a notice convening the SGM will be despatched by the Company to the Shareholders as soon as practicable.

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 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.

DEFINITIONS

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

"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
“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
“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

“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholders”	holders of the issued Shares
“SGM”	the special general meeting of the Company to be convened 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.

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

Hong Kong, 24 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.