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China Star Cultural Media Group Limited
中國星文化產業集團有限公司*

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

(Stock Code: 8172)

- (1) SUBSCRIPTION OF NEW ORDINARY SHARES AND
NEW PREFERRED SHARES;**
- (2) APPLICATION FOR WHITEWASH WAIVER;**
- (3) INCREASE IN AUTHORISED SHARE CAPITAL;**
- (4) AMENDMENT TO BYE-LAWS; AND**
- (5) RESUMPTION OF TRADING**

Financial adviser to the Company



REORIENT Financial Markets Limited

SUBSCRIPTION

On 24 November 2014 (after the trading hours), the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,759,609,727 Subscription Shares, comprising 1,379,804,865 new Ordinary Shares and 1,379,804,862 new Preferred Shares at an issue price of HK\$0.20 per Subscription Share. The Subscription Shares (upon the conversion rights attaching to the Preferred Shares being fully exercised) represent 300.0% of the number of issued Ordinary Shares as at the date of this announcement and 75.0% of the number of issued Ordinary Shares as enlarged by the allotment and issue of the Subscription Shares (on the basis that the conversion rights attaching to the Preferred Shares are fully exercised). The aggregate Subscription Price amounts to approximately HK\$552 million.

The Subscription Shares and the Conversion Shares will be issued pursuant to the Specific Mandate to be obtained at the SGM.

* For identification only

APPLICATION FOR WHITEWASH WAIVER

Upon Completion, Jiaxuan (being one of the Subscribers) will be interested in 965,863,405 Ordinary Shares, representing 42.0% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares. Upon full conversion of the Preferred Shares by the Subscribers, Jiaxuan will in aggregate be interested in 1,931,726,809 Ordinary Shares representing approximately 52.5% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares.

Vision Path, First Charm and REORIENT Global, who are also the Subscribers, are considered as parties acting in concert with Jiaxuan. Upon Completion, the Subscribers and their respective concert parties will in aggregate be interested in 1,379,804,865 Ordinary Shares representing 60.0% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares. Upon full conversion of the Preferred Shares, the Subscribers and their respective concert parties will in aggregate be interested in 2,759,609,727 Ordinary Shares representing 75.0% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the Subscribers would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and any parties acting in concert with any of them, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscribers will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares upon full conversion of the Preferred Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of poll. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO BYE-LAWS

The Company has an authorised share capital of HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each as at the date of this announcement. In view of the Subscription, the Board proposes the Share Capital Resolution to increase the authorised share capital of the Company from HK\$30,000,000 to HK\$100,000,000 by (i) the creation of an additional 5,000,000,000 Ordinary Shares and (ii) the creation of 2,000,000,000 new Preferred Shares, such that following the Share Capital Resolution, the authorised share capital of the Company will be HK\$100,000,000 divided into 8,000,000,000 Ordinary Shares and 2,000,000,000 Preferred Shares. The Company also proposes to amend the Bye-laws to, among others, reflect the creation and issue of the Preferred Shares. Such amendments to the Bye-laws are conditional upon, among others, the passing of a special resolution by Independent Shareholders at the SGM.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee as to whether the terms and conditions of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving the Subscription and the Whitewash Waiver at the SGM.

GENERAL

A circular containing, among other things, (i) details of the Subscription, the Whitewash Waiver, the Share Capital Resolution and amendment to Bye-laws; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; and (iv) a notice convening the SGM will be despatched to the Shareholders in compliance with the requirements of the GEM Listing Rules and the Takeovers Code, is expected to be despatched on or before 8 January 2015.

RESUMPTION OF TRADING

On 21 November 2014, the Board noted the increase in the price and the trading volume of the Ordinary Shares. At the request of the Company, trading in the Ordinary Shares has been suspended from 3:19 p.m. on 21 November 2014 pending the publication of this announcement. An application has been made by the Company for the resumption of trading in the Ordinary Shares on GEM with effect from 9:00 a.m. on 19 December 2014.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the SGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

INTRODUCTION

On 24 November 2014 (after the trading hours), the Company and the Subscribers entered into the Subscription Agreement pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 2,759,609,727 Subscription Shares, comprising 1,379,804,865 new Ordinary Shares and 1,379,804,862 new Preferred Shares, at the Subscription Price of HK\$0.20 per Subscription Share.

SUBSCRIPTION AGREEMENT

Date : 24 November 2014

Issuer : The Company

Subscribers : (i) Jiaxuan
(ii) Vision Path
(iii) First Charm
(iv) REORIENT Global

The Subscribers and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons. Please refer to the section headed “Information on the Subscribers” for more information on the Subscribers.

Subscription Shares

The Subscription comprises the Ordinary Shares Subscription, the Tranche A Preferred Shares Subscription and the Tranche B Preferred Shares Subscription. As set out under the paragraph headed “Subscription Price” below, 5% of the consideration for the Tranche A Preferred Shares Subscription and the Tranche B Preferred Shares Subscription will be payable upon Completion while the remaining consideration for the Tranche A Preferred Shares Subscription will be payable within 180 days after the Completion Date and the remaining consideration for the Tranche B Preferred Shares Subscription will be payable before the first anniversary of the Completion Date. Save for the aforesaid, the Tranche A Preferred Shares and the Tranche B Preferred Shares rank pari passu and have the same rights as further set out under the paragraph headed “Information on the Preferred Shares” below.

The following sets out the Subscription Shares to be subscribed for by each of the Subscribers:

	Ordinary Shares Subscription		Tranche A Preferred Shares Subscription		Tranche B Preferred Shares Subscription		Total	
	<i>No. of Ordinary Shares</i>	<i>Consideration HK\$ million</i>	<i>No. of Preferred Shares</i>	<i>Consideration HK\$ million</i>	<i>No. of Preferred Shares</i>	<i>Consideration HK\$ million</i>	<i>No. of Ordinary Shares[^]</i>	<i>Consideration HK\$ million</i>
Jiaxuan	965,863,405	193.2	482,931,702	96.6	482,931,702	96.6	1,931,726,809	386.4
Vision Path	206,970,730	41.4	103,485,365	20.7	103,485,364	20.7	413,941,459	82.8
First Charm	151,778,535	30.4	75,889,268	15.2	75,889,267	15.2	303,557,070	60.8
REORIENT Global	55,192,195	11.0	27,596,097	5.5	27,596,097	5.5	110,384,389	22.0
	<u>1,379,804,865</u>	<u>276.0</u>	<u>689,902,432</u>	<u>138.0</u>	<u>689,902,430</u>	<u>138.0</u>	<u>2,759,609,727</u>	<u>552.0</u>

Note:

[^] On the basis that the conversion rights attaching to the Preferred Shares are fully exercised.

The 1,379,804,865 Ordinary Subscription Shares represent (i) 300.0% of the issued Ordinary Shares as at the date of this announcement; and (ii) 60.0% of the issued Ordinary Shares as enlarged by the allotment and issue of the Ordinary Subscription Shares. The aggregate nominal value of the Ordinary Subscription Shares is HK\$13,798,048.65.

Upon conversion of the Tranche A Preferred Shares in full, 689,902,432 Conversion Shares will be allotted and issued, representing (i) approximately 75.0% of the issued Ordinary Shares as at the date of this announcement; and (ii) approximately 23.1% of the issued Ordinary Shares as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares under the Tranche A Preferred Shares (on the basis that no Tranche B Preferred Shares are converted into Ordinary Shares and assuming no adjustment to the conversion price is required in accordance with the terms of the Preferred Shares set out in the Subscription Agreement and that there is no other change in the number of issued Ordinary Shares). The aggregate nominal value of the 689,902,432 Conversion Shares under the Tranche A Preferred Shares is HK\$6,899,024.32.

Upon conversion of the Tranche B Preferred Shares in full, 689,902,430 Conversion Shares will be allotted and issued, representing (i) approximately 75.0% of the issued Ordinary Shares as at the date of this announcement; and (ii) approximately 18.7% of the issued Ordinary Shares as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares under both the Tranche A Preferred Shares and the Tranche B Preferred Shares (assuming no adjustment to the conversion price is required in accordance with the terms of the Preferred Shares set out in the Subscription Agreement and that there is no other change in the number of issued Ordinary Shares). The aggregate nominal value of the 689,902,430 Conversion Shares under the Tranche B Preferred Shares is HK\$6,899,024.30.

Subscription Price

The Subscription Price of HK\$0.20 per Subscription Share represents (i) a discount of approximately 71.4% to the last trading price (before suspension) of HK\$0.70 per Ordinary Share as quoted on GEM on 21 November 2014, being the Last Trading Day; (ii) a discount of approximately 64.3% to the average closing price of approximately HK\$0.561 per Ordinary Share for the last five consecutive trading days up to and including the Last Trading Day; (iii) a discount of approximately 63.5% to the average closing price of approximately HK\$0.5475 per Ordinary Share for the last ten consecutive trading days up to and including the Last Trading Day; and (iv) a premium of approximately 5.3% to the unaudited net asset value per Ordinary Share of approximately HK\$0.19 as at 30 June 2014 based on the Company's interim report for the six months ended 30 June 2014 and the Company's issued Ordinary Shares as at the date of this announcement.

The Subscription Price was arrived at after arm's-length negotiations between the Company and the Subscribers after taking into account the prevailing market price of the Ordinary Shares, the trading volume of the Ordinary Shares and the unaudited net asset value per Ordinary Share as at 30 June 2014.

The aggregate Subscription Price amounts to approximately HK\$552 million which shall be payable in cash by the Subscribers in proportion to their Subscription Shares subscribed in the following manners:

- (i) at Completion, the Subscription Price of the Ordinary Shares Subscription of approximately HK\$276 million and 5% of the aggregate Subscription Price of the Tranche A Preferred Shares Subscription and the Tranche B Preferred Shares Subscription of approximately HK\$13.8 million;
- (ii) on a date falling within 180 days after the Completion Date specified by the relevant Subscriber(s) by written notice to the Company, or if no such written notice has been received by the Company, the date falling on the last day of such 180 days period after the Completion Date (or such other date as the parties under the Subscription Agreement may agree in writing), 95% of the aggregate Subscription Price of the Tranche A Preferred Shares Subscription of approximately HK\$131.1 million; and
- (iii) on a date falling before the first anniversary of the Completion Date specified by the relevant Subscriber(s) by written notice to the Company, or if no such written notice has been received by the Company, the first anniversary of the Completion Date (or such other date as the parties under the Subscription Agreement may agree in writing), 95% of the aggregate Subscription Price of the Tranche B Preferred Shares Subscription of approximately HK\$131.1 million.

RFML is the financial adviser to the Company in connection with the Subscription and the Whitewash Waiver. REORIENT Global, a fellow subsidiary of RFML, shall be entitled to apply the financial advisory fee (or any part thereof) payable by the Company to RFML to set off against an equivalent amount of the subscription money payable by REORIENT Global in connection with the Subscription.

Upon Completion, the Preferred Shares shall be issued and credited as partly paid. Payment of the remaining Subscription Price of the Preferred Shares as set out in paragraphs (ii) and (iii) above are subject further to fulfilment of the following conditions by the Company:

- (a) Completion having occurred in accordance with the terms and conditions of the Subscription Agreement;
- (b) the approval by the Independent Shareholders at the SGM for the Specific Mandate not having been or proposed to be withdrawn, amended or revoked; and
- (c) the current listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on GEM at all times from the Completion Date to the payment date (save for any temporary suspension not more than 20 trading days (or such other period as such Subscriber may agree), and the Stock Exchange approval with respect to the listing and dealing in such Conversion Shares not having been revoked or cancelled or amended.

In the event the Company fails to fulfil the above conditions on or before the relevant payment date (or such later date as the relevant Subscriber may otherwise agree to defer in writing in accordance with the Subscription Agreement), the relevant Subscriber shall be entitled not to pay the balance of the aggregate Subscription Price of the relevant Preferred Shares, and may in its absolute discretion by written notice to the Company: (1) defer payment of such balance by not more than 28 days to such other date as the relevant Subscriber may specify; or (2) elect not to proceed further with its outstanding payment obligation of its balance of the aggregate Subscription Price of the relevant Preferred Shares, and accordingly the Company shall repurchase the relevant Preferred Shares from the relevant Subscriber at an amount equivalent to the Subscription Price received by the Company for the relevant number of Preferred Shares from such Subscriber.

In the event the relevant Subscriber fails to pay its remaining Subscription Price for the Preferred Shares as set out in paragraphs (ii) and (iii) above on or before the relevant payment date (or such later date as the Company may otherwise agree to defer in writing in accordance with the Subscription Agreement), the Company shall be entitled not to convert the relevant Preferred Shares and may in its absolute discretion by written notice to the relevant Subscriber: (1) defer payment of such balance by not more than 28 days to such other date as the Company may specify; or (2) in the event that by the last day of the relevant payment date, the relevant Subscriber has not paid in full its balance of the aggregate Subscription Price for the relevant Preferred Shares, forfeit such Preferred Shares issued to such Subscriber.

In the event that the Company fails to appoint the persons nominated by the Subscribers to be Directors in accordance with the terms of the Subscription Agreement (as further described under the paragraph headed “Completion” below), each of the Subscribers shall be entitled not to pay the balance of the aggregate Subscription Price of the relevant Preferred Shares, and may in its absolute discretion by written notice to the Company: (1) defer payment of such balance by not more than 28 days to such other date as the relevant Subscriber may specify; or (2) elect not to proceed further with its outstanding payment obligation of its balance of the aggregate Subscription Price of the relevant Preferred Shares, and accordingly the Company shall repurchase the relevant Preferred Shares from the relevant Subscriber at an amount equivalent to the Subscription Price received by the Company for the relevant number of Preferred Shares from such Subscriber.

Information on the Preferred Shares

A summary of the principal terms of the Preferred Shares is set out below:

Issue price: HK\$0.20 per Preferred Share

Dividends: None of the Preferred Shares shall confer on the holders thereof the right to receive out of the funds of the Company available for distribution.

- Return on capital:** The Preferred Shares shall rank pari passu in all respects for return of capital on liquidation, winding up or dissolution of the Company and participation in the distribution of surplus assets of the Company with all other shares in the capital of the Company for the time being in issue.
- Transferability:** Any Preferred Shares, subject to it having been fully paid up, shall be freely transferable. For the avoidance of doubt, no partly paid Preferred Shares can be transferred.
- Voting:** The holder(s) of the Preferred Shares will not be entitled to attend or vote at any general meeting of the Company, unless a resolution is to be proposed at a general meeting for winding-up the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the holder(s) of the Preferred Shares, in which event the Preferred Shares shall confer on the holder(s) thereof the right to receive notice of, and to attend and vote at, the general meeting, save that such holder(s) may not vote upon any business dealt with at such general meeting except the election of a chairman, any motion for adjournment or relating to the proceedings of the general meeting and the resolution for winding-up or the resolution which if passed would (subject to any consents required for such purpose being obtained) vary or abrogate the rights and privileges of the holder(s) of the Preferred Shares.
- Conversion:** Subject to the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules and the payment in full of the Subscription Price of the Preferred Shares, the Preferred Shares shall be convertible into Ordinary Shares by the holder of the Preferred Shares serving the conversion notice to the Company on any Business Day within the conversion period, without the payment of any additional consideration therefor, into such number of fully-paid Conversion Shares.
- The Company's obligation to effect conversion of fully paid Preferred Shares into Conversion Shares shall be subject to the minimum public float requirement under the GEM Listing Rules being met.
- Conversion of the Preferred Shares shall be effected in such manner as the Directors shall subject to the Bye-laws and to any other applicable law and regulations, from time to time determine, including without limitation, by way of redemption or repurchase or by way of re-designation of Preferred Shares into Ordinary Shares without further approval of the Shareholders.

Conversion period:	The period commencing from the Completion Date and ending on the second anniversary of the Completion Date.
Conversion price:	HK\$0.20, subject to customary adjustment for, among other matters, subdivision or consolidation of Ordinary Shares, capitalisation of profits or reserves, capital distributions and rights issue.
Conversion rate:	One Preferred Share is convertible into one Ordinary Share (subject to adjustment of the conversion price), which is determined by dividing the Subscription Price by the conversion price per Ordinary Share in effect at the time of conversion, provided that the conversion price shall not be less than the then subsisting par value of an Ordinary Share into which such Preferred Share is convertible.
Redemption:	Other than the repurchase as set out in the section headed “Subscription Price” above, the Preferred Shares shall be non-redeemable.

Mandate for the issue of the Subscription Shares

The Subscription Shares and the Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the SGM.

Ranking

The Ordinary Subscription Shares and the Conversion Shares will rank pari passu in all respects with the Ordinary Shares in issue as at the date of allotment and issue of the Ordinary Subscription Shares and the Conversion Shares respectively.

Listing application

No application will be made for the listing of, or permission to deal in, the Preferred Shares on GEM or any other stock exchange. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Ordinary Subscription Shares and the Conversion Shares.

Conditions of the Subscription

The Subscription is conditional upon satisfaction (or waiver by the Subscribers jointly in respect of paragraphs (g), (h), (i) and (m) below or waiver by the Company in respect of paragraph (l) below) of the following conditions:

- (a) the current listing of the Ordinary Shares not having been cancelled or withdrawn, the Ordinary Shares continuing to be traded on GEM at all times from the date of the Subscription Agreement to the Completion Date (save for any temporary suspension pending this announcement (or such other period as the Subscribers may agree) and neither the Stock Exchange nor the SFC having indicated that either one of them will qualify, object to, cancel or withdraw such listing and/or dealings in the Ordinary Shares (including the Ordinary Subscription Shares) for reasons related to or arising from the transactions contemplated under the Subscription Agreement;
- (b) the passing of resolutions (special resolution or ordinary resolution, as the case may be) by the Shareholders (other than those who are required by the GEM Listing Rules and/or the Takeovers Code to abstain from voting) at the SGM approving, among other things:
 - (i) the execution, consummation and completion of the Subscription Agreement;
 - (ii) the Share Capital Resolution;
 - (iii) the Specific Mandate; and
 - (iv) amendment to Bye-laws in respect of, among others, the creation, allotment and issue of a class of Preferred Shares with the rights, obligations and privileges attaching thereto;
- (c) the Executive having granted to Jiaxuan and parties acting in concert with it the Whitewash Waiver (and such grant not having been revoked or withdrawn) and any necessary conditions prior to Completion, if any, attached to it having been fulfilled;
- (d) the Company having obtained approval of the Independent Shareholders at the SGM for the Whitewash Waiver;
- (e) the listing committee of the Stock Exchange having granted listing of and permission to deal in the Ordinary Subscription Shares and the Conversion Shares and such approval and granting of permission not having been withdrawn or revoked;
- (f) the Group having obtained all consent from the relevant governmental or regulatory authorities which are necessary to be obtained for the execution and performance of the Subscription Agreement and any of the transactions contemplated under the Subscription Agreement;

- (g) the warranties given by the Company under the Subscription Agreement remaining true, accurate and not misleading in all material respects at Completion by reference to the facts and circumstances subsisting as at the Completion Date;
- (h) the Company having complied fully with the pre-completion obligations set out in the Subscription Agreement and otherwise having performed in all material respects all of the covenants and agreements required to be performed by it under the Subscription Agreement;
- (i) since the date of the Subscription Agreement save as set out in the Public Documents, there being no material adverse change in respect of the Company's ability to perform its obligations under the Subscription Agreement or the business, assets and liabilities, condition or results of operations of the Group as a whole subsisting;
- (j) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of the transactions contemplated under the Subscription Agreement, nor shall any action have been taken by any person seeking any of the foregoing, and no statute, rule, regulation or order shall have been enacted, enforced or deemed applicable to the transactions contemplated under the Subscription Agreement and, which makes the consummation of which illegal;
- (k) no statute, regulation or decision which would prohibit or restrict the execution, delivery or performance of the Subscription Agreement or the consummation of the transactions contemplated under the Subscription Agreement having been enacted or taken by any governmental or official authority whether in Hong Kong, the PRC or elsewhere;
- (l) the warranties of each of the Subscribers set out in the Subscription Agreement remaining true, accurate and not misleading in all material respects at Completion by reference to the facts and circumstances subsisting as at the Completion Date; and
- (m) a legal opinion dated no earlier than three Business Days before the Completion Date to be issued by the Company's Bermuda counsel and addressed to the Company and the Subscribers as to Bermuda law on (i) the due incorporation and good standing of the Company; (ii) the capacity of the Company entering into the Subscription Agreement; (iii) the performance by the Company of its obligations under the Subscription Agreement will not violate the memorandum of association of the Company or the Bye-laws nor any applicable law in Bermuda (including but not limited to the validity and effectiveness of the nomination by the Subscribers of any directors of the Company at Completion); and (iv) matters relating to the allotment and issue of the Preferred Shares and the conversion thereof and other matters customary for transactions of this nature.

In the event that any of the above conditions are not fulfilled or waived (as applicable) prior to the Long Stop Date, then none of the Company nor the Subscribers shall be bound to proceed with the transactions contemplated under the Subscription Agreement and the Subscription Agreement shall cease to be of any effect save as to any antecedent breach of the Subscription Agreement. Hence, among other things, if the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the SGM, the Subscription will not proceed.

Completion

Subject to fulfillment or waiver (as applicable) of the conditions precedent of the Subscription Agreement, Completion shall take place on the fifth Business Day from and excluding the day on which the last of the aforesaid conditions precedent (b), (c), (d), (e) and (f) to Completion has been fulfilled. At Completion, the Subscribers shall subscribe for, and the Company shall allot and issue to such Subscribers, their respective number of the Ordinary Subscription Shares, the Tranche A Preferred Shares and the Tranche B Preferred Shares.

Upon Completion, the 1,379,804,865 Ordinary Subscription Shares will be allotted and issued as fully paid and the 1,379,804,862 new Preferred Shares will be allotted and issued as partly paid. The new Preferred Shares which are partly paid shares at Completion do not carry any voting rights in the Company.

Subject to Completion, the Company undertakes to the Subscribers that the Subscribers shall be entitled to jointly nominate four persons to be Directors and the Company shall procure the appointment of such persons as Directors with effect from the Completion Date.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in the provision of artist management services and film production and distribution. A 50%-owned joint venture of the Company is undertaking two films which are in preproduction phase. For the year ended 31 December 2013, the Group reported turnover of approximately HK\$15.7 million and a loss attributable to shareholders of approximately HK\$12.8 million.

Jiaxuan (one of the Subscribers) is an investment holding company ultimately owned as to 55% by Mr. Wong Kwong Yu and as to 45% by Ms. Ma Qing. Mr. Wong Kwong Yu is the founder of GOME Electrical Appliances Holding Limited which is a leading chain-store retailer of home appliances and consumer electronic products in the PRC. Ms. Ma Qing is the spouse of Mr. Xu Zhongmin. Mr. Xu is a director of Jiaxuan and was the founder of Jingwen Records Co., Ltd. (京文唱片) (“Jingwen”). Jingwen was an influential music producers and distributors in the PRC fostering a number of famous artists including Han Hong (韓紅), Cui Jian (崔健) and Wang Feng (汪峰). It also published and distributed albums of Mao Yamin (毛阿敏), Li Yundi (李雲迪), Lang Lang (朗朗) and other famous artists in the PRC. While Jingwen was developing the local original music, it also introduced music albums and video contents from international producers and distributors including Warner Bros. Records, EMI, Universal Music, Universal Picture, Discovery Channel and National

Geographic Channel. It also extended its business to publication of books and investment in multi-media educational materials. Mr. Xu is actively involved in the investment in TV programmes and artist management business and has been involved in producing concerts in the PRC and performance shows in Las Vegas, the United States of America.

The Directors are of the view that given the experience, expertise and business network in the PRC, in particular the entertainment industry in the PRC, that Jiaxuan would bring in, the Subscription represents a valuable opportunity for the Group to have Jiaxuan as a solid strategic corporate investor which would become the controlling shareholder of the Company following Completion. The Directors consider that entering into the Subscription Agreement represents a good opportunity to (i) raise a substantial amount of additional funds for the Company; (ii) improve the financial position and liquidity of the Group; (iii) provide the Company with the financial flexibility necessary for the Group's future business development and the capability to capture any prospective investment opportunities as and when they arise; and (iv) strengthen the Group's capability to develop the PRC market. The Directors are confident that the Subscribers will bring in additional resources and investment opportunities to the Company which are beneficial to the Company and the Shareholders as a whole.

The Directors (excluding members of the Independent Board Committee, who will express their opinion after considering the advice of the independent financial adviser as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver) consider that the terms of the Subscription Agreement are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE

The Company has no outstanding convertible securities, options, warrants or derivatives in issue which are convertible or exchangeable into Ordinary Shares as at the date of this announcement.

The table below sets out the effect of the Subscription on the shareholding structure of the Company immediately upon (i) Completion of the Subscription; (ii) conversion in full of the Tranche A Preferred Shares; and (iii) conversion in full of the Tranche A Preferred Shares and the Tranche B Preferred Shares, assuming no other Ordinary Shares will be allotted and issued between the date of

this announcement and the date until all Tranche A Preferred Shares and Tranche B Preferred Shares have been fully converted:

	As at the date of this announcement		Immediately after the allotment and issue of the Ordinary Subscription Shares and before the allotment and issue of any Conversion Shares		Immediately after completion of the Subscription and conversion in full of the Tranche A Preferred Shares (Note 2)		Immediately after completion of the Subscription and the conversion in full of the Tranche A Preferred Shares and the Tranche B Preferred Shares (Note 2)	
	Number of Ordinary Shares		Number of Ordinary Shares		Number of Ordinary Shares		Number of Ordinary Shares	
		%		%		%		%
Riche Advertising Limited ("Riche") (Note 1)	146,640,000	15.94	—	—	—	—	—	—
The Subscribers								
Jiaxuan	—	—	965,863,405	42.00	1,448,795,107	48.46	1,931,726,809	52.50
Vision Path	—	—	206,970,730	9.00	310,456,095	10.38	413,941,459	11.25
First Charm	—	—	151,778,535	6.60	227,667,803	7.62	303,557,070	8.25
REORIENT Global	—	—	55,192,195	2.40	82,788,292	2.77	110,384,389	3.00
<i>Subtotal</i>	—	—	1,379,804,865	60.00	2,069,707,297	69.23	2,759,609,727	75.00
Public Shareholders								
Existing public Shareholders	773,229,909	84.06	773,229,909	33.62	773,229,909	25.86	773,229,909	21.01
Riche	—	—	146,640,000	6.38	146,640,000	4.91	146,640,000	3.99
<i>Subtotal</i>	773,229,909	84.06	919,869,909	40.00	919,869,909	30.77	919,869,909	25.00
Total	919,869,909	100.00%	2,299,674,774	100.00%	2,989,577,206	100.00%	3,679,479,636	100.00%

Notes:

1. The 146,640,000 Ordinary Shares are beneficially owned by Riche, the entire issued share capital of which is wholly and beneficially owned by Riche (BVI) Limited which in turn is wholly and beneficially owned by Eternity Investment Limited, a company listed on the Main Board of the Stock Exchange (stock code: 764). Following Completion, Riche's shareholding interest in the Company will fall below 10% of the issued Ordinary Shares and would therefore be considered as held by the public.
2. These columns are set out for illustration purpose only. The allotment and issue of the Conversion Shares are subject to the Tranche A Preferred Shares or the Tranche B Preferred Shares (as the case may be) having been fully paid up and the public float requirements under the GEM Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaged in the provision of artists management services and film production and distribution.

INFORMATION ON THE SUBSCRIBERS

Jiaxuan is an investment holding company incorporated in the British Virgin Islands with limited liability and is owned as to 55% by Eagle King Investment Holding Limited (a company wholly owned by Mr. Wong Kwong Yu) and as to 45% by Great Majestic Global Holdings Limited (a company wholly owned by Ms. Ma Qing).

Vision Path is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Ms. Yu Nan.

First Charm is an investment holding company incorporated in the British Virgin Islands with limited liability and is ultimately wholly owned by Mr. Ko Chun Shun, Johnson.

REORIENT Global, a company incorporated in Hong Kong with limited liability, is principally engaged in provision of administrative services and is a fellow subsidiary of RFML, the financial adviser to the Company. Both REORIENT Global and RFML are wholly owned by REORIENT Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange. REORIENT Group Limited is principally engaged in securities broking, placing and underwriting, and provision of consultancy and advisory services. Mr. Ko Chun Shun, Johnson, the sole beneficial owner of First Charm (one of the Subscribers), is chairman, an executive director and controlling shareholder of REORIENT Group Limited.

DEALING AND INTEREST OF THE SUBSCRIBERS AND PARTIES ACTING IN CONCERT WITH ANY OF THEM IN THE SECURITIES OF THE COMPANY

As at the date of this announcement, save for the Subscription, each Subscriber has confirmed that, neither the Subscribers nor any parties acting in concert with any of them:

- (a) owns, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Ordinary Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received an irrevocable commitment to vote for the Subscription and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or any of the Subscribers, which might be material to the Subscription and/or the Whitewash Waiver, with any other persons;
- (e) has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver; or
- (f) had dealt in Ordinary Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Ordinary Shares, during the six months prior to the date of this announcement.

FUTURE INTENTIONS OF JIAXUAN REGARDING THE GROUP

Jiaxuan intends to strengthen the existing film production business of the Group to more actively produce films and TV programmes. To achieve this purpose, Jiaxuan intends that the Group would consider opportunities for (i) acquiring film rights of popular Korean programmes and remaking such programmes for audience in the PRC; and (ii) co-operating with well-known international producers to make movies. In parallel with developing the Group's existing business, Jiaxuan also intends that the Group would organise exhibitions, performance shows and concerts in major cities in the PRC and establish an online platform to provide media contents including videos on the Internet.

USE OF PROCEEDS

The aggregate gross proceeds from the Subscription amounts to approximately HK\$552 million payable by the Subscribers to the Company as follows: approximately HK\$289.8 million on the Completion Date, approximately HK\$131.1 million within 180 days after the Completion Date and approximately HK\$131.1 million before the first anniversary of the Completion Date (on the basis that the payment of the remaining consideration for the Preferred Shares is not deferred and the Preferred Shares are not forfeited or repurchased by the Company in accordance with the terms of the Subscription Agreement). The aggregate net proceeds from the Subscription amounts to approximately HK\$535 million and is to be applied as follows:

- as to HK\$16 million for investment in Korean media resources including scripts, film directors, artists and copyrights, and artist management and training;
- as to HK\$323 million for organising exhibitions, performance shows and concerts;
- as to HK\$152 million for the investment and production of TV programmes and movies; and
- as to the remaining HK\$44 million for the establishment of an online platform to provide media contents on the Internet.

The net proceeds per Subscription Share upon completion of the Subscription and payment in full of the Subscription Price will represent a net price of approximately HK\$0.19 per Subscription Share.

The payment of the remaining Subscription Price of the Preferred Shares in the aggregate amount of HK\$262.2 million is subject to certain conditions as set out in the section headed “Subscription Price” above and may or may not be made. In the event payment of the remaining Subscription Price of the Preferred Shares is not made, the Company will review its development plans as envisaged under the above planned use of proceeds and the Company may consider raising funds to implement the development plans or scale back the development plans as appropriate.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding 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.
24 April 2014	Placing of 300,000,000 new shares at HK\$0.28 per share	Approximately HK\$81.0 million	Film production and/or general working capital purpose	The proceeds have not been utilised.

APPLICATION FOR WHITEWASH WAIVER

Upon Completion, Jiaxuan (being one of the Subscribers) will be interested in 965,863,405 Ordinary Shares, representing 42.00% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares. Upon full conversion of the Preferred Shares, Jiaxuan will in aggregate be interested in 1,931,726,809 Ordinary Shares representing 52.50% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares.

Vision Path, First Charm and REORIENT Global, who are also the Subscribers, are considered as parties acting in concert with Jiaxuan. Upon Completion, the Subscribers and their respective concert parties will in aggregate be interested in 1,379,804,865 Ordinary Shares representing 60.00% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares. Upon full conversion of the Preferred Shares, the Subscribers and their respective concert parties will in aggregate be interested in 2,759,609,727 Ordinary Shares representing 75.00% of the issued Ordinary Shares as at the date of this announcement as enlarged by the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the Subscribers would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and any parties acting in concert with any of them, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscribers will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Ordinary Subscription Shares and the Conversion Shares upon full conversion of the Preferred Shares. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the SGM by way of poll. Completion of the Subscription is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders.

If the Whitewash Waiver is approved by the Independent Shareholders, the aggregate shareholding of the Subscribers and their respective concert parties in the Company will exceed 50% upon Completion. The Subscribers and their respective concert parties may further increase their shareholdings in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

INCREASE IN AUTHORISED SHARE CAPITAL AND AMENDMENT TO BYE-LAWS

The Company has an authorised share capital of HK\$30,000,000 divided into 3,000,000,000 ordinary shares of HK\$0.01 each as at the date of this announcement. In view of the Subscription, the Board proposes the Share Capital Resolution to increase the authorised share capital of the Company from HK\$30,000,000 to HK\$100,000,000 by (i) the creation of an additional 5,000,000,000 Ordinary Shares and (ii) the creation of 2,000,000,000 new Preferred Shares, such that following the Share Capital Resolution, the authorised share capital of the Company will be HK\$100,000,000 divided into 8,000,000,000 Ordinary Shares and 2,000,000,000 Preferred Shares.

The Board further proposes to amend the Bye-laws to, among others, reflects (i) the Share Capital Resolution; and (ii) the creation and issue of the Preferred Shares with the rights, privileges and restrictions set out thereto. Further information of the amendments will be stated in the circular to be despatched to the Shareholders.

The amendments to the Bye-laws are conditional upon, among others, the passing of a special resolution by Independent Shareholders at the SGM.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee as to whether the terms and conditions of the Subscription and the Whitewash Waiver are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole, and to make recommendation to the Independent Shareholders as to their voting on the proposed resolutions approving the Subscription and the Whitewash Waiver at the SGM. The appointment of Somerley Capital Limited as the independent financial adviser has been approved by the Independent Board Committee.

GENERAL

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Subscription and the Whitewash Waiver.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, among other things, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution and the amendment to Bye-laws by way of a poll. For the purpose of the Subscription (including the Specific Mandate), the Share Capital Resolution and the amendment to Bye-laws, any Shareholders and its associates who have material interest in such matters shall abstain from voting on the resolutions to be proposed at the SGM to approve such matters. For the purpose of the Whitewash Waiver, the Subscribers and their respective concert parties and other Shareholders who are interested or involved in the Subscription (including the Specific Mandate) and/or the Whitewash Waiver shall abstain from voting on the resolutions to be proposed at the SGM to approve the Whitewash Waiver. None of the Shareholders has a material interest (other than being a Shareholder) in the Subscription (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution or the amendment to Bye-laws as at the date of this announcement. No Shareholders are required to abstain from voting at the SGM in respect of the resolutions relating to the aforesaid matters.

A circular containing, among other things, (i) details of the Subscription, the Whitewash Waiver, the Share Capital Resolution and the amendment to Bye-laws; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in relation to the Subscription and the Whitewash Waiver; and (iv) a notice convening the SGM will be despatched to the Shareholders in compliance with the requirements of the GEM Listing Rules and the Takeovers Code, and is expected to be despatched on or before 8 January 2015.

RESUMPTION OF TRADING

On 21 November 2014, the Board noted the increase in the price and the trading volume of the Ordinary Shares. At the request of the Company, trading in the Ordinary Shares has been suspended with effect from 3:19 p.m. on 21 November 2014. Having made such enquiries with respect to the Company as is reasonable in the circumstances, the Board confirms that save for the signing of the Subscription Agreement, it is not aware of any reason for the aforesaid increase or of any information which must be announced to avoid a false market in the Shares or of any inside information that needs to be disclosed under Part XIVA of the SFO. An application has been made by the Company for the resumption of trading in the Ordinary Shares on GEM with effect from 9:00 a.m. on 19 December 2014.

Warning: The Subscription is subject to the fulfilment or waiver (as the case may be) of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the SGM by the Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Ordinary Shares, and are recommended to consult their professional advisers if they are in any doubt about their position and as to actions that they should take.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“associate(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday or public holiday and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business

“BVI”	British Virgin Islands
“Bye-laws”	Bye-laws of the Company
“Company”	China Star Cultural Media Group Limited (stock code: 8172), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the Ordinary Shares of which are listed on GEM
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the date on which Completion occurs
“connected person(s)”	has the same meaning as ascribed to it under the GEM Listing Rules
“Conversion Share(s)”	Ordinary Share(s) to be allotted and issued upon conversion of the Preferred Share(s)
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“First Charm”	First Charm Investments Limited
“Group”	the Company and its subsidiaries
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board established by the Board, comprising all the independent non-executive Directors, namely Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Mr. Fung Wai Ching, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Subscription and the Whitewash Waiver and as to voting

“Independent Shareholders”	(a) for the purpose of the Subscription (including the Specific Mandate), the Share Capital Resolution and the amendment to Bye-laws, Shareholders other than the Subscribers, their respective associates and other Shareholders who have a material interest in the Subscription (including the Specific Mandate), the Share Capital Resolution and the amendment to Bye-laws; and (b) for the purpose of the Whitewash Waiver, Shareholders other than the Subscribers and their respective concert parties and any other Shareholders who are interested or involved in the Subscription (including the Specific Mandate) and/or the Whitewash Waiver
“Jiaxuan”	Jiaxuan Group Company Limited (稼軒集團有限公司)
“Last Trading Day”	21 November 2014, being the last trading day of the Ordinary Shares immediately prior to the date of this announcement
“Long Stop Date”	31 March 2015 (or such other date as may be agreed by the parties to the Subscription Agreement in writing)
“Ordinary Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company as at the date of this announcement
“Ordinary Shares Subscription”	the subscription of the Ordinary Subscription Shares under the Subscription Agreement
“Ordinary Subscription Shares”	1,379,804,865 new Ordinary Shares, in aggregate, to be subscribed for by the Subscriber(s)
“PRC”	the People’s Republic of China (which for the purpose of the Subscription Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Preferred Share(s)”	after the Share Capital Resolution having been passed, 1,379,804,862 convertible preferred shares of HK\$0.01 each in the capital of the Company, comprising the Tranche A Preferred Shares and the Tranche B Preferred Shares
“Public Documents”	the annual, interim and quarterly reports, circulars and announcements of the Company published on the website of GEM
“REORIENT Global”	REORIENT Global Limited

“RFML”	REORIENT Financial Markets Limited
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	a special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among others, the Subscription and the transactions contemplated thereunder (including the Specific Mandate), the Whitewash Waiver, the Share Capital Resolution and the amendment to Bye-laws
“Share Capital Resolution”	the proposed increase in authorised share capital of the Company from HK\$30,000,000 to HK\$100,000,000 by (i) the creation of an additional 5,000,000,000 Ordinary Shares and (ii) the creation of 2,000,000,000 new Preferred Shares, such that following the Share Capital Resolution, the authorised share capital of the Company will be HK\$100,000,000 divided into 8,000,000,000 Ordinary Shares and 2,000,000,000 Preferred Shares
“Shareholder(s)”	holder(s) of Ordinary Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders to the Board at the SGM for the allotment and issue of the Subscription Shares and the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber(s)”	Jiaxuan, Vision Path, First Charm and REORIENT Global, or any of them as the context may suggest
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscribers dated 24 November 2014 in respect of the Subscription
“Subscription Price”	HK\$0.20 per Subscription Share
“Subscription Shares”	collectively, the Ordinary Subscription Shares, the Tranche A Preferred Shares and the Tranche B Preferred Shares

“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong as amended from time to time
“Tranche A Preferred Shares”	689,902,432 new Preferred Shares, in aggregate, to be subscribed for by the Subscribers under the Tranche A Preferred Shares Subscription
“Tranche A Preferred Shares Subscription”	the subscription of the Tranche A Preferred Shares under the Subscription Agreement
“Tranche B Preferred Shares”	689,902,430 new Preferred Shares, in aggregate, to be subscribed for by the Subscribers under the Tranche B Preferred Shares Subscription
“Tranche B Preferred Shares Subscription”	the subscription of the Tranche B Preferred Shares under the Subscription Agreement
“Vision Path”	Vision Path Limited
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscribers to make a mandatory general offer for all of the Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscribers and any parties acting in concert with any of them which would, if the Subscription proceeds, otherwise arise as a result of Completion and full conversion of the Preferred Shares
“%”	percentage

By order of the Board
China Star Cultural Media Group Limited
Leung Wai Man
Executive Director

Hong Kong, 18 December 2014

As at the date of this announcement, the executive Directors are Mr. Leung Wai Man and Ms. Li Yee Mei; 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 in respect of the information (other than information relating to the Subscribers), 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 announcement (other than that relating to the Subscribers) 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.chinastarcmg.com.hk.

The Directors jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Subscribers) contained in this announcement and confirm having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the respective directors of the Subscribers) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of Jiaxuan, namely, Mr. Xu Zhongmin, Mr. Zhou Yafei and Mr. Zou Xiao Chun, jointly and severally accept full responsibility for the accuracy of the information relating to Jiaxuan contained in this announcement and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the directors of Jiaxuan have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The sole director of Vision Path, namely, Ms. Yu Nan, accepts full responsibility for the accuracy of the information relating to Vision Path contained in this announcement and confirms, having made all reasonable inquiries, that to the best of her knowledge, opinions expressed by the sole director of Vision Path have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The sole director of First Charm, namely, Mr. Ko Chun Shun, Johnson, accepts full responsibility for the accuracy of the information relating to First Charm contained in this announcement and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed by the sole director of First Charm have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.

The directors of REORIENT Global, namely, Mr. Cecil Te-hwai Ho and Mr. Bryan C. Zolad, jointly and severally accept full responsibility for the accuracy of the information relating to REORIENT Global contained in this announcement and confirms, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed by the directors of REORIENT Global have been arrived at after due and careful consideration, and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.