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SINOSTAR

中國華星

China Sinostar Group Company Limited
中國華星集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 485)

CONVERSION OF 2017 CONVERTIBLE BONDS

Reference is made to the Company's announcements dated 21 March 2014, 29 May 2014, 30 July 2014 and 26 January 2016 and the Company's circular dated 24 May 2014 in relation to, among other things, the issue of the 2017 Convertible Bonds in the aggregate principal amount equivalent to HK\$75,000,000 issued by the Company, and the Company's announcements dated 28 July 2017 and 4 August 2017 and the Company's circular dated 22 August 2017 (the "Circular") in relation to the extension of the maturity date and the conversion period of the 2017 Convertible Bonds. Terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

CONVERSION OF THE 2017 CONVERTIBLE BONDS

On 18 September 2017, the Company received a conversion notice from Lushan Investment Holdings Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of China Huarong International Holdings Limited 中國華融國際控股有限公司, (as the Bondholder) for the entire exercise of the conversion rights attaching to the 2017 Convertible Bonds in respect of the principal amount of HK\$75,000,000 of the 2017 Convertible Bonds at the Conversion Price of HK\$0.23 per Conversion Share. Upon such conversion of the 2017 Convertible Bonds, a total of 326,086,956 Conversion Shares will be allotted and issued, credited as fully paid, to Lushan Investment Holdings Limited. The 326,086,956 Conversion Shares, having an aggregate nominal value of HK\$3,260,869.56, represent about 8.9% and 8.2% of the issued share capital of the Company immediately before and after the issue of such Conversion Shares respectively.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company immediately before and after the allotment and issue of the 326,086,956 Conversion Shares, assuming that there is no other change to the issued share capital of the Company save for the allotment and issue of such Conversion Shares.

	Immediately before conversion of the whole of the principal amount of the 2017 Convertible Bonds		Immediately after conversion of the whole of the principal amount of the 2017 Convertible Bonds	
	<i>No of ordinary Shares</i>	<i>%</i>	<i>No of ordinary Shares</i>	<i>%</i>
Achieve Prosper Capital Limited ^(Note 1)	2,171,827,290	59.49%	2,171,827,290	54.61%
Wang Xing Qiao ^(Note 2)	3,275,000	0.09%	3,275,000	0.08%
Bondholder	420,000,000	11.50%	746,086,956	18.76%
Public Shareholders	<u>1,055,608,315</u>	<u>28.92%</u>	<u>1,055,608,315</u>	<u>26.55%</u> ^(Note3)
Total	<u>3,650,710,605</u>	<u>100.00%</u>	<u>3,976,797,561</u>	<u>100.00%</u>

Notes:

1. These 2,171,827,290 Shares are held by Achieve Prosper Capital Limited and wholly and beneficially owned by Hong Kong Shihua Holdings Limited, which is in turn wholly and beneficially owned by Liaoning Shihua (Group) Property Development Limited 遼寧實華(集團)房地產開發有限公司. Mr. Wang Jing, our executive Director, is the sole director of and the beneficial owner of 82.8% of the equity interest in Liaoning Shihua (Group) Property Development Limited. By virtue of the SFO, Mr. Wang Jing is deemed to be interested in these 2,171,827,290 Shares.
2. Wang Xing Qiao is an executive Director of the Company.
3. Pursuant to the terms of the 2017 Convertible Bonds, no exercise of conversion rights attaching to the 2017 Convertible Bonds is allowed if immediately following the conversion, the Company will be unable to meet the public float requirement under Rule 8.08 of the Listing Rules.

By order of the Board
China Sinostar Group Company Limited
Wang Jing
Chairman

Hong Kong, 18 September 2017

As at the date of this announcement, the Board comprises Mr. Wang Jing, Mr. Wang Xing Qiao and Mr. Zhao Shuang as executive Directors; and Mr. Wang Ping, Mr. Cheng Tai Kwan Sunny and Mr. Song Wenke as independent non-executive Directors.

This announcement, for which the Director of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited 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 in this announcement misleading.