



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

MONTHLY ANNOUNCEMENT RELATING TO HK\$168,500,000 ZERO COUPON UNSECURED CONVERTIBLE BONDS DUE 2012

As one of the conditions of the listing approval granted by the Stock Exchange, the Company is required to make this announcement in respect of the number of Shares allotted and issued and details of the conversions of the Firm Bonds in the previous month.

Reference is made to the Company's circular dated 7th March, 2007 (the "Circular"). As one of the conditions of the listing approval granted by the Stock Exchange, the Company is required to make this announcement on or before the fifth business day following the end of each calendar month in respect of, amongst other things, the number of Shares allotted and issued and details of the conversions of the Firm Bonds in the previous month. Unless the context therein otherwise requires, terms used in this announcement shall have the same meanings as defined in the Circular.

The Directors would like to report that conversions of HK\$31,500,000 Firm Bonds was made by Aceyard Investments Limited which resulted in Shares being allotted and issued during the month of May 2007, details of which are set out as follows:

Date of conversion notice	No. of new Shares issued	Firm Bonds Conversion Price (HK\$)	Date of issue of new Shares
28th May, 2007	98,437,500	0.32	31st May, 2007
Total	<u>98,437,500</u>		

After the above conversions, the outstanding principal amount of the Firm Bonds is HK\$137,000,000. No Shares were cancelled by the Company pursuant to other transactions during the month of May 2007.

Changes in the issued share capital of the Company for the month of May 2007 were as follows:

	Number of issued Shares of par value of HK\$0.05 each
As at 1st May, 2007	829,546,608
Total number of new Shares issued pursuant to:	
– placing completed on 30th May, 2007	81,100,000
– conversion of the Firm Bonds during May 2007	98,437,500
	<hr/>
As at 31st May, 2007	<u>1,009,084,108</u>

This announcement is only released through the website of The Stock Exchange of Hong Kong Limited, and will not be published in any newspapers.

By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 6th June, 2007

As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.