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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

PROPOSED BONUS WARRANT ISSUE

The Directors proposed, subject to the satisfaction of certain conditions, to make the Bonus Warrant Issue to the Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) Warrant for every five (5) Shares held on the Record Date.

Each Warrant will entitle the holder thereof to subscribe in cash for one New Share at an initial subscription price of HK\$0.193, subject to adjustment, at any time during the period which is expected to commence on the date of the issue of the Warrants and end on the date of the second anniversary thereof (both days inclusive).

The expected timetable for implementing the Bonus Warrant Issue will be announced in a separate announcement by the Company as soon as possible.

A circular containing, amongst other things, further details of the Bonus Warrant Issue and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED BONUS WARRANT ISSUE

The Directors proposed, subject to the satisfaction of certain conditions, to make the Bonus Warrant Issue to the Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one (1) Warrant for every five (5) Shares held on the Record Date.

SUBSCRIPTION PRICE AND SUBSCRIPTION PERIOD

The Warrants will be issued in registered form and each Warrant will entitle the holder thereof to subscribe in cash for one New Share at an initial subscription price of HK\$0.193, subject to adjustments, at any time during the period which is expected to commence on the date of the issue of the Warrants and end on the date of the second anniversary thereof (both days inclusive).

The initial subscription price of HK\$0.193 represents:

- (i) the closing price of HK\$0.193 per Share as quoted on the Stock Exchange on 26 April 2010 (being the date of this announcement); and
- (ii) a premium of approximately 3.32% to the average closing price of approximately HK\$0.1868 per Share as quoted on the Stock Exchange for the past five trading days ended on 23 April 2010, being the last trading day immediately prior to the date of this announcement.

SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

On the basis of 2,889,286,368 Shares in issue as at the date of this announcement, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 577,857,273 Warrants would be issued pursuant to the Bonus Warrant Issue. Full exercise of the subscription rights attaching to the 577,857,273 Warrants at the initial subscription price of HK\$0.193 per New Share would result in the issue of 577,857,273 New Shares, representing approximately 20% of the issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such New Shares, and the receipt by the Company of subscription monies totaling of approximately HK\$111.53 million.

As at the date of this announcement, the Company has 148,771,430 options (the “Option”) which entitles the holders thereof to subscribe 148,771,430 Shares. Save for the Options, the Company does not have any equity securities which remain to be issued on exercise of any other subscription rights as described in Rule 15.02(1) of the Listing Rules. Given options granted by the Company under share option schemes of the Company which comply with Chapter 17 under the Listing Rules are excluded for the purpose of the limit, the Options will not be included under Rule 15.02(1) of the Listing Rules. Therefore, if the Warrants are immediately exercised, such exercise will not exceed 20% of the issued equity capital of the Company at the time such Warrants are issued.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to the Warrants (if any) will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company. The net proceeds of sale will be retained for the benefit of the Company.

OVERSEAS SHAREHOLDERS

In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make enquiry pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place in which such Overseas Shareholder is residing.

If the Directors are of the view that, after such enquiry, the exclusion of such Overseas Shareholder is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Warrants will not be granted to such Overseas Shareholder(s).

In view of the above, Warrants which would otherwise be issued to such Overseas Shareholder(s) under the Bonus Warrant Issue will be sold in the market as soon as possible if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Overseas Shareholder. Remittance thereof will be posted to it, at its own risk, unless the amount falling to be distributed to such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

CONDITIONS TO THE BONUS WARRANT ISSUE

The Bonus Warrant Issue will be conditional upon the following conditions:

- (a) the passing by the Shareholders at the SGM of the necessary resolutions to approve the issue of the Warrants and any New Shares and any transactions contemplated thereunder; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and any New Shares.

REASONS FOR THE BONUS WARRANT ISSUE

The Group is principally engaged in film production, distribution of film and television drama series, investing in operations which receive the profit streams from the gaming promotion business and property and hotel investment. The Directors believe that the Bonus Warrant Issue will provide the Shareholders with an opportunity to participate in the growth of the Company. The Bonus Warrant Issue will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

The Company intends to apply any subscription monies received as and when subscription rights are exercised towards the general working capital of the Group or for the future business development or for such other purposes as the Directors deem necessary, taking into consideration the requirements of the Company prevailing at the relevant time.

LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the New Shares. The New Shares will rank pari passu in all respects with the then existing issued Shares.

GENERAL

The expected timetable for implementing the Bonus Warrant Issue will be announced in a separate announcement by the Company as soon as possible.

A circular containing, amongst other things, details of the Bonus Warrant Issue and notice of the SGM will be despatched to the Shareholders as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

“Board”	board of Directors
“Bonus Warrant Issue”	the proposed bonus issue of Warrants by the Company to the Shareholders (other than Excluded Shareholders) whose names appear on the register of members on the Record Date, on the basis of one (1) Warrant for every five (5) Shares held on the Record Date
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“Excluded Shareholder(s)”	Shareholder(s) whose address(es) (as shown on the register of members of the Company on the Record Date) are not in Hong Kong and whom the Directors are of the view that it would be necessary or expedient to exclude from the Bonus Warrant Issue under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company which may fall to be issued upon the exercise of the subscription rights attaching to the Warrant(s)

“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is/are outside Hong Kong
“Record Date”	the record date to be determined and announced for the purpose of ascertaining the entitlements of the Shareholders to the Bonus Warrant Issue
“SGM”	the special general meeting of the Company to be convened to approve the Bonus Warrant Issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrant(s)”	warrant(s) proposed to be issued by the Company to subscribe for New Shares at an initial subscription price of HK\$0.193 per New Share, subject to adjustment, at any time from the date of the issue of the Warrants and end on the date of the second anniversary thereof (both days inclusive)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 26 April 2010

As at the date of this announcement, the executive Directors 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.