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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

BONUS ISSUE OF SHARES AND ISSUE OF BONUS CONVERTIBLE BONDS TO FULFILL THE MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to the mandate granted by the Shareholders at the special general meeting of the Company held on 25 October 2012, the Board has resolved to implement the Bonus Issue, being a bonus issue of new Shares, credited as fully-paid, on the basis of two (2) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date in order to comply with Rule 8.08(1)(a) of the Listing Rules.

Each Qualifying Shareholder will be given an option to elect to receive the Bonus CBs in lieu of all (or part) of his/her/its entitlements to the Bonus Shares under the Bonus Issue. The amount of Bonus CBs which the Qualifying Shareholders (other than the Excluded Shareholders) are entitled to receive in lieu of their entitlements to the Bonus Shares will be calculated in accordance with the formula as disclosed in this announcement.

As the Company has no intention to privatise the Company or delist the Shares, the Company has requested HWKFE, Mr. Lei, Victory Peace and Simple View to, and each of them has confirmed that he/it will elect to receive the Bonus CBs in lieu of all of his/its entitlements to the Bonus Shares under the Bonus Issue.

The Bonus Issue Prospectus containing details of the Bonus Issue together with the Election Form are expected to be despatched to the Shareholders on or about 12 December 2012. Such date is indicative only and may be subject to change.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares and the Shares to be allotted and issued upon conversion of the Bonus CBs as soon as possible. No application will be made for the listing of the Bonus CBs on the Stock Exchange or any other recognised stock or securities exchanges.

The expected timetable for the Bonus Issue as set out below in this announcement has been prepared on the assumption that all conditions of the Bonus Issue will be fulfilled.

Shareholders, holders of the Warrants and potential investors of the Company should note that the Bonus Issue is conditional upon fulfillment of conditions precedent of the Bonus Issue. Accordingly, the Bonus Issue may or may not proceed. Furthermore, it is not possible for the Board to determine whether additional or alternative methods, including placing of new Shares, and/or requesting substantial Shareholders to assist in the implementation of an additional or alternative plan to be adopted by the Company to meet the requirements of Rule 8.08(1) of the Listing Rules, will be proposed by the Board. Shareholders, holders of the Warrants and potential investors of the Company are reminded to exercise caution when dealings in the securities of the Company.

Reference is made to the circular of the Company dated 28 September 2012 in relation to (i) the Offer; (ii) the application for whitewash waiver; (iii) the possible bonus issue and issue of bonus convertible bonds to fulfill the minimum public float requirement; (iv) the proposed amendments to the bye-laws of the Company; and (v) the notice of special general meeting. References are also made to the announcement of the Company dated 25 October 2012 relating to the poll results of the special general meeting held on 25 October 2012 and the Offer becoming unconditional, and the Close of Offer Announcement.

As disclosed in the Close of Offer Announcement, following the close of the Offer and cancellation of all the 624,235,579 Shares accepted under the Offer, 251,745,943 Shares, representing approximately 17.65% of the entire issued share capital of the Company and voting rights over Shares, are held in the hands of the public Shareholders. Accordingly, the Shares held in the hands of the public Shareholders falls below the public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules that requires at least 25% of the issuer's total issued share capital must at all times be held by the public.

On 20 November 2012, the Company issued and allotted an aggregate of 798,930 new Shares, representing approximately 0.06% of the issued share capital of the Company of 1,427,224,575 Shares as enlarged by the issue of 798,930 new Shares, to the public Shareholders pursuant to the exercise of the subscription rights attached to the Warrants in an aggregate principal amount of HK\$165,378.51.

BONUS ISSUE

Pursuant to the mandate granted by the Shareholders at the special general meeting of the Company held on 25 October 2012, the Board has resolved to implement the Bonus Issue, being a bonus issue of new Shares, credited as fully-paid, on the basis of two (2) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date in order to comply with Rule 8.08(1)(a) of the Listing Rules. The Bonus Issue will be effected by way of capitalisation of an amount standing to the credit of the Company's share premium account.

Each Qualifying Shareholder will be given an option to elect to receive the Bonus CBs in lieu of all (or part) of his/her/its entitlements to the Bonus Shares under the Bonus Issue. The amount of Bonus CBs which the Qualifying Shareholders (other than the Excluded Shareholders) are entitled to receive in lieu of their entitlements to the Bonus Shares will be calculated with the following formula:

$$\begin{array}{l} \text{Amount of Bonus CBs} \\ \text{(in HK\$)} \end{array} = \begin{array}{l} \text{The number of Shares} \\ \text{held on the Record} \\ \text{Date for which Bonus} \\ \text{CBs are elected in lieu} \\ \text{of Bonus Shares} \end{array} \times 2 \times \text{HK\$}0.01$$

The Bonus CBs will be unlisted, will carry no voting rights at general meetings of the Company and will have no maturity date, but will confer upon the holders thereof substantially the same economic interest attached to the Shares (including rights to receive payments representing any dividends declared and paid, assets distributed and shares or other securities issued under a capitalisation issue or scrip dividend scheme of the Company, to the Shareholders as if the outstanding Bonus CBs held by them had been converted into Shares on the relevant record date) which the electing Shareholders would otherwise be entitled to receive under the Bonus Issue had such Shareholders not elected for the Bonus CBs.

The Bonus CBs will not be subject to redemption but will have conversion rights entitling the Bonus CB Holders to convert into an equivalent number of Shares (subject to adjustment) as the number of Bonus Shares which the holder thereof would otherwise be entitled to receive under the Bonus Issue had the Shareholder not elected for the Bonus CBs. In the absence of such election, a Qualifying Shareholder will receive Bonus Shares under the Bonus Issue.

As the Company has no intention to privatise the Company or delist the Shares, the Company has requested HWKFE, Mr. Lei, Victory Peace and Simple View to, and each of them has confirmed that he/it will elect to receive the Bonus CBs in lieu of all of his/its entitlements to the Bonus Shares under the Bonus Issue.

Following the close of the Offer and cancellation of all the 624,235,579 Shares accepted under the Offer and the issue and allotment of 798,930 new Shares on 20 November 2012, there are 1,427,224,575 Shares in issue, in which 252,544,873 Shares representing approximately 17.69% of the entire issued share capital of the Company and voting rights over Shares are held in the hands of the public Shareholders. Accordingly, the Bonus Issue would, assuming that all Shareholders are Qualifying Shareholders and there are no other changes in the issued share capital of the Company, give rise to the issue of 505,117,150 Bonus Shares (including 505,089,746 Bonus Shares to be entitled by public Shareholders and 27,404 Bonus Shares to be entitled by Dorest), in the absence of any Shareholder other than HWKFE, Mr. Lei, Victory Peace and Simple View electing to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares. Each of HWKFE, Mr. Lei, Victory Peace and Simple View will reduce his/its percentage of holding of Shares and the public Shareholders will increase their percentage of holding of Shares correspondingly from approximately 17.69% to approximately 39.21%.

Given that the Bonus Issue is on the basis of two (2) Bonus Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Bonus Shares will arise under the Bonus Issue.

The Bonus Issue Prospectus containing details of the Bonus Issue together with the Election Form are expected to be despatched to the Shareholders on or about 12 December 2012. Such date is indicative only and may be subject to change.

CONDITION OF THE BONUS ISSUE

The Bonus Issue is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Bonus Shares and the Shares to be allotted and issued upon conversion of the Bonus CBs.

OVERSEAS SHAREHOLDERS

Qualifying Shareholders (other than those Qualifying Shareholders who are Overseas Shareholders and whom the Directors, having made enquires pursuant to Rule 13.36(2) of the Listing Rules, consider it necessary or expedient not to offer the option to elect to receive the Bonus CBs as hereinafter mentioned on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction) will be given the option to elect to receive the Bonus CBs in lieu of all or part of their entitlement to the Bonus Shares. The sole purpose of the Bonus Issue with the Bonus CBs election is to meet the minimum public float requirement under Rule 8.08(1) of the Listing Rules.

The Company will make appropriate enquiries pursuant to Rule 13.36(2) of the Listing Rules to determine the entitlements of the Overseas Shareholders to the Bonus Issue. Further details of the rights of the Overseas Shareholders will be set out in the Bonus Issue Prospectus to be despatched to the Shareholders.

LISTING

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonus Shares and the Shares to be allotted and issued upon conversion of the Bonus CBs as soon as possible. No application will be made for the listing of the Bonus CBs on the Stock Exchange or any other recognised stock or securities exchanges.

STATUS OF THE BONUS SHARES AND SHARES ISSUABLE UPON CONVERSION OF THE BONUS CBs

The Bonus Shares and the Shares which may fall to be allotted and issued on conversion of the Bonus CBs, upon issue, will rank pari passu in all respects with the Shares then in issue on the date of such allotment and issue, including the entitlement to receive dividends and other distributions on the relevant record date of which is on or after the date of allotment and issue of those Bonus Shares. Before conversion, the Bonus CBs do not carry voting rights at general meetings of the Company.

CLOSURE OF REGISTER FOR THE BONUS ISSUE

In order to determine the list of Shareholders who will be entitled to the Bonus Issue, the Register will be closed on 5 December 2012 and 6 December 2012, on which date no transfer of Shares will be registered. In order to qualify for the Bonus Issue, all transfers of Shares, accompanied by the relevant share certificates, should be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on 4 December 2012.

CERTIFICATES FOR BONUS SHARES AND BONUS CBs

It is expected that certificates for the Bonus Shares and certificates for the Bonus CBs will be sent by ordinary post on or about 9 January 2013 (such date is indicative only and may be subject to change) after all the conditions for the Bonus Issue have been fulfilled, at the risk of the Shareholders entitled thereto to their respective addresses shown on the Register on the Record Date.

INTENTIONS OF HWKFE, MR. LEI, VICTORY PEACE AND SIMPLE VIEW

In order to restore the public float of the Shares, each of HWKFE, Mr. Lei, Victory Peace and Simple View has confirmed that he/it will elect to receive the Bonus CBs in lieu of all of his/its entitlements to the Bonus Shares under the Bonus Issue.

EFFECTS OF THE BONUS ISSUE

The Bonus Issue will not lead to any change in the proportional economic interests of the Shareholders in the Company. Other than the expenses incurred in relation to the Bonus Issue, implementation of the Bonus Issue will not alter the underlying assets, business operations, management or financial condition of the Company or the interests of the Shareholders. The Directors consider that the Bonus Issue will not have an adverse effect on the financial position of the Group.

For the effects of the Bonus Issue on the shareholding structure of the Company, please refer to the section headed “EFFECTS OF THE BONUS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY” in this announcement for details.

REASONS FOR THE BONUS ISSUE

As at the date of this announcement, 252,544,873 Shares, representing approximately 17.69% of the entire issued share capital of the Company, are held by the public (within the meaning of the Listing Rules). Accordingly, the minimum public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules has not been satisfied.

The Board determines that the Bonus Issue alone is a feasible and practical solution to restore the minimum public float of the Shares. In addition, the Board believes that the implementation of the Bonus Issue for restoring the minimum public float of the Shares have the following advantages:

- a) it preserves the equity interest of all Shareholders who receive the Bonus Shares only, and in the case of HWKFE, Mr. Lei, Victory Peace, Simple View and any other Shareholders electing to receive the Bonus CBs, their equity interest would be preserved upon full conversion of the Bonus CBs;
- (b) all Shareholders will be treated equally;
- (c) no capital raising will be required, which would potentially incur significant expenses to the Company and may have dilutive effects on existing Shareholders’ shareholding in the Company; and
- (d) it will not be subject to or dependent on market conditions.

As such, the Board considers that the Bonus Issue, being made for the sole purpose of restoring the minimum public float of the Shares, is fair and reasonable.

EXERCISE OF SUBSCRIPTION RIGHTS ATTACHED TO THE SHARE OPTIONS AND THE WARRANTS AND THE CONVERSION RIGHTS ATTACHED TO THE ISSUED CBs

As at the date of this announcement, the Company has the following derivatives, options, warrants and conversion rights or similar rights which are convertible or exchange into Shares:

- (i) 2,976,198 Share Options entitling the holders thereof to subscribe for an aggregate of 2,976,198 new Shares;
- (ii) the Warrants in an aggregate principal amount of HK\$55,739,100.79 entitling the holders thereof to subscribe for an aggregate of 269,271,018 new Shares at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required); and

- (iii) the Issued CBs in an aggregate principal amount of HK\$350.00 million, carrying rights entitling Eternity Finance to convert their principal amount into 972,222,222 new Shares at an adjusted conversion price of HK\$0.36 per Share (subject to further adjustment, if required).

The holder(s) of the Share Options, the Warrants and the Issued CBs who wish(es) to qualify for the Bonus Issue must exercise their Share Options or the Warrants or the Issued CBs by no later than 4:30 p.m. on Friday, 30 November 2012. Should the holder(s) of the Share Options, the Warrants and the Issued CBs has any queries regarding the procedures for acceptance and settlement or any other similar aspect of the Bonus Issue, he/she may contact the Company on its telephone hotline at (852) 2313 1888 between 10:00 a.m. and 6:00 p.m. from Monday to Friday (excluding Hong Kong public holidays) as soon as possible.

ADJUSTMENTS OF THE EXERCISE PRICE AND NUMBER OF SHARE OPTIONS, THE SUBSCRIPTION PRICE OF THE WARRANTS AND THE CONVERSION PRICE OF THE ISSUED CBs

The Bonus Issue will lead to adjustments to the exercise price and number of the Share Options, the subscription price of the Warrants, and the conversion price of the Issued CBs on or before the Record Date in the case of a bonus issue will be applied as if all Shareholders had not elected to receive the Bonus CBs.

Furthermore, pursuant to the Bonus Issue, Bonus CBs in the principal amount equal to the total nominal value of the Shares in respect of which Shareholders have validly elected to receive Bonus CBs in lieu of their relevant entitlements to the Bonus Shares will be in issue on the date of completion of the Bonus Issue (currently expected to be on 9 January 2013, such date is indicative only and may be subject to change).

In view that the maximum number of the Bonus Shares issuable under the Bonus Issue will not be determined until the Record Date, the Company will make further announcement regarding the adjustments of the exercise price and number of outstanding Share Options, the subscription price of outstanding Warrants and conversion price of the Issued CBs as and when appropriate.

Save for the Share Options, the Warrants and the Issued CBs, as at the date of this announcement, the Company had no outstanding options, warrants or convertible securities to subscribe for any securities of the Company.

EFFECTS OF THE BONUS ISSUE ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares; (iii) immediately after completion of the Bonus Issue and if the Bonus CBs are converted in full; (iv) assuming all Warrants

are exercised in full on or before the Record Date and immediately before completion of the Bonus Issue; (v) assuming all Warrants are exercised in full on or before the Record Date and immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares; and (vi) assuming all Warrants are exercised in full on or before the Record Date and immediately after completion of the Bonus Issue and if the Bonus CBs are converted in full; (vii) assuming all Share Options, Warrants and the Issued CBs are exercised/converted in full on or before the Record Date and immediately before completion of the Bonus Issue; (viii) assuming all Share Options, Warrants and the Issued CBs are exercised/converted in full on or before the Record Date and immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares; and (ix) assuming all Share Options, Warrants and the Issued CBs are exercised/converted in full on or before the Record Date and immediately after completion of the Bonus Issue and if the Bonus CBs are converted in full:

	As at the date of this announcement		Immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares		Immediately after completion of the Bonus Issue and if the Bonus CBs are converted		Assuming all Warrants are exercised in full on or before the Record Date and immediately before completion of the Bonus Issue		Assuming all Warrants are exercised in full on or before the Record Date and immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares		Assuming all Warrants are exercised in full on or before the Record Date and immediately after completion of the Bonus Issue and if the Bonus CBs are converted		Assuming all Share Options, Warrants and the Issued CBs are exercised/converted in full on or before the Record Date and immediately after completion of the Bonus Issue, if only HWKFE, Mr. Lei, Victory Peace and Simple View elect to receive the Bonus CBs in lieu of all their entitlements to the Bonus Shares		Assuming all Share Options, Warrants and the Issued CBs are exercised/converted in full on or before the Record Date and immediately after completion of the Bonus Issue and if the Bonus CBs are converted			
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
Heung Wah Keung Family Endowment Limited and its associates	898,686,000	62.97	898,686,000	46.51	2,696,058,000	62.97	1,109,800,613	65.42	1,109,800,613	50.03	3,329,401,839	65.42	1,109,802,725	41.54	1,109,802,725	34.69	3,329,408,175	41.54
Mr. Lei Hong Wai	7,980,000	0.56	7,980,000	0.41	23,940,000	0.56	9,425,652	0.56	9,425,652	0.42	28,276,956	0.56	9,693,802	0.36	9,693,802	0.31	29,081,406	0.36
Simple View Investment Limited	200,000,000	14.01	200,000,000	10.35	600,000,000	14.01	248,309,178	14.64	248,309,178	11.19	744,927,534	14.64	248,309,178	9.29	248,309,178	7.76	744,927,534	9.29
Victory Peace Holdings Limited	68,000,000	4.77	68,000,000	3.52	204,000,000	4.77	68,000,000	4.00	68,000,000	3.07	204,000,000	4.00	68,000,000	2.55	68,000,000	2.13	204,000,000	2.55
Eternity Finance Limited	-	-	-	-	-	-	-	-	-	-	-	-	972,222,222	36.39	972,222,222	30.39	2,916,666,666	36.39
Dorest Company Limited (Note 1)	13,702	0.00	41,106	0.00	41,106	0.00	13,702	0.00	41,106	0.00	41,106	0.00	13,702	0.00	41,106	0.00	41,106	0.00
Sub-total	1,174,679,702	82.31	1,174,707,106	60.79	3,524,039,106	82.31	1,435,549,145	84.62	1,435,576,549	64.71	4,306,647,435	84.62	2,408,041,629	90.13	2,408,069,033	75.28	7,224,124,887	90.13
Ms. Li Yuk Sheung (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	10,558	0.00	31,674	0.00	31,674	0.00
Public Shareholders	252,544,873	17.69	757,634,619	39.21	757,634,619	17.69	260,946,448	15.38	782,839,344	35.29	782,839,344	15.38	263,641,826	9.87	790,925,478	24.72	790,925,478	9.87
Total	1,427,224,575	100.00	1,932,341,725	100.00	4,281,673,725	100.00	1,696,495,593	100.00	2,218,415,893	100.00	5,089,486,779	100.00	2,671,694,013	100.00	3,199,026,185	100.00	8,015,082,039	100.00

Notes:

1. As at the date of this announcement, Dorest has not confirmed that it will elect to receive the Bonus CBs in lieu of all of its entitlements to the Bonus Shares under the Bonus Issue.
2. Ms. Li Yuk Sheung, an executive Director.
3. For illustration purpose only. Under the terms of the deed polls of Issued CBs and Bonus CBs, any conversion of the Issued CBs and Bonus CB (i) does not trigger a mandatory offer obligation on the part of the Bonus CB Holder which exercised the conversion right and its party(ies) acting in concert as defined under Rule 26 of the Hong Kong Code on Takeovers and Mergers; and (ii) will not cause the public float of the Company unable to meet the requirement under Rule 8.08 of the Listing Rules.
4. The Warrants in an aggregate principal amount of HK\$55,739,100.79 entitled the holders thereof to subscribe for an aggregate of 269,271,018 new Shares. Under the terms of the warrant instrument issued by the Company on 29 June 2011, the Warrants are exercisable at any time on or before 28 December 2012 at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required).

EXPECTED TIMETABLE FOR THE BONUS ISSUE

The expected timetable for the Bonus Issue as set out below is indicative only and has been prepared on the assumption that all conditions of the Bonus Issue will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate:

2012

Latest time for holders of Share Options, Warrants and Issued CBs to exercise the relevant subscription rights for Shares in order to be qualified for the Bonus Issue	4:30 p.m. on Friday, 30 November
Last day of dealings in Shares on a cum-entitlements basis for the Bonus Issue	Friday, 30 November
First day of dealings in Shares on an ex-entitlements basis for the Bonus Issue	Monday, 3 December
Latest time for lodging transfers of Shares for registration in order to be entitled to the Bonus Issue	4:30 p.m. on Tuesday, 4 December
Closure of Register for the Bonus Issue	Wednesday, 5 December and Thursday, 6 December
Record Date for determining entitlements to the Bonus Issue	Thursday, 6 December

Register re-opens Friday, 7 December

Despatch of Bonus Issue Prospectus together
with the Election Form Wednesday, 12 December

2013

Latest date and time for returning the Election Form 4:30 p.m. on
for the Bonus Issue Wednesday, 2 January

Announcement of the results of election On or before 8:30 a.m.
of the Bonus CBs on Friday, 4 January

Despatch of certificates for the Bonus Shares On or about
and Bonus CBs Wednesday, 9 January

First day of dealings 9:00 a.m. on
in the Bonus Shares Thursday, 10 January

Note: All times refer to Hong Kong local time in this announcement.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

ATTENTION

Although each Qualifying Shareholders will be given an option to elect to receive the Bonus CBs in lieu of all (or part) of his/her/its entitlements to the Bonus Shares under the Bonus Issue, the Board would like to draw the attention of the Shareholders that:

- (a) although the Bonus CBs have substantially the same economic interest attached to the Shares (including rights to receive payments representing any dividends declared and paid, assets distributed and shares or other securities issued under a capitalisation issue or scrip dividend scheme of the Company), they carry no interest and no voting rights at general meetings of the Company;
- (b) the Bonus CBs will be unlisted and irredeemable, they will have less marketability given the realisation of the Bonus CBs requires their conversion into Shares and subsequently selling the Shares in the market compared to the Shares; and
- (c) the Bonus CBs can only be assigned or transferred to the transferee subject to the consent of the Company.

“Bonus Issue Prospectus”	the prospectus to be issued by the Company in relation to the Bonus Issue
“Bonus Share(s)”	new Share(s) to be issued pursuant to the Bonus Issue
“Close of Offer Announcement”	the announcement of the Company dated 9 November 2012 relating to the close of the Offer and status of public float
“Company”	China Star Entertainment Limited, an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Deed Poll”	the deed poll and any other documents (as from time to time altered in accordance with such deed poll and/or other documents) to be executed by the Company in order to provide for and to protect the rights and interests of the Bonus CB Holders
“Directors”	the directors of the Company
“Dorest”	Dorest Company Limited, an investment holding company beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung. The 13,702 Shares held by Dorest are under a charging order and Dorest is the registered shareholder and has the voting right. These 13,702 Shares are under a charging order imposed by the liquidator of C.A. Pacific Finance Limited which is in liquidation
“Election Form”	the election form to be despatched together with the Bonus Issue Prospectus to the Qualifying Shareholders for them to elect to receive the Bonus CBs in lieu of all or part of their entitlements to the Bonus Shares
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, having made enquires pursuant to Rule 13.36(2) of the Listing Rules, consider it necessary or expedient not to issue the Bonus Shares and/or the Bonus CBs on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction

“Eternity”	Eternity Investment Limited (stock code: 764), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange and the largest single shareholder of which is Twin Success International Limited holding approximately 29.61% of its issued share capital as at the date of this announcement
“Eternity Finance”	Eternity Finance Group Limited (formerly known as Wingo Consultants Limited), a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Eternity
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWKFE”	Heung Wah Keung Family Endowment Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Heung and as to 50% by Ms. Chen
“Issued CBs”	the convertible bonds in the aggregate principal amount of HK\$350.00 million carrying rights entitling the holders thereof to convert their principal amount into 972,222,222 new Shares at an adjusted conversion price of HK\$0.36 per Share (subject to further adjustment, if required)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Heung”	Mr. Heung Wah Keung, an executive Director, a substantial Shareholder and the spouse of Ms. Chen
“Mr. Lei”	Mr. Lei Hong Wai, an employee of the Company, the chairman of the board of directors of Eternity, an executive director of Eternity and a substantial shareholder of Eternity by virtue of his 50% shareholding interest in Twin Success International Limited

“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, an executive Director, a substantial Shareholder and the spouse of Mr. Heung
“Offer”	the conditional cash offer made by Get Nice Securities Limited on behalf of the Company to repurchase for cancellation up to 887,901,665 Shares at HK\$0.35 per Share which closed on 9 November 2012
“Overseas Shareholder(s)”	Shareholders whose address(es) as shown on the Register on the Record Date is(are) outside Hong Kong
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose names appear on the Register at the close of business on the Record Date
“Record Date”	6 December 2012, being the record date for the purpose of ascertaining the entitlements of the Shareholders to the Bonus Issue
“Register”	the register of members of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company
“Shareholder(s)”	registered holder(s) of the issued Share(s)
“Share Options”	share options granted by the Company outstanding from time to time (being 2,976,198 outstanding share options exercisable into 2,976,198 new Shares at subscription prices ranging from HK\$5.543 to HK\$122.141 per new Share as at the date of this announcement)
“Simple View”	Simple View Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Eternity
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Unissued CBs”	the convertible bonds in principal amount of HK\$300.00 million to be issued by the Company to Eternity, which is subject to conditions precedent and yet to be completed, details of which are set out in the announcement dated 9 February 2011 jointly issued by the Company and Eternity and the circular of the Company dated 1 April 2011
“Victory Peace”	Victory Peace Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Eternity
“Warrants”	the outstanding listed warrants (warrant code: 1056) in an aggregate principal amount of HK\$55,739,100.79 entitling the holders thereof to subscribe for 269,271,018 new Shares at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required) as at the date of this announcement and exercisable at any time during the period from 29 June 2011 to 28 December 2012 (both days inclusive) pursuant to the warrant instrument issued by the Company on 29 June 2011
“%”	per cent.

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

Hong Kong, 20 November 2012

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. Tang Chak Lam, Gilbert.