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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

RESULTS OF THE BONUS ISSUE OF SHARES AND ELECTION FOR THE BONUS CBs AND FULFILLMENT OF PUBLIC FLOAT REQUIREMENT

As at 4:30 p.m. on Wednesday, 2 January 2013, being the latest date and time for returning the Election Form for the Bonus Issue, a total of 12 valid Election Forms have been received. Based on the 12 valid Election Forms returned by the Qualifying Shareholders (including HWKFE, Mr. Lei, Victory Peace and Simple View, which had elected to receive Bonus CBs in lieu of all of their entitlements to the Bonus Shares), the Bonus CBs in the aggregate amount of HK\$28,471,249.34 convertible into 2,847,124,934 Shares at the conversion price of HK\$0.01 per Share (subject to adjustment in accordance with the Deed Poll) will fall to be issued under the Bonus Issue. The certificates of the Bonus CBs will be despatched to those Qualifying Shareholders (including HWKFE, Mr. Lei, Victory Peace and Simple View, which had elected to receive Bonus CBs in lieu of all of their entitlements to the Bonus Shares) who elected to receive the Bonus CBs in lieu of all or part of their entitlements to the Bonus Shares on Wednesday, 9 January 2013. Bonus CBs Holders who wish to convert their Bonus CBs to Shares should follow the procedure for conversion detailed in the certificates of the Bonus CBs issued to them.

Pursuant to the Bonus Issue, a total of 514,463,056 Bonus Shares will be allotted and issued to those Qualifying Shareholders who are entitled to those Bonus Shares (other than those Qualifying Shareholders who had elected to receive Bonus CBs in lieu of all or part of their entitlements to the Bonus Shares). The certificates of the Bonus Shares will be despatched on Wednesday, 9 January 2013 to the relevant Qualifying Shareholders.

Dealings in the Bonus Shares are expected to commence on Thursday, 10 January 2013.

The public float of the Company has therefore been restored to approximately 35.39% of the total issued share capital of the Company upon the issue of the Bonus Shares, which is in compliance with the requirement under Rule 8.08(1)(a) of the Listing Rules.

Reference is made to the announcement of China Star Entertainment Limited (the “**Company**”) dated 20 November 2012 and the prospectus of the Company dated 12 December 2012 (the “**Prospectus**”) in relation to the bonus issue of shares and issue of bonus convertible bonds to fulfill the minimum public float requirement. Capitalised terms used herein have the same meanings as those defined in the Prospectus unless otherwise specified.

On 19 December 2012 and 2 January 2013, the Company issued and allotted 5,123,763 new Shares and 2,407,201 new Shares respectively, representing a total of approximately 0.45% of the issued share capital of the Company as enlarged by the issue and allotment of an aggregate of 7,530,964 new Shares, pursuant to the exercise of the subscription rights attached to the Warrants in an aggregate principal amount of HK\$519,636.516 at an adjusted subscription price of HK\$0.069 per Share. All the 7,530,964 new Shares were issued and allotted to public Shareholders.

As a result of the issue and allotment of the 7,530,964 new Shares, the total issued share capital of the Company increased from 1,680,793,995 Shares as at the Record Date and the date of the Prospectus to 1,688,324,959 Shares as at the date immediately before completion of the Bonus Issue.

Results of the Bonus Issue of Shares and election for the Bonus CBs

As mentioned in the Prospectus, pursuant to the mandate granted by the Shareholders at the SGM, 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, and each Qualifying Shareholder was given the option to elect to receive the Bonus CBs in lieu of all (or part) of the Qualifying Shareholder’s entitlements to the Bonus Shares.

On 13 December 2012, the Listing Committee of the Stock Exchange granted its approval to 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. Therefore, the condition to the Bonus Issue has been satisfied.

As at 4:30 p.m. on Wednesday, 2 January 2013, being the latest date and time for returning the Election Form for the Bonus Issue, a total of 12 valid Election Forms have been received. Based on the 12 valid Election Forms returned by the Qualifying Shareholders (including HWKFE, Mr. Lei, Victory Peace and Simple View, which had elected to receive Bonus CBs in lieu of all of their entitlements to the Bonus Shares), the Bonus CBs in the aggregate amount of HK\$28,471,249.34 convertible

into 2,847,124,934 Shares at the conversion price of HK\$0.01 per Share (subject to adjustment in accordance with the Deed Poll) will fall to be issued under the Bonus Issue. The certificates of the Bonus CBs will be despatched to those Qualifying Shareholders (including HWKFE, Mr. Lei, Victory Peace and Simple View, which had elected to receive Bonus CBs in lieu of all of their entitlements to the Bonus Shares) who elected to receive the Bonus CBs in lieu of all or part of their entitlements to the Bonus Shares on Wednesday, 9 January 2013. Bonus CBs Holders who wish to convert their Bonus CBs to Shares should follow the procedure for conversion detailed in the certificates of the Bonus CBs issued to them.

Pursuant to the Bonus Issue, a total of 514,463,056 Bonus Shares will be allotted and issued to those Qualifying Shareholders who are entitled to those Bonus Shares (other than those Qualifying Shareholders who had elected to receive Bonus CBs in lieu of all or part of their entitlements to the Bonus Shares). The certificates of the Bonus Shares will be despatched on Wednesday, 9 January 2013 to the relevant Qualifying Shareholders.

Dealings in the Bonus Shares are expected to commence on Thursday, 10 January 2013.

Fulfillment of public float requirement

The Board is pleased to announce that the Bonus Issue has been successful in assisting the Company to restore the minimum public float of the Shares prescribed under Rule 8.08(1) of the Listing Rules, being not less than 25% of the issued share capital of the Company must be held by the public at all times. Set out below is the shareholding structure and the public float of the Company (i) as at the Record Date and the date of the Prospectus; (ii) immediately before completion of the Bonus Issue; and (iii) immediately after completion of the Bonus Issue:

	As at the Record Date and the date of the Prospectus		Immediately before completion of the Bonus Issue		Immediately after completion of the Bonus Issue	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Heung Wah Keung Family Endowment Limited (Note 1)	1,109,800,613	66.03	1,109,800,613	65.73	1,109,800,613	50.38
Mr. Lei Hong Wai (Note 1)	9,425,652	0.56	9,425,652	0.56	9,425,652	0.43
Simple View Investment Limited (Note 1)	235,990,338	14.04	235,990,338	13.98	235,990,338	10.71
Victory Peace Holdings Limited (Note 1)	68,000,000	4.05	68,000,000	4.03	68,000,000	3.09
Dorest Company Limited	13,702	0.00	13,702	0.00	41,106	0.00
Sub-total	1,423,230,305	84.68	1,423,230,305	84.30	1,423,257,709	64.61
Public Shareholders (Note 2)	257,563,690	15.32	265,094,654	15.70	779,530,306	35.39
Total	1,680,793,995	100.00	1,688,324,959	100.00	2,202,788,015	100.00

Notes:

1. HWKFE, Mr. Lei, Victory Peace and Simple View elected to receive the Bonus CBs in lieu of his/ its entitlements to the Bonus Shares under the Bonus Issue.
2. After the date of the Prospectus and up to the date of this announcement, the Company has issued and allotted an aggregate of 7,530,964 new Shares, representing approximately 0.45% of the issued share capital of the Company as enlarged by the issue and allotment of 7,530,964 new Shares to the public Shareholders.

The public float of the Company has therefore been restored to approximately 35.39% of the total issued share capital of the Company upon the issue of the Bonus Shares, which is in compliance with the requirement under Rule 8.08(1)(a) of the Listing Rules.

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

Hong Kong, 3 January 2013

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.