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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

ANNOUNCEMENT

SPECIAL DISTRIBUTION AND CLOSURE OF REGISTERS

Subject to the approval of the Shareholders at the SGM, the Board has resolved to recommend the Special Distribution to be made out of the contributed surplus account of the Company of HK4 cents per share to the Shareholders whose names appear on the Company's register of member on Monday, 6 May 2013. The Bonus CBs Holders whose names appear on the register of the Bonus CBs Holders on Monday, 6 May 2013 will also be entitled to the Special Distribution.

The Registers will be closed on Monday, 6 May 2013 for the purpose of determining the entitlements to the Special Distribution. No transfer of Shares and/or Bonus CBs will be registered on Monday, 6 May 2013.

In order to qualify for entitlement to the Special Distribution, all the Shareholders and the Bonus CBs Holders must lodge with the Registrar their duly completed transfers forms accompanied by the relevant certificates for registration not later than 4:30 p.m. on Friday, 3 May 2013. The record date for the Special Distribution will be on Monday, 6 May 2013. The last day of dealing in Shares on a cum-entitlement to the Special Distribution basis will be on Tuesday, 30 April 2013. Dealing of Shares will be traded on an ex-entitlement to the Special Distribution basis as from Thursday, 2 May 2013. The Special Distribution will be paid to the Shareholders and the Bonus CBs Holders on or around Wednesday, 15 May 2013.

The Special Distribution is conditional upon the approval of the Shareholders by way of ordinary resolution at the SGM and compliance of the applicable procedures and requirements under the law of Bermuda, if required.

The expected timetable relating to the Special Distribution mentioned in this announcement may be changed. The Company will keep the Shareholders, the Bonus CBs Holder and potential investors informed of any further changes in connection with the expected timetable by way of further announcement(s).

The Board wishes to remind the Shareholders that the Special Distribution is subject to the approval of the Shareholders at the SGM, which may or may not be obtained. The Shareholders, the Bonus CBs Holder and potential investors are reminded to exercise caution when dealing in the shares of the Company.

SPECIAL DISTRIBUTION

In view of the healthy financial position with steady monthly cash inflow and expected future working capital requirements of China Star Entertainment Limited (the “**Company**”), it is appropriate to return some cash to the shareholders of the Company (the “**Shareholders**”) and, subject to the approval of the Shareholders at a special general meeting to be held and convened by the Company (the “**SGM**”), the board of directors of the Company (the “**Board**”) has resolved to recommend a special distribution (the “**Special Distribution**”) to be made out of the contributed surplus account of the Company of HK4 cents per share to the Shareholders whose names appear on the Company’s register of members on Monday, 6 May 2013. The Special Distribution is the Company’s long-term strategy to reward Shareholders for their on-going support and a financial leverage which can improve return on equity. After the Special Distribution, the cash position of the Company will remain healthy.

Barring unforeseeable circumstance, it is the intention of the Board to continue the strategy of paying dividend or distribution in the future.

According to the deed poll of the bonus convertible bonds of the Company issued on 9 January 2013 (the “**Bonus CBs**”), the Company shall at the same time pay or distribute to each holder of the Bonus CBs (the “**Bonus CBs Holder**”) an amount of cash which is equal to (a) the amount of cash of the Special Distribution per share receivable by the Shareholders under the Special Distribution, multiplied by (b) the number of Shares which the Bonus CBs Holder would have become a holder of, had such Bonus CBs Holder then outstanding been converted on the relevant date for determining entitlement to the Special Distribution. Accordingly, the Bonus CBs Holders whose names appear on the register of the Bonus CBs Holders on Monday, 6 May 2013 will also be entitled to the Special Distribution.

CLOSURE OF REGISTERS

The register of members of the Company and the register of the Bonus CBs Holders (the “**Registers**”) will be closed on Monday, 6 May 2013 for the purpose of determining the entitlements to the Special Distribution. No transfer of Shares and/or Bonus CBs will be registered on Monday, 6 May 2013.

In order to qualify for entitlement to the Special Distribution, all the Shareholders and the Bonus CBs Holders must lodge with the branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (the "**Registrar**") their duly completed transfers forms accompanied by the relevant certificates for registration not later than 4:30 p.m. on Friday, 3 May 2013. The record date for the Special Distribution will be on Monday, 6 May 2013. The last day of dealing in Shares on a cum-entitlement to the Special Distribution basis will be on Tuesday, 30 April 2013. Dealing of Shares will be traded on an ex-entitlement to the Special Distribution basis as from Thursday, 2 May 2013. The Special Distribution will be paid to the Shareholders and the Bonus CBs Holders on or around Wednesday, 15 May 2013.

GENERAL

The Special Distribution is conditional upon the approval of the Shareholders by way of ordinary resolution at the SGM and compliance of the applicable procedures and requirements under the law of Bermuda, if required.

A circular containing further details of the Special Distribution together with notice of the SGM and related proxy form will be despatched to the Shareholders as soon as practicable (i.e. on or before 12 April 2013). The SGM is expected to be held and convened on Monday, 29 April 2013.

The expected timetable relating to the Special Distribution mentioned in this announcement may be changed. The Company will keep the Shareholders, the Bonus CBs Holders and potential investors informed of any further changes in connection with the expected timetable by way of further announcement(s).

The Board wishes to remind the Shareholders that the Special Distribution is subject to the approval of the Shareholders at the SGM, which may or may not be obtained. The Shareholders, the Bonus CBs Holders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 March 2013

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; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.