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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

**OPEN OFFER OF NOT LESS THAN 2,634,510,634 OFFER SHARES AND
NOT MORE THAN 2,719,215,073 OFFER SHARES
ON THE BASIS OF 2 OFFER SHARES
FOR EVERY 5 EXISTING SHARES
HELD ON THE RECORD DATE
(ON THE BASIS THAT AS-IF THE BONUS CBs HAVING BEEN
FULLY CONVERTED) AT HK\$0.125 PER OFFER SHARE**

Underwriter to the Open Offer



KINGSTON SECURITIES LTD.

THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$329.31 million and not more than approximately HK\$339.90 million before expenses by issuing not less than 2,634,510,634 Offer Shares and not more than 2,719,215,073 Offer Shares at the Subscription Price per Offer Share on the basis of 2 Offer Shares for every 5 existing Shares held on the Record Date (on the basis that as-if the Bonus CBs having been fully converted) and payable in full upon application. Qualifying Shareholders and Qualifying Bonus CB Holders are not entitled to apply for excess Offer Shares and any such Offer Shares not taken up by the Qualifying Shareholders and Qualifying Bonus CBs Holders in excess of their respective entitlements under the Open Offer will be underwritten by the Underwriter. The Open Offer is only available to the Qualifying Shareholders and the Qualifying Bonus CBs Holders, and will not be extended to the Prohibited Shareholders and the Prohibited Bonus CBs Holders.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,634,510,634 Offer Shares proposed to be allotted and issued, representing approximately 40.12% of the Company's issued share capital as at the date of this announcement and approximately 28.63% of the Company's issued share capital as enlarged by the allotment and issue of the 2,634,510,634 Offer Shares immediately after completion of the Open Offer.

Assuming all outstanding Options are exercised in full and Bonus CBs are converted in full on or before the Record Date, the maximum number of 2,719,215,073 Offer Shares proposed to be allotted and issued, representing approximately 40.00% of the Company's issued share capital as at the date of this announcement and as enlarged by the allotment and issue of 230,728,538 new Shares pursuant to the exercise of the subscription rights attached to the Options and the conversion rights attached to the Bonus CBs and approximately 28.57% of the Company's issued share capital as enlarged by the allotment and issue of 230,728,538 new Shares pursuant to the exercise of the subscription rights attached to the Options and the conversion rights attached to the Bonus CBs and the 2,719,215,073 Offer Shares immediately after completion of the Open Offer.

The Open Offer is only available to the Qualifying Shareholders and the Qualifying Bonus CBs Holders. To qualify for the Open Offer, all transfers of Shares and the Bonus CBs must be lodged for registration with the Registrar by 4:30 p.m. on Wednesday, 20 November 2013.

The register of members of the Company and the register of the Bonus CBs Holders of the Company will be closed from Thursday, 21 November 2013 to Monday, 25 November 2013, both days inclusive, to determine the eligibility of the Open Offer. The Record Date is Monday, 25 November 2013. The last day of dealings in the Shares on cum-entitlement basis of the Open Offer is Monday, 18 November 2013. The Shares will be dealt in on ex-entitlement basis of the Open Offer from Tuesday, 19 November 2013. To qualify for the Open Offer, a Shareholder and a Bonus CBs Holder must be registered as a member of the Company or a holder of the Bonus CBs on the Record Date and not being a Prohibited Shareholder or Prohibited Bonus CBs Holders.

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them) pursuant to Rules 7.24(5) and 7.26(A) of the Listing Rules, the Open Offer is not subject to Shareholders' approval under the Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders and the Qualifying Bonus CBs Holders, and the Overseas Letter together with the Prospectus will be despatched to the Prohibited Shareholders and the Prohibited Bonus CBs Holders for their information only on Tuesday, 26 November 2013.

Warning of the risk of dealings in the Shares

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof.

Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

THE OPEN OFFER

The Company proposes to raise not less than approximately HK\$329.31 million and not more than approximately HK\$339.90 million before expenses by way of the Open Offer and details are set out as follows:

Issue statistics

Basis of the Open Offer:	2 Offer Shares for every 5 existing Shares held on the Record Date (on the basis that as-if the Bonus CBs having been fully converted)
Subscription Price:	HK\$0.125 per Offer Share
Number of Shares in issue as at the date of this announcement:	6,567,309,145 Shares
Number of outstanding Options:	211,761,098 Options entitling the holders thereof to subscribe for 211,761,098 new Shares under the Share Option Schemes
Amount of Bonus CBs:	The outstanding principal amount of HK\$189,674.40 carrying rights entitling the holders thereof to convert their principal amount into 18,967,440 new Shares at an initial conversion price of HK\$0.01 per Share (subject to adjustment). According to deed poll constituting the Bonus CBs, the Bonus CBs Holders are entitled to participate in the Open Offer, without converting the Bonus CBs into Shares.

Number of Offer Shares:	Not less than 2,634,510,634 Offer Shares and not more than 2,719,215,073 Offer Shares
Number of Offer Shares to be taken up or procure to be taken up by HWKFE pursuant to the Underwriting Agreement:	HWKFE has irrevocably undertaken in favour of the Company and the Underwriter to subscribe for or procure the subscription for the 1,331,760,735 Offer Shares to be allotted to it under its entitlement pursuant to the Open Offer
Number of Offer Shares underwritten by the Underwriter:	Not less than 1,302,749,899 Offer Shares and not more than 1,387,454,338 Offer Shares. Accordingly, the Open Offer is fully underwritten
Number of enlarged Shares in issue upon completion of the Open Offer:	Not less than 9,201,819,779 Shares and not more than 9,517,252,756 Shares

As at the date of this announcement, the Company has (i) 211,761,098 outstanding Options entitling the holders thereof to subscribe for 211,761,098 new Shares; (ii) outstanding Bonus CBs in the aggregate principal amount of HK\$189,674.40 carrying rights entitling the holders thereof to convert their principal amount into 18,967,440 new Shares at an initial conversion price of HK\$0.01 per Share (subject to adjustment); and (iii) outstanding 8% CBs in the aggregate principal amount of HK\$225 million carrying rights entitling the holders thereof to convert their principal amount into 2,045,454,545 new Shares at an adjusted conversion price of HK\$0.11 per Share (subject to further adjustment, if required). Save for the Options, the Bonus CBs and the 8% CBs, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

As disclosed in the prospectus of the Company dated 12 December 2012 in connection with the issue of the Bonus CBs, if and whenever the Company shall offer to issue Share or other securities by way of rights (“**Rights Issue**”) to its Shareholders, the Company shall, subject to compliance with the relevant laws, rules, regulations and requirements in Hong Kong and Bermuda, at the same time offer to each Bonus CB Holder rights for subscription either, at the option of the Company (a) such number of Shares or securities which is equal to (i) the number of such Shares or securities offered by the Company to the Shareholders in respect of each issued Share held by them under the Rights Issue, multiplied by (ii) the number of Shares which the Bonus CB Holder would have become a holder of, had such Bonus CB Holder’s Bonus CBs then outstanding been converted on the relevant record date for determining entitlement to the Rights

Issue, or (b) further convertible bonds on the same terms and conditions as the Bonus CBs in such amount which would on conversion thereof entitle the Bonus CB Holders of such convertible bonds to such number of Shares as is equal to (i) the number of Shares offered for subscription by the Shareholders in respect of each issued Share held by the Shareholders under the Rights Issue, multiplied by (ii) the number of Shares which the Bonus CB Holder would have become a holder of, had such Bonus CB Holder's Bonus CBs then outstanding been converted on the relevant record date for determining entitlement to the Rights Issue. In view of the above, the Company decides to offer rights to the Bonus CBs Holders to participate in the Open Offer on the basis that as-of the Bonus CBs have been fully converted on the Record Date. For the avoidance of doubt, it is not necessary for the Bonus CBs Holders to exercise the conversion rights to convert the Bonus CBs into Shares in order to participate in the Open Offer.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 2,634,510,634 Offer Shares proposed to be allotted and issued, representing approximately 40.12% of the Company's issued share capital as at the date of this announcement and approximately 28.63% of the Company's issued share capital as enlarged by the allotment and issue of the 2,634,510,634 Offer Shares immediately after completion of the Open Offer.

Assuming the outstanding Options are exercised in full and the Bonus CBs are converted in full on or before the Record Date, the maximum number of 2,719,215,073 Offer Shares proposed to be allotted and issued, representing approximately 40.00% of the Company's issued share capital as at the date of this announcement and as enlarged by the allotment and issue of 230,728,538 new Shares pursuant to the exercise of the subscription rights attached to the Options and the conversion rights attached to the Bonus CBs and approximately 28.57% of the Company's issued share capital as enlarged by the allotment and issue of 230,728,538 new Shares pursuant to the exercise of the subscription rights attached to the Options and the conversion rights attached to the Bonus CBs and the 2,719,215,073 Offer Shares immediately after completion of the Open Offer.

The aggregate nominal value of the Offer Shares will be not less than HK\$26,345,106.34 and not more than HK\$27,192,150.73.

Basis of entitlement

The basis of the entitlement shall be 2 Offer Shares for every 5 existing Shares held on the Record Date (on the basis that as-if the Bonus CBs having been fully converted), being not less than 2,634,510,634 Offer Shares and not more than 2,719,215,073 Offer Shares at the Subscription Price. Acceptance for all or any part entitlement of a Qualifying Shareholder and a Qualifying Bonus CBs Holder should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being accepted for.

Qualifying Shareholders and the Qualifying Bonus CBs Holders

The Open Offer is only available to the Qualifying Shareholders and the Qualifying Bonus CBs Holders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders and the Qualifying Bonus CBs Holders; and (b) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders and the Prohibited Bonus CBs Holders.

To qualify for the Open Offer: (i) the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not being the Prohibited Shareholders; and (ii) the Bonus CBs Holders must at the close of business on the Record Date (a) be registered on the register of Bonus CBs Holders of the Company; and (b) not being the Prohibited Bonus CBs Holders.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 20 November 2013.

Closure of register of members and register of Bonus CBs Holders

The register of members of the Company and the register of the Bonus CBs Holders of the Company will be closed from Thursday, 21 November 2013 to Monday, 25 November 2013, both days inclusive. No transfer of Shares and Bonus CBs will be registered during this book closure period.

Subscription Price

The Subscription Price is HK\$0.125 per Offer Share, payable in full upon application.

The Subscription Price represents:

- (a) a discount of approximately 3.85% to the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 3.1% to the theoretical ex-entitlement price of HK\$0.129 based on the closing price of HK\$0.130 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (c) a discount of approximately 1.57% to the average closing price of approximately HK\$0.127 per Share for the last five consecutive trading days immediately prior to the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to, among others, the prevailing market price of the Shares. The Directors consider that each Qualifying Shareholder and each Qualifying Bonus CBs Holder will be entitled to subscribe for the Offer Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date (on the basis that as-if the Bonus CBs having been fully converted) and the terms of the Open Offer, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders and Bonus CBs Holders to take up their entitlements so as to share in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. After deduct all relevant expenses relating to the Open Offer, the net price per Offer Share will be approximately HK\$0.124.

Rights of Overseas Shareholders and Overseas Bonus CBs Holders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders and/or the Overseas Bonus CBs Holders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Offer Shares to the Overseas Shareholders and/or the Overseas Bonus CBs Holders 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 Open Offer will not be available to such Overseas Shareholders and/or such Overseas Bonus CBs Holders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders and the Prohibited Bonus CBs Holders.

Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders and the Qualifying Bonus CBs Holders on Tuesday, 26 November 2013. The Company will send copies of the Prospectus to the Prohibited Shareholders and the Prohibited Bonus CBs Holders for their information only, but no Application Form will be sent to them.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Offer Shares in their fully-paid form.

Share certificates and refund cheques for the Open Offer

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 16 December 2013. If the Open Offer is terminated, refund cheques will be despatched on or before Monday, 16 December 2013 by ordinary post at the respective Shareholders' and Bonus CBs Holders' own risk.

No application for excess Offer Shares

Considering that the Open Offer will give the Qualifying Shareholders and the Qualifying Bonus CBs Holders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company (on the basis that as-if the Bonus CBs having been fully converted), if application for excess Offer Shares is arranged, the Company will be required to put in additional effort and costs to administer the excess application procedures. Accordingly, no excess Offer Shares will be offered to the Qualifying Shareholders and the Qualifying CBs Holders and any Offer Shares not taken up by the Qualifying Shareholders and the Qualifying CBs Holders will be underwritten by the Underwriter.

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be issued to the Qualifying Shareholders and the Qualifying Bonus CBs Holders but will be aggregated and sold in the open market, if at premium, net of expenses can be obtained and the net proceeds, after deduction of related expenses arising from such sale, will be retained for the benefit of the Company.

Application for the Offer Shares

The Application Form in respect of the entitlement of the Offer Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders and the Qualifying Bonus CBs Holders to whom it is addressed to subscribe for the Offer Shares as shown therein by completing such form and lodging the same with a remittance for the Offer Shares being taken up with the Registrar by the Latest Time for Acceptance.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Offer Shares. Dealings in the Offer Shares on the Stock Exchange will be subject to the payment of stamp duty (if any) in Hong Kong and any other applicable fees and charges in Hong Kong.

Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Underwriting Agreement

Date:	5 November 2013
Underwriter:	Kingston Securities Limited
Number of Offer Shares to be underwritten:	Not less than 1,302,749,899 Offer Shares and not more than 1,387,454,338 Offer Shares. Accordingly, taking into account the HWKFE Undertaking, the Open Offer is fully underwritten.
Undertaking relating to the Offer Shares	HWKFE has given the HWKFE Undertaking in favour of the Company and the Underwriter to subscribe for 1,331,760,735 Offer Shares to which it is entitled under the Open Offer.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is interested in 27 Shares. It is one of the conditions of the Underwriting Agreement that the Underwriter would enter into binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of the Underwriter together with its parties acting in concert nor any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Underwriting Commission

The Company will pay the Underwriter an underwriting commission of 1.0% of the aggregate Subscription Price in respect of the maximum number of the underwritten Offer Shares. The Directors are of the view that the terms of the Underwriting Agreement, including the commission, are fair and reasonable.

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

Irrevocable undertakings given by HWKFE and Eternity Finance

As at the date of the Underwriting Agreement, HWKFE is interested in 3,329,401,839 Shares, representing approximately 50.70% of the total issued share capital of the Company. HWKFE irrevocably undertakes to the Company and to the Underwriter that:

- (1) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date;
- (2) to accept or procure the acceptance for the 1,331,760,735 Offer Shares to be allotted and issued to HWKFE under its entitlement pursuant to the Open Offer; and
- (3) to lodge the Application Form(s) in respect of the 1,331,760,735 Offer Shares referred to in paragraph (2) above accompanied by the appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.

As at the date of the Underwriting Agreement, Eternity Finance is interested in the 8% CBs in the aggregate principal of HK\$225.00 million which entitled Eternity Finance to convert its principal amount into 2,045,454,545 new Shares at an adjusted conversion price of HK\$0.11 per Share (subject to further adjustment, if required). Eternity Finance irrevocably undertakes to the Company and to the Underwriter:

- (1) not to exercise its conversion rights attached to the 8% CBs held by it from the date of the Underwriting Agreement to the close of business on the Record Date; and
- (2) the 8% CBs registered in the name of and beneficially owned by Eternity Finance will remain registered in the name of and beneficially owned by Eternity Finance from the date of the Underwriting Agreement to the close of business on the Record Date.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the termination clause of the Underwriting Agreement, if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement, or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of the Underwriter; or
- (2) any specified event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act on or before the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the Qualifying Bonus CBs Holders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders and the Prohibited Bonus CBs Holders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (6) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;

- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of HWKFE under the HWKFE Undertaking;
- (9) compliance with and performance of all undertakings and obligations of Eternity Finance under the Eternity Finance Undertaking; and
- (10) the entering into of binding agreements by the Underwriter with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of the Underwriter together with its parties acting in concert nor any of the placees and/or sub-underwriters and their respective parties acting in concert shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

All of the above conditions are not waivable. If any of the conditions of the Open Offer is not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and none of the parties shall, save in respect of any right or liability accrued before such termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

Expected timetable

2013

Publication of the Open Offer announcement on the website of the Stock Exchange	Tuesday, 5 November 2013
Last day of dealings in Shares on cum-entitlements basis of the Open Offer	Monday, 18 November
First day of dealings in Shares on ex-entitlements basis of the Open Offer	Tuesday, 19 November
Latest time for lodging transfers of Shares and Bonus CBs in order to qualify for the Open Offer	4:30 p.m. on Wednesday, 20 November
Register of members and register of Bonus CBs Holders close (both days inclusive)	Thursday, 21 November to Monday, 25 November

Record Date	Monday, 25 November
Register of members and register of Bonus CBs Holders reopen	Tuesday, 26 November
Despatch of Prospectus Documents.....	Tuesday, 26 November
Latest time for Acceptance	4:00 p.m. on Tuesday, 10 December
Latest Time for Termination by the Underwriter.....	4:00 p.m. on Friday, 13 December
Announcement of the results of the Open Offer	Friday, 13 December
Despatch of share certificates for Offer Shares	Monday, 16 December
Despatch of refund cheques if the Open Offer is terminated.....	Monday, 16 December
Expected first day of dealings in fully-paid..... Offer Shares on the Stock Exchange	.9:00 a.m. on Tuesday, 17 December

All times and dates stated in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders and Bonus CBs Holders as and when appropriate.

Shareholding structure of the Company

Set out below is the shareholding structure of the Company before and after the completion of the Open Offer:

(a) *Assuming no Option is exercised and no Bonus CBs is converted on or before the Record Date*

	As at the date of this announcement		Upon completion of the Open Offer (assuming all Offer Shares are subscribed by the Qualifying Shareholders and the Qualifying Bonus CBs Holders)		Upon completion of the Open Offer (assuming none of the Offer Shares are subscribed by the Qualifying Shareholders and the Qualifying Bonus CBs Holders other than HWKFE) (Note 3)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
HWKFE (Note 1)	3,329,401,839	50.70	4,661,162,574	50.65	4,661,162,574	50.65
Dorest Company Limited (Note 2)	41,106	0.00	57,548	0.00	41,106	0.00
Mr. Lei	9,425,652	0.14	20,736,433	0.23	9,425,652	0.10
Public						
The Underwriter	0	0.00	3	0.00	1,302,749,899	14.16
Existing public Shareholders	3,228,440,548	49.16	4,519,863,221	49.12	3,228,440,548	35.09
Total	6,567,309,145	100.00	9,201,819,779	100.00	9,201,819,779	100.00

(b) *Assuming the Options are exercised in full and the Bonus CBs are converted in full on or before the Record Date*

	As at the date of this announcement		Assuming the Options are exercised in full and the Bonus CBs are converted in full on or before the Record Date		Assuming the Options are exercised in full and the Bonus CBs are converted in full on or before the Record Date and assuming all Offer Shares are taken up by the Qualifying Shareholders and the Qualifying Bonus CBs Holders		Assuming the Options are exercised in full and the Bonus CBs are converted in full on or before the Record Date and assuming none of the Offer Shares are taken up by the Qualifying Shareholders and the Qualifying Bonus CBs Holders other than HWKFE)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
HWKFE (Note 1)	3,329,401,839	50.70	3,329,401,839	48.98	4,661,162,574	48.98	4,661,162,574	48.98
Dorest Company Limited (Note 2)	41,106	0.00	41,106	0.00	57,548	0.00	41,106	0.00
Mr. Lei	9,425,652	0.14	51,049,726	0.75	71,469,616	0.75	51,049,726	0.54
Public								
Holders of the Options (other than Mr. Lei)	0	0.00	188,988,328	2.78	264,583,659	2.78	188,988,328	1.98
The Underwriter	0	0.00	0	0.00	2	0.00	1,387,454,338	14.58
Existing public Shareholders	3,228,440,548	49.16	3,228,556,684	47.49	4,519,979,357	47.49	3,228,556,684	33.92
Total	6,567,309,145	100.00	6,798,037,683	100.00	9,517,252,756	100.00	9,517,252,756	100.00

Notes:

- Pursuant to the Underwriting Agreement, HWKFE irrevocably undertakes to the Company and to the Underwriter that (1) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (2) to accept or procure the acceptance for the 1,331,760,735 Offer Shares to be allotted and issued to HWKFE under its entitlement pursuant to the Open Offer; and (3) to lodge the Application Form(s) accompanied by the appropriate remittances in respect of the 1,331,760,735 Offer Shares prior to the Latest Time for Acceptance.
- Dorest Company Limited is owned as to 60% by Porterstone Limited and as to 40% by Mr. Heung Wah Keung, an executive Director. The Shares held by Dorest Company Limited are under a charging order.

3. This scenario is for illustrative purpose only and will not occur. Pursuant to the Underwriting Agreement, in the event of Underwriter being called upon to subscribe for or procure certain placees and/or sub-underwriters to subscribe for any of the Offer Shares: Underwriter together with its parties acting in concert nor any of the placees and/or sub-underwriters and their respective parties acting in concert shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Reasons for the Open Offer and use of proceeds

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, sales of Chinese health products, investing in operations which receive the profit stream from gaming promotion business, property and hotel investment, and property development.

The gross proceeds from the Open Offer will not be less than approximately HK\$329.31 million and not more than approximately HK\$339.90 million. The net proceeds from the Open Offer after deducting all relevant expenses are estimated to be not less than HK\$325.42 million but not more than HK\$336.01 million. The net proceeds of the Open Offer intended to be used for property investment in Hong Kong and/or Macau when suitable opportunity arises.

The Board considers that the Open Offer presents an opportunity for the Company to strengthen capital base of the Company. The Board also considers that the Open Offer is in the interests of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders and the Qualifying Bonus CBs Holders an equal opportunity to participate in the future development of the Company.

On 23 October 2013, the Board announced that the Company was approached by an Independent Third Party relating to the possible disposal (the “Possible Disposal”) of Hotel Lan Kwai Fong Macau. The Board would like to inform the Shareholders and potential investors that the preliminary negotiation with the Independent Third Party regarding the Possible Disposal is still in progress. No terms and conditions of the Possible Disposal have been reached and no agreements or contacts have been signed in respect of such negotiation as at the date of this announcement.

However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company would be diluted.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund raising activity conducted by the Company:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
10 January 2013	Placing of 400,000,000 new Shares at HK\$0.140 per Share	Approximately HK\$55.3 million	For property investment in Hong Kong	The net proceeds has been utilised as intended

ADJUSTMENTS TO OPTIONS AND 8% CBs

Adjustments to the exercise prices and numbers of the Options and the conversion price of the 8% CBs may be required under the share option schemes of the Company and the relevant terms under the deed poll constituting the convertible bonds of the Company. An approved financial adviser or the auditors of the Company will be appointed to certify the necessary adjustments, if any, to the exercise prices and numbers of the Options and the conversion price of the 8% CBs. Further announcement will be made by the Company in this regard.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 19 November 2013 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.

Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 13 December 2013), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

GENERAL

Since the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them) pursuant to Rules 7.24(5) and 7.26(A) of the Listing Rules, the Open Offer is not subject to Shareholders' approval under the Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders and the Qualifying Bonus CBs Holders, and the Overseas Letter together with the Prospectus will be despatched to the Prohibited Shareholders and the Prohibited Bonus CBs Holders for their information only on Tuesday, 26 November 2013.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“8% CBs”	the 8% convertible bonds in the aggregate principal amount of HK\$350.00 million issued by the Company to Eternity Finance on 7 July 2011 due on the 5th anniversary of the date of their issue, of which principal amount of HK\$225.00 million outstanding as at the date of the Underwriting Agreement
“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Application Form”	the form of application to be used by the Qualifying Shareholders and the Qualifying Bonus CBs Holders to apply for the Offer Shares in the agreed form
“Board”	the board of Directors
“Bonus CBs”	the bonus convertible bonds in the outstanding principal amount of HK\$189,674.40 carrying rights entitling the holders thereof to convert their principal amount into 18,967,440 new Shares at an initial conversion price of HK\$0.01 per Share (subject to adjustment) constituted by the deed poll executed by the Company on 9 January 2013. Detailed terms of the Bonus CBs are disclosed in the Company's circular dated 12 December 2012.
“Bonus CBs Holder(s)”	the holder(s) of the Bonus CBs

“Business Day”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	The central Clearing and Settlement Systems established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	China Star Entertainment Limited, an exempted company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Directors”	the directors of the Company
“Eternity”	Eternity Investment Limited (stock code: 764) 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
“Eternity Finance”	Eternity Finance Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Eternity
“Eternity Finance Undertaking”	the irrevocable undertaking given by Eternity Finance under the Underwriting Agreement not to exercise its conversion rights attached to the 8% CBs held by it
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“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
“HWKFE Undertaking”	the irrevocable undertaking given by HWKFE under the Underwriting Agreement to take up in full its entitlements under the Open Offer to subscribe for 1,331,760,735 Offer Shares
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s) (as defined under the Listing Rules)
“Last Trading Day”	5 November 2013, being the last trading day for the Shares before the Underwriting Agreement
“Latest Time for Acceptance”	the latest time for acceptance for the Offer Shares at 4:00 p.m., on Tuesday, 10 December 2013 or such other time as may be agreed between the Company and the Underwriter
“Latest Time for Termination”	the latest time for terminating the Underwriting Agreement at 4:00 p.m., on Friday, 13 December 2013, being the third Business Day after the Latest Time for Acceptance
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange
“Mr. Heung”	Mr. Heung Wah Keung, the Chairman of the Board, an executive Director and a controlling Shareholder (as defined under the Listing Rules)

“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 (as defined under the Listing Rules) of Eternity
“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, the Vice Chairman of the Board, an executive Director and a controlling Shareholder (as defined under the Listing Rules)
“Offer Shares”	not less than 2,634,510,634 new Shares and not more than 2,719,215,073 new Shares to be allotted and issued pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Subscription Price on the basis of 2 Offer Shares for every 5 existing Shares held on the Record Date (on the basis that as-if the Bonus CBs having been fully converted)
“Options”	the share options granted under the Share Option Schemes
“Overseas Bonus CBs Holder(s)”	Bonus CBs Holder(s) with registered address(es) (as shown in the register of the Bonus CBs Holders of the Company on the Record Date) which are outside Hong Kong
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders and the Prohibited Bonus CBs Holders explaining the circumstances in which the Prohibited Shareholders and the Prohibited Bonus CBs Holders are not permitted to participate in the Open Offer
“Overseas Shareholder(s)”	the Shareholder(s) with registered address(es) (as shown in the register of members of the Company on the Record Date) are outside Hong Kong
“Prohibited Bonus CBs Holders”	the Overseas Bonus CBs Holder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it 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 not to offer the Offer Shares to such Bonus CBs Holder(s)

“Prohibited Shareholder(s)”	the Overseas Shareholder(s) whose address is/are in a place(s) outside Hong Kong where, the Directors, based on legal opinions provided by legal advisers of the Company, consider it 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 not to offer the Offer Shares to such Shareholders
“Prospectus”	the document containing details of the Open Offer to be despatched to the Shareholders
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Tuesday, 26 November 2013 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders and the Qualifying Bonus CBs Holders (or the Prospectus only in case of Prohibited Shareholder(s) and the Prohibited Bonus CBs Holder(s))
“Qualifying Bonus CBs Holders”	Bonus CBs Holders whose names appear on the register of holders of the Bonus CBs of the Company on the Record Date, other than the Prohibited Bonus CBs Holders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	Monday, 25 November 2013, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Open Offer
“Registrar”	Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the branch share register and transfer office of the Company in Hong Kong and the registrar and transfer agent of the Bonus CBs
“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares

“Share Option Schemes”	the share option schemes of the Company adopted on 27 May 2002 and 28 June 2012
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.125 per Offer Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 5 November 2013 in relation to the Open Offer entered into between the Company, the Underwriter, HWKFE and Eternity Finance
“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, 5 November 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.