

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

RESULTS OF THE RIGHTS ISSUE OF 1,807,406,986 RIGHTS SHARES ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AND ADJUSTMENTS IN RELATION TO OUTSTANDING SHARE OPTIONS AND THE BONUS CONVERTIBLE BONDS

Joint financial advisers to the Company


KINGSTON CORPORATE FINANCE

 **中國農信財務顧問有限公司**
China AF Corporate Finance Limited

Underwriter of the Rights Issue

Heung Wah Keung Family Endowment Limited

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that as at 4:00 p.m. on Thursday, 26 July 2018, being the Latest Time for Acceptance,

- (i) 25 valid acceptances of provisional allotments under the PALs were received for a total of 898,025,461 Rights Shares, representing approximately 49.69% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue; and
- (ii) 21 valid application for excess Rights Shares under the EAFs was received for a total of 1,503,741,285 Rights Shares, representing approximately 83.20% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue.

In aggregate, 46 valid acceptances and applications in respect of a total of 2,401,766,746 Rights Shares, representing approximately 132.89% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue, have been received. Accordingly, the Rights issue was over-subscribed by 594,359,760 Rights Shares.

Pursuant to the Irrevocable Undertaking by the Underwriter, the Underwriter has subscribed for the 372,893,004 Rights Shares provisionally allotted to it.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

The share certificates in respect of valid acceptances of the Rights Shares on PALs and excess Rights Shares on EAFs are expected to be posted to those entitled thereto by ordinary post at their own risks on Monday, 6 August 2018. Refund cheques in respect of the unsuccessful applications for the excess Rights Shares are also expected to be posted to those entitled thereto by ordinary post at their own risks on Monday, 6 August 2018.

COMMENCEMENT OF DEALINGS IN FULLY-PAID RIGHTS SHARES

The listing approval has been granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares. Dealings in the Rights Shares in their fully-paid form on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, 7 August 2018.

ADJUSTMENTS IN RELATION TO OUTSTANDING SHARE OPTIONS AND THE BONUS CONVERTIBLE BONDS

In accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance relating to the adjustments to share options issued by the Stock Exchange on 5 September 2005, the exercise price and the number of Shares that can be subscribed for upon exercise of the outstanding Share Options will be adjusted as a result of the completion of the Rights Issue. Pursuant to the terms and conditions of the deed polls constituting the Bonus Convertible Bonds executed by the Company on 9 January 2013 and 22 January 2014, respectively, the conversion price of the Bonus Convertible Bonds was not required to be adjusted and the conversion price remained the same at HK\$0.25 per conversion Share.

Reference is made to the prospectus of China Star Entertainment Limited (the “**Company**”) dated 12 July 2018 (the “**Prospectus**”) in relation to the Rights Issue. Unless the context otherwise requires, capitalized terms used herein shall have the same meaning as those defined in the Prospectus.

RESULTS OF THE RIGHTS ISSUE

The Board is pleased to announce that as at 4:00 p.m. on Thursday, 26 July 2018, being the Latest Time for Acceptance,

- (i) 25 valid acceptances of provisional allotments under the PALs were received for a total of 898,025,461 Rights Shares, representing approximately 49.69% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue; and
- (ii) 21 valid application for excess Rights Shares under the EAFs was received for a total of 1,503,741,285 Rights Shares, representing approximately 83.20% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue.

In aggregate, 46 valid acceptances and applications in respect of a total of 2,401,766,746 Rights Shares, representing approximately 132.89% of the total number of 1,807,406,986 Rights Shares available for subscription under the Rights Issue, have been received. Accordingly, the Rights issue was over-subscribed by 594,359,760 Rights Shares.

Pursuant to the Irrevocable Undertaking by the Underwriter, the Underwriter has subscribed for the 372,893,004 Rights Shares provisionally allotted to it.

EXCESS APPLICATION

Based on the number of valid acceptances as described above, 909,381,525 Rights Shares were available for subscription under the EAFs out of 1,503,741,285 excess Rights Shares were applied for under the EAFs.

Given that the number of excess Rights Shares was insufficient to satisfy all valid applications, the Board has resolved to allot and issue 909,381,525 Rights Shares on a fair and equitable basis to those Qualifying Shareholders who applied for excess Rights Shares on a pro-rata basis by reference to the number of excess Rights Shares applied for by them. The basis of allotment is approximately 60.47% of the excess Rights Shares applied for (rounded to the nearest whole number).

No reference was made to the Rights Shares comprised in applications by PALs or the existing number of Shares held by the Qualifying Shareholders. No preference was given to applications made for topping odd lot holdings to whole board lot holdings.

THE UNDERWRITING AGREEMENT

The Board announces that all the conditions set out in the Underwriting Agreement had been fulfilled and the Underwriting Agreement had not been terminated by the Underwriter prior to the Latest Time for Termination, the Rights Issue and the Underwriting Agreement became unconditional at 4:00 p.m. on Monday, 30 July 2018. Based on the subscription results, the Rights Issue was over-subscribed by 594,359,760 Rights Shares. Pursuant to the terms and conditions of the Underwriting Agreement, the obligation of the Underwriter under the Underwriting Agreement in respect of the Underwritten Shares has been fully discharged and the Underwriter is not required to take up any Underwritten Shares.

EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge and information, the following is the shareholding structure of the Company immediately before and after completion of the Rights Issue:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue (Note 3)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
The Underwriter and its parties acting in concert				
The Underwriter (Note 1)	186,446,502	20.63	1,405,983,904	51.86
Dorest (Note 2)	1,644	0.00	1,644	0.00
Sub-total	186,448,146	20.63	1,405,985,548	51.86
Other public Shareholders	717,255,347	79.37	1,305,124,931	48.14
Total	903,703,493	100.00	2,711,110,479	100.00

Notes:

1. HWKFE, being the Underwriter, is owned as to 50% by Mr. Heung and as to 50% by Ms. Chen.
2. Dorest is beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung. The Shares held by Dorest are under a charging order. These Shares had been deposited in C.A. Pacific Finance Limited which is in liquidation. Owing to the fact that the Shares held by Dorest are under charging order, Dorest has not given any undertaking in relation to acceptance of the 3,288 Rights Shares entitled by it.

3. Given that the Underwriter has applied for excess Rights Shares under the EAF, the number of Shares to be held by the Underwriter and parties acting in concert with it are calculated by reference to the Company's basis of allotment described above, for illustrative purpose only. The number of Shares to be held by the Underwriter and parties acting in concert with it immediately after completion of the Rights Issue might be subject to further adjustments due to aggregation and/or rounding for Shares held through CCASS. An announcement will be published by the Company on 6 August 2018 to inform the Shareholders on the number of Shares to be held by the Underwriter and parties acting in concert with it immediately after completion of the Rights Issue.
4. As at the date of this announcement, there are (i) 196,714 outstanding Share Options granted by the Company exercisable into 196,714 Shares; and (ii) outstanding Bonus Convertible Bonds in respect of 1,060,317 Shares convertible under the deed polls executed by the Company. None of the Share Options and Bonus Convertible Bonds was held by the Underwriter and its parties acting in concert, and all the outstanding Share Options and Bonus Convertible Bonds are held by employees and other participants, which are counted as public Shareholders.
5. Save for Mr. Heung and Ms. Chen who are beneficially interested in the Shares held by HWKFE, none of the Directors had any interests or short position in the Shares, underlying Shares or debentures of the Company as at the date of this announcement.
6. Certain figures and percentage figures included in the above table are subject to rounding adjustments.

As illustrated in the above table, upon completion of the Rights Issue, the Company is able to fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.

DESPATCH OF SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

The share certificates in respect of valid acceptances of the Rights Shares on PALs and excess Rights Shares on EAFs are expected to be posted to those entitled thereto by ordinary post at their own risks on Monday, 6 August 2018. Refund cheques in respect of the unsuccessful applications for the excess Rights Shares are also expected to be posted to those entitled thereto by ordinary post at their own risks on Monday, 6 August 2018.

COMMENCEMENT OF DEALINGS IN FULLY-PAID RIGHTS SHARES

The listing approval has been granted by the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares. Dealings in the Rights Shares in their fully-paid form on the Stock Exchange are expected to commence at 9:00 a.m. on Tuesday, 7 August 2018.

ADJUSTMENTS IN RELATION TO OUTSTANDING SHARE OPTIONS AND THE BONUS CONVERTIBLE BONDS

As at the date of this announcement, the Company had (i) 196,714 outstanding Share Options granted by the Company exercisable into 196,714 Shares; and (ii) outstanding Bonus Convertible Bonds in respect of 1,060,317 Shares convertible under the deed polls executed by the Company.

In accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules and the supplementary guidance relating to the adjustments to share options issued by the Stock Exchange on 5 September 2005, the exercise price and the number of Shares that can be subscribed for upon exercise of the outstanding Share Options will be adjusted in the manner as disclosed below as a result of the completion of the Rights Issue with effect from 6 August 2018:

Date of grant	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	Exercise price per Share	Number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding Share Options	Exercise price per Share	Number of Shares to be allotted and issued upon full exercise of the subscription rights attaching to the outstanding Share Options
21 August 2008	HK\$47.35	196,714	HK\$46.136	201,888

Pursuant to the terms and conditions of the deed polls constituting the Bonus Convertible Bonds executed by the Company on 9 January 2013 and 22 January 2014, respectively, the conversion price of the Bonus Convertible Bonds was not required to be adjusted and the conversion price remained the same at HK\$0.25 per conversion Share.

The Company's auditor, HLB Hodgson Impey Cheng Limited, has reviewed the adjustments and confirmed in writing that the adjustments are in compliance with the terms and conditions of the Share Option Scheme, the requirements set out in Rule 17.03(13) of the Listing Rules, the supplementary guidance relating to the adjustments to share options issued by the Stock Exchange on 5 September 2005, and the terms and conditions of the deed polls constituting the Bonus Convertible Bonds.

Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement.

By Order of the Board
CHINA STAR ENTERTAINMENT LIMITED
Heung Wah Keung
Chairman

Hong Kong, 3 August 2018

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

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.