

*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)

(Warrant Code: 972)

**DESPATCH OF CIRCULAR  
IN RELATION TO  
(1) CHANGE IN BOARD LOT SIZE;  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE SHARE  
HELD ON THE RECORD DATE  
WITH BONUS WARRANTS ON THE BASIS OF  
ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP  
UNDER THE RIGHTS ISSUE;  
(3) APPLICATION FOR WHITEWASH WAIVER AND  
(4) NOTICE OF SPECIAL GENERAL MEETING**

### **DESPATCH OF CIRCULAR**

A Circular containing, among others, (i) details of the change in board lot size, the Rights Issue, the Bonus Issue and the Whitewash Waiver; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue, the Bonus Issue and the Whitewash Waiver; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Bonus Issue and the Whitewash Waiver; (iv) financial information and other general information of the Group; and (v) the notice of the SGM, has been despatched to the Shareholders on 20 May 2011.

Reference is made to the Company's announcements dated 18 April 2011, 9 May 2011 and 16 May 2011, in connection with, among others, the Rights Issue, the Bonus Issue and the Whitewash Waiver (the "**Announcements**").

All capitalised terms used herein shall, unless otherwise defined, have the same meanings as those defined in the Announcements.

## **DESPATCH OF CIRCULAR**

A circular (the “**Circular**”) containing, among others, (i) details of the change in board lot size, the Rights Issue, the Bonus Issue and the Whitewash Waiver; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Rights Issue, the Bonus Issue and the Whitewash Waiver; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Bonus Issue and the Whitewash Waiver; (iv) financial information and other general information of the Group; and (v) the notice of the SGM, has been despatched to the Shareholders on 20 May 2011.

## **WARNING OF THE RISK OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The last day of dealing in the Shares on a cum-entitlement basis is Friday, 27 May 2011. The Shares will be dealt in on an ex-entitlement basis commencing from Monday, 30 May 2011. The Rights Shares are expected to be dealt in their nil-paid form from Friday, 10 June 2011 to Friday, 17 June 2011 (both dates inclusive). Shareholders and potential investors should note that dealings in Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled.**

**Shareholders and potential investors should note that the Rights Issue and the Bonus Issue is conditional upon fulfillment of various conditions precedent and the Underwriters are entitled to terminate the Underwriting Agreement prior to the Latest Time for Termination, details of which have been set out under the paragraph headed “Termination of the Underwriting Agreement” of the Circular. Accordingly, the Rights Issue and the Bonus Issue may or may not proceed.**

**Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue and the Bonus Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Monday, 27 June 2011) and/or dealing in nil-paid Rights Shares between Friday, 10 June 2011 to Friday, 17 June 2011 (both dates inclusive), will accordingly bear the risk that the Rights Issue and the Bonus Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares and/or nil-paid Rights Shares should exercise extreme caution when dealing in Shares and/or nil-paid Rights Shares, and if they are in any doubt about their position, they should consult his/her/its own professional adviser.**

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

Hong Kong, 20 May 2011

*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. Leung Hok Man.*

*All Directors jointly and severally accept full responsibility for the 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 such statement contained in this announcement misleading.*