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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972)

CLARIFICATION ANNOUNCEMENT

This announcement is made by the Company to clarify certain information in the announcement of the Company dated 24 May 2011.

The Directors would like to clarify that the Company has requested Mr. Leung and Mr. Leung has agreed to withdraw his resignation as an independent non-executive Director, a member of each of the remuneration committee, the nomination committee and the audit committee of the Company.

Reference is made to the announcements of China Star Entertainment Limited (the “Company”) dated 18 April 2011, 4 May 2011, 9 May 2011, 16 May 2011 and 20 May 2011 in connection with, among others, the Rights Issue, the Bonus Issue and the Whitewash Waiver and the announcement of the Company dated 24 May 2011 in connection with, among others, the change of independent non-executive Director (the “**Announcements**”), and the circular of the Company dated 20 May 2011 in connection with, among others, the Rights Issue, the Bonus Issue and the Whitewash Waiver (the “**Circular**”).

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

Withdrawal of resignation of Directorship

The announcement of the Company dated 24 May 2011 stated that Mr. Leung resigned as an independent non-executive Director with effect from 24 May 2011. Nevertheless, pursuant to Rule 7 of the Takeovers Code, the Directors should not resign until the Shareholders have voted in the forthcoming special general meeting, which is to be held on 7 June 2011, in relation to the waiver of a general offer obligation under Note 1 on dispensations from Rule 26 of the Takeovers Code. Due to an inadvertent mistake of the Company, it has inadvertently agreed to the resignation of Mr. Leung and, therefore, breached Rule 7 of the Takeovers Code.

The Company has requested Mr. Leung and Mr. Leung has agreed to withdraw his resignation.

Apology for inadvertent breach of Rule 7 of the Takeovers Code

The Company hereby unreservedly apologizes for the inadvertent breach of the Takeovers Code and the inconvenience caused to the Executive and agrees to exercise extra caution to fully comply with the Takeovers Code in the future.

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

Hong Kong, 25 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, Mr. Leung Hok Man and Mr. Tang Chak Lam, Gilbert.

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 statement in this announcement misleading.