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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Codes: 972 / 1056)

COMPLETION OF THE FIRST TRANCHE SUBSCRIPTION AND ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

Reference is made to the circular (the “Circular”) of China Star Entertainment Limited (the “Company”) dated 1 April 2011 in relation to the Subscription and the poll results at a special general meeting of the Company held on 6 May 2011 at 4:00 p.m.. Capitalised terms used in this announcement shall have the same meanings as those defined in the Circular, unless defined otherwise.

COMPLETION OF THE FIRST TRANCHE SUBSCRIPTION

On 4 July 2011, all the conditions of the Subscription Agreement have been fulfilled and accordingly, completion of the First Tranche Subscription took place on 7 July 2011. Pursuant to the Subscription Agreement, the Convertible Bonds in the principal amount of HK\$350 million have been issued to Eternity on 7 July 2011.

ADJUSTMENT TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

According to the provisions of the Instruments dated 7 July 2011 constituting the Convertible Bonds, the Directors considered that an adjustment to the Conversion Price will be required as a result of the completion of the rights issue and bonus issue of warrants of the Company on 29 June 2011. As a result, the initial Conversion Price will be adjusted from HK\$0.80 per Conversion Share to HK\$0.44 per Conversion Share with effect from 7 July 2011.

The Company's auditors have certified the above adjustment to the Conversion Price in accordance with the Instruments constituting the Convertible Bonds.

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

Hong Kong, 7 July 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.