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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

**ANNOUNCEMENT PURSUANT TO RULE 3.8 OF THE HONG KONG
CODE ON TAKEOVERS AND MERGERS
IN RELATION TO
PROPOSED CONDITIONAL CASH OFFER BY
GET NICE SECURITIES LIMITED
ON BEHALF OF
CHINA STAR ENTERTAINMENT LIMITED
TO REPURCHASE UP TO 982,830,877 SHARES
IN CHINA STAR ENTERTAINMENT LIMITED**

UPDATE OF NUMBER OF RELEVANT SECURITIES IN ISSUE

This announcement is made pursuant to Rule 3.8 of the Takeovers Code.

References are made to the announcement of China Star Entertainment Limited (the “**Company**”) dated 4 June 2012 (the “**Announcement**”) in relation to the conditional cash offer by Get Nice Securities Limited on behalf of the Company to repurchase up to 982,830,877 Shares at a price of HK\$0.35 per Share. Capitalised terms used herein have the same meanings as those defined in the Announcement unless otherwise specified.

The Board announces that all of the subscription rights attaching to the Warrants I (warrant code: 972), carrying rights to subscribe in cash for Shares at an adjusted subscription price of HK\$0.835 per Share has expired with effect from 4:00 on Thursday, 14 June 2012.

As at the date of this announcement, the Board has been notified by the registrar of the Company that total of 4 Shares and 57,971 Shares, representing in aggregate of approximately 0.003% of the issued share capital of the Company as at 4 June 2012, has been issued and allotted to the holders of the Warrants I and the Warrants II for the exercise of the conversion rights attaching to the Warrants I and the Warrants II respectively pursuant to warrant instruments. Save for the issue of an aggregate of 57,975 Shares, no other Share has been issued and allotted by the Company to the holders of the Share Options, the Warrants I and the Warrants II from 4 June 2012 up to the date of this announcement.

As a result, the total number of Shares in issue has increased from 1,964,721,284 Shares as at to 4 June 2012 to 1,964,779,259 Shares as at the date of this announcement.

As at the date of this announcement, there are

- (i) 2,736,701 Share Options (other than those held by the Concert Group) entitling the holders thereof to subscribe for 2,736,701 new Shares; and
- (ii) the Warrants II in an aggregate principal amount of HK\$19,665,068.50 (other than those held by the Concert Group) entitling the holders thereof to subscribe for 95,000,332 new Shares.

Other than those disclosed immediately above, no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the date of this announcement.

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company are hereby reminded to disclose their dealings in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company under Rule 22 of the Takeovers Code.

“Responsibilities of stockbrokers, banks and other intermediaries”

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates including a person who holding 5% of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and other persons under Rule 22 (of the Takeovers Code) and that those clients are willing to comply with them. Principal traders and dealers who deal directly

with investors should, in appropriate cases, likewise draw attention to the relevant Rules (of the Takeovers Code). However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

WARNING

As the Offer is subject to fulfillment of conditions, it may or may not become unconditional and the Offer may or may not proceed. Shareholders and holders of the Warrants II and potential investors are advised to exercise caution when dealing in the Shares and the Warrants II.

Dealings in the Shares and the Warrants II will continue notwithstanding the Offer has not become unconditional. During such period, persons dealing in the Shares and the Warrants II will bear the risk that the Offer may lapse. Shareholders and holders of the Warrants II should consult their professional advisers if in doubt.

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

Hong Kong, 15 June 2012

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 the accuracy of the information 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.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the day of its publication and will be published and remains on the website of the Company at www.chinastar.com.hk and www.irasia.com/listco/hk/chinastar.