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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.

Reference is 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. References are also made to the announcement of the Company dated 15 June 2012 and the announcement of the Company dated 20 June 2012 (the “**Previous Announcement**”) in relation to the update of number of relevant securities in issue of the Company. Capitalised terms used herein have the same meanings as those defined in the Announcement unless otherwise specified.

On 26 June 2012, the Company has issued and allotted an aggregate of 5,275,930 Shares, representing approximately 0.26% of the issued share capital of the Company of 2,032,491,487 Shares, to the holders of the Warrants II for the exercise of the conversion rights attaching to the Warrants II in an aggregate principal amount of HK\$1,092,117.51. Save for the 5,275,930 Shares disclosed immediately above, no other Share has been issued and allotted by the Company to the holders of the Share Options and the Warrants II during the period from the date of the Previous Announcement and up to the date of this announcement.

As a result, the total number of Shares in issue has increased from 2,027,215,557 Shares as at the date of the Previous Announcement to 2,032,491,487 Shares as at the date of this announcement.

As at the date of this announcement, there are

- (i) 3,013,112 Share Options, of which 276,411 Share Options are held by the Concert Group and the remaining 2,736,701 Share Options are held by other holders of the Share Options, entitling the holders thereof to subscribe for an aggregate of 3,013,112 new Shares; and
- (ii) the Warrants II in an aggregate principal amount of HK\$59,665,614.87, of which HK\$53,999,975.00 are held by the Concert Group and the remaining HK\$5,665,639.87 are held by other holders of the Warrants II, entitling the holders thereof to subscribe for an aggregate of 288,239,685 new Shares.

Other than those disclosed immediately above, there are 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.

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, 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, 26 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.