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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

**CLOSE OF CONDITIONAL CASH OFFER
BY GET NICE SECURITIES LIMITED
ON BEHALF OF
CHINA STAR ENTERTAINMENT LIMITED
TO REPURCHASE UP TO 887,901,665 SHARES
IN CHINA STAR ENTERTAINMENT LIMITED
AND
STATUS OF PUBLIC FLOAT**

CLOSING OF THE OFFER

The Company announces that the Offer closed at 4:00 p.m. on Friday, 9 November 2012 and was not extended.

At 4:00 p.m. on Friday, 9 November 2012, being the Latest Acceptance Time, 31 valid acceptances of total 624,235,579 Accepted Shares were received by the Registrar from the Accepting Shareholders for repurchase under the Offer, representing (i) approximately 43.58% of the total issued share capital and voting rights over Shares as at the Latest Acceptance Time (i.e. 9 November 2012); (ii) approximately 43.76% of the total issued share capital and voting rights over Shares immediately after the closing of the Offer and cancellation of the Accepted Shares (i.e. 15 November 2012); and (iii) approximately 70.30% of the maximum number of 887,901,665 Shares proposed to be repurchased by the Company under the Offer.

STATUS OF PUBLIC FLOAT

Following the closing of the Offer and cancellation of all Accepted Shares accepted under the Offer, 251,745,943 Shares, representing approximately 17.65% of the entire issued share capital of the Company, will be held in the hands of the public Shareholders.

Accordingly, the Shares held in the hands of the public Shareholders falls below the public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules that requires at least 25% of the issuer's total issued share capital must at all times be held by the public.

At the Latest Acceptance Time, the Board is considering the implementation of the Possible Bonus Issue of Bonus Shares by the Company on the basis of up to four Bonus Shares for every one existing Share held by the Shareholders whose names appear on the Register on the record date. If the Possible Bonus Issue is not the sole feasible solution or not a feasible solution to restore the minimum public float of the Company, the Board will consider other additional or alternative methods, including placing of new Shares, and/or requesting the Concert Group to assist in the implementation of an additional or alternative plan to be adopted by the Company to meet the requirements of Rule 8.08(1) of the Listing Rules (which additional or alternative plan could involve a placing by any of the Concert Group and/or a distribution of specie by any of the Concert Group). The Company will make further announcement in relation to the Possible Bonus Issue and/or placing of new Shares, and/or requesting the Concert Group to assist in the implementation of an additional or alternative plan to be adopted by the Company for the sole purpose of the restoration of public float of at least 25% of the Company as soon as possible.

As the number of Shares held in public hands is less than the minimum prescribed percentage of 25% of the issue share capital of the Company under Rule 8.08(1)(a) of the Listing Rules, the Company has applied for a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules. Further announcement of the Company will be made to update the investors and the Shareholders on the outcome from the Stock Exchange on the waiver application and the restoration of the public float as and when appropriate.

References are made to the announcement of China Star Entertainment Limited (the “**Company**”) dated 4 June 2012 (the “**Announcement**”) and the circular of the Company dated 28 September 2012 (the “**Circular**”) in relation to, inter alia, (i) the proposed conditional cash offer by Get Nice Securities Limited on behalf of the Company to repurchase up to 887,901,665 issued ordinary shares of the Company at a price of HK\$0.35 per share; (ii) the application for whitewash waiver; (iii) the possible bonus issue and issue of bonus convertible bonds to fulfill the minimum public float requirement; and (iv) the proposed amendments to the Company's bye-laws. References are also made to the announcement of the Company dated 25 October 2012 in relation to

the poll results of the special general meeting of the Company held on 25 October 2012 and the proposed conditional cash offer becoming unconditional, and the announcements of the Company dated 5 November 2012 and 6 November 2012 made pursuant to Rule 3.8 of the Hong Kong Code on Takeovers and Mergers in relation to the update of number of relevant securities in issue. Capitalised terms used herein have the same meanings as those defined in the Circular unless otherwise specified.

CLOSING OF THE OFFER

The Company announces that the Offer closed at 4:00 p.m. on Friday, 9 November 2012 and was not extended.

ACCEPTANCE LEVEL OF THE OFFER

At 4:00 p.m. on Friday, 9 November 2012, being the Latest Acceptance Time, valid acceptances of total 624,235,579 Shares (the “**Accepted Shares**”) were received by the Registrar from the Accepting Shareholders for repurchase under the Offer, representing (i) approximately 43.58% of the total issued share capital and voting rights over Shares as at the Latest Acceptance Time (i.e. 9 November 2012); (ii) approximately 43.76% of the total issued share capital and voting rights over Shares immediately after the closing of the Offer and cancellation of the Accepted Shares (i.e. 15 November 2012); and (iii) approximately 70.30% of the maximum number of 887,901,665 Shares proposed to be repurchased by the Company under the Offer. Of the total 624,235,579 Accepted Shares, 376,132,205 Accepted Shares were repurchased and cancelled on 5 November 2012, 242,195,101 Accepted Shares were repurchased and cancelled today and the remaining 5,908,273 Accepted Shares will be repurchased and cancelled on 15 November 2012. The total consideration paid and payable by the Company for repurchase under the Offer is approximately HK\$218,482,453.

Save for the above, there are no other Shares or rights over Shares, which were acquired and/or agreed to be acquired by the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company (i) as at the date of the Announcement; (ii) as at the date of the SGM; (iii) as at 5 November 2012; (iv) as at 6 November 2012; (v) as at the date of this announcement; and (vi) immediately after the closing of the Offer and cancellation of the Accepted Shares.

	As at the date of the Announcement		As at the date of the SGM (Notes 1 and 6)		As at 5 November 2012 (Note 2)		As at 6 November 2012 (Notes 3 and 6)		As at the date of this announcement (Note 4)		Immediately after closing of the Offer and the cancellation of the Accepted Shares (Note 5)	
	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %	Shares	Approx. %
The Concert Group												
Heung Wah Keung Family Endowment Limited	898,686,000	45.74	898,686,000	43.85	898,686,000	53.70	898,686,000	53.67	898,686,000	62.74	898,686,000	63.00
Mr. Lei Hong Wai	7,980,000	0.41	7,980,000	0.39	7,980,000	0.48	7,980,000	0.48	7,980,000	0.56	7,980,000	0.56
Simple View Investment Limited	200,000,000	10.18	200,000,000	9.76	200,000,000	11.95	200,000,000	11.94	200,000,000	13.96	200,000,000	14.02
Victory Peace Holdings Limited	68,000,000	3.46	68,000,000	3.31	68,000,000	4.06	68,000,000	4.06	68,000,000	4.75	68,000,000	4.77
Dorest Company Limited	13,702	0.00	13,702	0.00	13,702	0.00	13,702	0.00	13,702	0.00	13,702	0.00
Sub-total	1,174,679,702	59.79	1,174,679,702	57.31	1,174,679,702	70.19	1,174,679,702	70.15	1,174,679,702	82.01	1,174,679,702	82.35
Public Shareholders	790,041,582	40.21	874,905,863	42.69	498,773,658	29.81	499,849,317	29.85	257,654,216	17.99	251,745,943	17.65
Total	1,964,721,284	100.00	2,049,585,565	100.00	1,673,453,360	100.00	1,674,529,019	100.00	1,432,333,918	100.00	1,426,425,645	100.00

Notes:

- After the date of the Announcement and up to the date of the SGM, the Company has issued and allotted (i) 82,142 new Shares to the holders of the Warrants I pursuant to the exercise of the subscription rights attached to the Warrants I at an adjusted subscription price of HK\$0.835 per Share; and (ii) 84,782,139 new Shares to the holders of the Warrants II pursuant to the exercise of the subscription rights attached to the Warrants II at an adjusted subscription price of HK\$0.207 per Share, and 36,914 Share Options entitling the holders thereof to subscribe for 36,914 new Shares were expired. Details of the movements of securities of the Company are set out in the announcements of the Company dated 15 June 2012, 20 June 2012, 26 June 2012, 6 July 2012, 16 July 2012, 18 July 2012, 12 September 2012, 19 September 2012 and 19 October 2012. Given that there is no change in the number of Shares held by HWKFE and the Concert Group, the shareholdings of HWKFE in the Company decreased from approximately 45.74% of the issued share capital of the Company as at the date of the Announcement to approximately 43.85% of the total issued share capital of the Company as at the date of the SGM.
- On 5 November 2012, 376,132,205 Accepted Shares were repurchased and cancelled by the Company under the Offer at the Offer Price of HK\$0.35 per Share, details of which is set out in the announcement of the Company dated 5 November 2012.
- On 6 November 2012, the Company has issued and allotted an aggregate of 1,075,659 new Shares to the holders of the Warrants II pursuant to the exercise of the subscription rights attached to the Warrants II at an adjusted subscription price of HK\$0.207 per Share, details of which are set out in the announcement of the Company dated 6 November 2012. Given that there is no change in the number of Shares held by HWKFE and the Concert Group, the shareholdings of HWKFE in the Company decreased from approximately 53.70% of the issued share capital of the Company as at 5 November 2012 to approximately 53.67% of the total issued share capital of the Company as at 6 November 2012.
- On 9 November 2012, 242,195,101 Accepted Shares were repurchased and cancelled by the Company under the Offer at the Offer Price of HK\$0.35 per Share.

5. At 4:00 p.m. on Friday, 9 November 2012, being the Latest Acceptance Time, 31 valid acceptances of total 624,235,579 Accepted Shares were received by the Registrar from the Accepting Shareholders for repurchase under the Offer. Of the total 624,235,579 Accepted Shares, 376,132,205 Accepted Shares were repurchased and cancelled on 5 November 2012 and 242,195,101 Accepted Shares were repurchased and cancelled as the date of this announcement, the remaining 5,908,273 Accepted Shares will be repurchased and cancelled on 15 November 2012.
6. A confirmation from the Executive that the decrease of shareholding interests of HWKFE, its ultimate beneficial owners and party acting in concert with any of them in the Company as a result of any exercise of the Warrants I and the Warrants II during the Offer Period, does not constitute disqualifying transactions under paragraph 3(b) of Schedule VI of the Takeovers Code for the purpose of the Whitewash Waiver has been obtained by the Company.

Immediately after closing of the Offer and cancellation of the Accepted Shares, there are 1,426,425,645 Shares in issue, of which 1,174,679,702 Shares, representing approximately 82.35% of the total issue share capital of the Company and voting rights over Shares immediately after the closing of the Offer and cancellation of the Accepted Shares, are held by the Concert Group and the remaining 251,745,943 Shares, representing approximately 17.65% of the total issue share capital of the Company and voting rights over Shares immediately after the closing of the Offer and cancellation of the Accepted Shares, are held by the Independent Shareholders.

As at the date of this announcement, there are

- (i) 2,976,198 Share Options, of which 270,262 Share Options are held by the Concert Group, 10,558 Share Options are held by a Director, 2,229,487 Share Options are held by employees of the Company and the remaining 465,891 Share Options are held by other participants of the share options scheme of the Company, entitling the holders thereof to subscribe for an aggregate of 2,976,198 new Shares;
- (ii) the Warrants II in an aggregate principal amount of HK\$55,904,479.30, of which HK\$53,999,975.00 are held by the Concert Group and the remaining HK\$1,904,504.30 are held by other holders of the Warrants II, entitling the holders thereof to subscribe for an aggregate of 270,069,948 new Shares; and
- (iii) the Issued CBs in an aggregate principal amount of HK\$350.00 million, carrying rights entitling Eternity Finance to convert their principal amount into 972,222,222 new Shares.

Save as disclosed in the Circular and immediately above, there is 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.

The Concert Group and parties acting in concert with any of them had not dealt in any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company during the Offer Period.

None of the Company, the Directors and the Concert Group and any parties acting in concert with any of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

SETTLEMENT OF THE OFFER

A cheque for the remittance of total amount due to each Accepting Shareholder under the Offer (subject to deduction of the seller's ad valorem stamp duty payable on the Shares repurchased from such Accepting Shareholder) has been, or will be, sent by the Registrar by ordinary post at the Accepting Shareholder's own risk as soon as possible and in any event within seven (7) business days of the later of the date on which the Offer became, or was declared, unconditional in all respects (i.e. 25 October 2012) and the date on which the duly completed Acceptance Form which renders such acceptance complete and valid is received by the Registrar.

STATUS OF PUBLIC FLOAT

Following the closing of the Offer and cancellation of the Accepted Shares, 251,745,943 Shares, representing approximately 17.65% of the entire issued share capital of the Company, will be held by the public Shareholders.

Accordingly, the Shares held in the hands of the public Shareholders falls below the public float requirement as set out under Rule 8.08(1)(a) of the Listing Rules that requires at least 25% of the issuer's total issued share capital must at all times be held by the public.

As disclosed in the Circular, the Company will take steps to ensure that sufficient Shares are held in the hands of the public, including but not limit to the implementation of the Possible Bonus Issue approved by the Independent Shareholders at the SGM.

At the Latest Acceptance Time, the Board is considering the implementation of the Possible Bonus Issue of Bonus Shares by the Company on the basis of up to four (4) Bonus Shares for every one (1) existing Share held by the Shareholders who names appear on the Register on the record date. If the Possible Bonus Issue is not the sole feasible solution or not a feasible solution to restore the minimum public float of the Company, the Board will consider other additional or alternative methods, including placing of new Shares, and/or requesting the Concert Group to assist in the implementation of an additional or alternative plan to be adopted by the Company to meet the requirements of Rule 8.08(1) of the Listing Rules (which additional or alternative plan could involve a placing by any of the Concert Group and/or a distribution of specie by any of the Concert Group). The Company will make further announcement in relation to the Possible Bonus Issue and/or placing of new Shares, and/or requesting the Concert Group to assist in the implementation of an additional or alternative plan to be adopted by the Company for the sole purpose of the restoration of public float of at least 25% of the Company as soon as possible.

As the number of Shares held in public hands is less than the minimum prescribed percentage of 25% of the issue share capital of the Company under Rule 8.08(1)(a) of the Listing Rules, the Company has applied for a waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules. Further announcement of the Company will be made to update the investors, the Shareholders and holders of Warrants II on the outcome from the Stock Exchange on the waiver application and the restoration of the public float as and when appropriate.

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

Hong Kong, 9 November 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; and 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.