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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

ANNOUNCEMENT

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 (the “**Offer**”); (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 by-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 Offer becoming unconditional and the announcement of the Company dated 9 November 2012 (the “**Close of Offer Announcement**”) in relation to the close of the Offer and status of public float. Capitalised terms used herein have the same meanings as those defined in the Circular and the Close of Offer Announcement unless otherwise specified.

As at the date of this announcement, all of the valid acceptances of total 624,235,579 Accepted Shares has been cancelled by the Company and all cheques for the amount representing the consideration due to the Accepting Shareholders in respect of the Accepted Shares tendered by the Accepting Shareholders under the Offer has been despatched to the Accepting Shareholders by ordinary post.

Upon completion 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 issued share capital of the Company and voting rights over Shares are held by the Concert Group and the remaining 251,745,943 Shares, representing approximately 17.65% of the total issued share capital of the Company and voting rights over Shares are held by the Independent Shareholders.

As at the date of this announcement, the shareholding interest in the Company of the Concert Group is as follow:

- (a) HWKFE is beneficially interested in (i) 898,686,000 Shares; and (ii) the Warrants II in an aggregate principal amount of HK\$43,700,725 entitling HWKFE to subscribe for 211,114,613 new Shares at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required);
- (b) Each of Mr. Heung and Ms. Chen is beneficially interested in 1,056 Share Options which are exercisable into 1,056 new Shares;
- (c) Mr. Lei is beneficially interested in (i) 7,980,000 Shares; (ii) the Warrants II in an aggregate principal amount of HK\$299,250 entitling him to subscribe for 1,445,652 new Shares at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required); and (iii) 268,150 Share Options which are exercisable into 268,150 new Shares;
- (d) Simple View is beneficially interested in (i) 200,000,000 Shares; and (ii) the Warrants II in an aggregate principal amount of HK\$10,000,000 entitling Simple View to subscribe for 48,309,178 new Shares at an adjusted subscription price of HK\$0.207 per Share (subject to further adjustment, if required);
- (e) Victory Peace is beneficially interested in 68,000,000 Shares;
- (f) Dorest is beneficially interested in 13,702 Shares;
- (g) Eternity Finance is beneficially interested in 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 at an adjusted conversion price of HK\$0.36 per Share (subject to further adjustment, if required); and
- (h) Eternity is beneficially interested in the Unissued CBs in an aggregate principal amount of HK\$300.0 million, if issued.

Save as disclosed above, the Concert Group does not hold, own or control or direct over any other relevant securities (as defined on 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.

Upon completion of the Offer and cancellation of the Accepted Shares, the Concert Group is interested in 1,174,679,702 Shares, representing approximately 82.35% of the existing issued share capital of the Company and HWKFE, being one of the members of the Concert Group, held 898,686,000 Shares, representing approximately 63.00% of the existing issued share capital of the Company.

During the Offer Period, there was no change in the number of Shares held by HWKFE, but its shareholding increased from 43.86% from the date of the Announcement to 63.00% upon completion of the Offer, thereby resulting in an increase by more than 2% in the relevant 12-month period under Rule 26.1 of the Takeovers Code. Accordingly, HWKFE would be obliged to make an unconditional mandatory offer under Rule 26.1 of the Takeovers Code for all issued shares and other securities of the Company not already owned, controlled or agreed to be acquired by HWKFE and parties acting in concert with it, unless, among others, the Whitewash Waiver is obtained from the Executive and approved by the Independent Shareholders by way of poll. The Offer and the Whitewash Waiver has been approved by the Independent Shareholders at the SGM by way of poll. The Whitewash Waiver has been granted by the Executive in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligation on the part of the HWKFE and its concert parties to make a general offer for all issued shares and other securities of the Company as a result of the Offer.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company upon completion of the Offer and cancellation of the Accepted Shares is as follow:

	Upon completion of the Offer and cancellation of the Accepted Shares	
	Shares	Approx.%
The Concert Group		
Heung Wah Keung Family Endowment Limited	898,686,000	63.00
Mr. Lei Hong Wai	7,980,000	0.56
Simple View Investment Limited	200,000,000	14.02
Victory Peace Holdings Limited	68,000,000	4.77
Dorest Company Limited	13,702	0.00
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Sub-total	1,174,679,702	82.35
Public Shareholders	251,745,943	17.65
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Total	1,426,425,645	100.00
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By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 15 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.