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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

ADJUSTMENTS OF THE EXERCISE PRICE AND NUMBER OF SHARE OPTIONS, THE SUBSCRIPTION PRICE OF THE WARRANTS AND THE CONVERSION PRICE OF THE ISSUED CBS

Subject to the granting of the listing of, and permission to deal in, the Bonus Shares and the Shares to be allotted and issued upon conversion of the Bonus CBs by the Stock Exchange, adjustments to the exercise price and number of the Share Options, the subscription price of the Warrants, and the conversion price of the Issued CBs will be required. The exercise price and the number of Share Options, the subscription price of the Warrants and the conversion price of the Issued CBs, will be adjusted in the manner as disclosed herein with effect from the day next following the Record Date (i.e. Friday, 7 December 2012) as a result of the Bonus Issue.

Reference is made to the announcement of China Star Entertainment Limited (the “**Company**”) dated 20 November 2012 (the “**Announcement**”) in relation to the bonus issue of shares and issue of bonus convertible bonds to fulfill the minimum public float requirement. Capitalised terms used herein have the same meanings as those defined in the Announcement unless otherwise specified.

ADJUSTMENTS OF THE EXERCISE PRICE AND NUMBER OF SHARE OPTIONS, THE SUBSCRIPTION PRICE OF THE WARRANTS AND THE CONVERSION PRICE OF THE ISSUED CBS

Subject to the granting of the listing of, and permission to deal in, the Bonus Shares and the Shares to be allotted and issued upon conversion of the Bonus CBs by the Stock Exchange, adjustments to the exercise price and number of the Share Options, the subscription price of the Warrants and the conversion price of the Issued CBs will be required.

Share Options

Pursuant to the relevant rules of the share option scheme of the Company, the provision of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005, the exercise price and number of the Share Options as a result of the Bonus Issue will be adjusted with effect from the day next following the Record Date (i.e. Friday, 7 December 2012) as follows:

Exercisable Period	Existing exercise price per Share <i>HK\$</i>	Existing number of Share Options	Adjusted exercise price per Share <i>HK\$</i>	Adjusted number of Share Options
17 July 2003 to 16 July 2013	122.141	55,832	40.714	167,496
13 December 2004 to 12 December 2014	112.527	82,347	37.509	247,041
04 February 2005 to 03 February 2015	116.486	137,316	38.829	411,948
30 December 2005 to 29 December 2015	52.361	87,869	17.454	263,607
21 November 2006 to 20 November 2016	59.942	97,043	19.981	291,129
25 May 2007 to 24 May 2017	90.930	241,961	30.310	725,883
27 June 2007 to 26 June 2017	90.475	114,094	30.158	342,282
23 October 2007 to 22 October 2017	42.977	479,721	14.326	1,439,163
21 August 2008 to 20 August 2018	5.543	1,680,015	1.848	5,040,045

Warrants

Pursuant to the terms and conditions under the warrant instrument issued by the Company on 29 June 2011, the subscription price of the Warrants will be adjusted with effect from the day next following the Record Date (i.e. Friday, 7 December 2012) as follows:

Subscription Period	Existing subscription price per Share <i>HK\$</i>	Adjusted subscription price per Share <i>HK\$</i>
29 June 2011 to 28 December 2012	0.207	0.069

Issued CBs

Pursuant to the terms and conditions of the instrument issued by the Company on 7 July 2011, the conversion price of the Issued CBs will be adjusted with effect from the day next following the Record Date (i.e. Friday, 7 December 2012) as follows:

Conversion Period	Existing conversion price per Share <i>HK\$</i>	Adjusted conversion price per Share <i>HK\$</i>
7 July 2011 to 6 July 2016	0.36	0.12

Save for the adjustments to the exercise price and number of the Share Options, the subscription price of the Warrants and the conversion price of the Issued CBs as set out above, the terms and conditions of the Share Options, the Warrants and the Issued CB remain unchanged.

The Company's auditors have been appointed to certify the above adjustments with respect to the exercise price and number of the Share Options, the subscription price of the Warrants and the conversion price of the Issued CBs.

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

Hong Kong, 6 December 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.