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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

### **ANNOUNCEMENT ON INCREASE OF SHAREHOLDING IN THE COMPANY BY THE CONTROLLING SHAREHOLDER**

References are made to the prospectus of China Star Entertainment Limited (the “**Company**”) dated 12 December 2012 (the “**Bonus Issue Prospectus**”) relating to the bonus issue of shares and bonus convertible bonds to fulfill the minimum public float requirement and the announcement of the Company dated 10 January 2013 (the “**Placing Announcement**”) relating to the placing of new shares under general mandate. Capitalised terms used herein have the same meanings as those defined in the Bonus Issue Prospectus and the Placing Announcement unless otherwise specified.

On 11 January 2013, the Company was informed by Heung Wah Keung Family Endowment Limited (“**HWKFE**”), the controlling shareholder of the Company, that HWKFE exercised the conversion rights attached to the Bonus CBs in principal amount of HK\$9.00 million held by it at a conversion price of HK\$0.01 per new Share on 11 January 2013 (the “**Conversion**”). Accordingly, the Company will allot and issue an aggregate of 900,000,000 new Shares, representing (i) approximately 40.86% of the issued share capital of the Company of 2,202,788,015 Shares as at the date of this announcement; (ii) approximately 29.01% of the issued share capital of the Company of 3,102,788,015 Shares as enlarged by the issue of 900,000,000 new Shares pursuant to the Conversion; and (iii) approximately 25.69% of the issued share capital of the Company of 3,502,788,015 Shares as enlarged by the issue of 900,000,000 new Shares pursuant to the Conversion and the 400,000,000 Placing Shares pursuant to the Placing.

Immediately following the completion of the Conversion, the Company has outstanding Bonus CBs in an aggregate principal amount of HK\$19,471,249.34 carrying rights entitling the holders thereof to convert their principal amount into 1,947,124,934 new Shares, of which a principal amount of HK\$13,196,012.26 is held by HWKFE.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) after the completion of the Conversion and before the completion of the Placing; and (iii) after the completion of the Conversion and the Placing (assuming all of the 400,000,000 Placing Shares are placed in full):

|                                | As at the date<br>of this announcement |                             | After the completion of the<br>Conversion and before the<br>completion of the Placing |                             | After the completion<br>of the Conversion and the<br>Placing (assuming all of<br>the 400,000,000 Placing<br>Shares are placed in full) |                             |
|--------------------------------|--|-----------------------------|---|-----------------------------|--|-----------------------------|
|                                | <i>No. of</i>                          | <i>Approx.</i>              | <i>No. of</i>   | <i>Approx.</i>              | <i>No. of</i>  | <i>Approx.</i>              |
|                                | <i>Shares</i>                          | <i>%</i>                    | <i>Shares</i>   | <i>%</i>                    | <i>Shares</i>  | <i>%</i>                    |
| Heung Wah Keung Family         |  |                             |   |                             |  |                             |
| Endowment Limited              | 1,109,800,613                          | 50.38                       | 2,009,800,613   | 64.77                       | 2,009,800,613  | 57.38                       |
| Mr. Lei Hong Wai               | 9,425,652                              | 0.43                        | 9,425,652   | 0.31                        | 9,425,652  | 0.27                        |
| Simple View Investment Limited | 235,990,338                            | 10.71                       | 235,990,338   | 7.61                        | 235,990,338  | 6.74                        |
| Victory Peace Holdings Limited | 68,000,000                             | 3.09                        | 68,000,000  | 2.19                        | 68,000,000   | 1.94                        |
| Dorest Company Limited         | 41,106                                 | 0.00                        | 41,106  | 0.00                        | 41,106   | 0.00                        |
| Sub-total                      | <u>1,423,257,709</u>                   | <u>64.61</u>                | <u>2,323,257,709</u>  | <u>74.88</u>                | <u>2,323,257,709</u>   | <u>66.33</u>                |
| Public Shareholders            | 779,530,306                            | 35.39                       | 779,530,306   | 25.12                       | 779,530,306  | 22.25                       |
| The Places                     | –                                      | –                           | –   | –                           | 400,000,000  | 11.42                       |
| Sub-total                      | <u>779,530,306</u>                     | <u>35.39</u>                | <u>779,530,306</u>  | <u>25.12</u>                | <u>1,179,530,306</u>   | <u>33.67</u>                |
| <b>Total</b>                   | <b><u><u>2,202,788,015</u></u></b>     | <b><u><u>100.00</u></u></b> | <b><u><u>3,102,788,015</u></u></b>  | <b><u><u>100.00</u></u></b> | <b><u><u>3,502,788,015</u></u></b>   | <b><u><u>100.00</u></u></b> |

The Company will continue to monitor the increase in the shareholdings of the Company by the controlling/substantial shareholder and will make timely announcement in accordance with the relevant rules and regulations.

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

Hong Kong, 11 January 2013

*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.*