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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 326)

### **ANNOUNCEMENT**

This announcement is made by China Star Entertainment Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance.

On 4 February 2013, the board of the directors of the Company received a letter from Eternity Investment Limited (“**Eternity**”), a company listed on Main Board of the Stock Exchange (stock code: 764) and a shareholder of the Company, that Eternity intended to obtain an approval from its shareholders for disposing (the “**Disposal**”) of the 303,990,338 shares of the Company (the “**Shares**”) that already owned by Eternity and its subsidiaries and the 3,524,647,342 new Shares to be allotted and issued to Eternity and its subsidiaries by the Company pursuant to the exercise of the conversion rights attached to the bonus convertible bonds (the “**Bonds CBs**”) and the convertible bonds (the “**Convertible Bonds**”) issued by the Company on 9 January 2013 and 7 July 2011 respectively to Eternity and its subsidiaries. Trading of shares of Eternity has been suspended since 4 February 2013 pending the release of an announcement relating to the Disposal.

Pursuant to the deed poll of the Bonus CBs and the instrument of the Convertible Bonds executed by the Company, the holders thereof shall have the right at any time after the issue of the Bonus CBs and the Convertible Bonds (as the case may be) to convert the whole or part of the outstanding principal amount thereof PROVIDED THAT any conversion thereof (i) does not trigger a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) on the part of the holder(s) thereof which exercised the conversion right and its party(ies) acting in concert as defined under the Takeovers Code; and (ii) will not cause the public float of

the Company unable to meet the requirement under Rule 8.08 of the Rules Governing the Listing of Securities on the Stock Exchange. Accordingly, the board of the directors of the Company shall closely monitor the terms and conditions under the deed poll of the Bonus CBs and the instrument of the Convertible Bonds of the Disposal proposed by Eternity.

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 2:02 p.m. on 4 February 2013, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on 5 February 2013.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

This announcement is made by the order of the Company. The directors of the Company collectively and individually accept responsibility for the accuracy of this announcement.

By Order of the Board  
**China Star Entertainment Limited**  
**Li Yuk Sheung**  
*Executive Director*

Hong Kong, 4 February 2013

*As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.*