

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 326)

## **RESULTS OF THE RIGHTS ISSUE OF 843,769,024 RIGHTS SHARES AT HK\$0.20 EACH ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

The Board announces that valid acceptances and excess applications have been received for a total of 655,946,880 Rights Shares as at 4:00 p.m. on Monday, 8 October 2007 (being the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares), comprising (i) 131 valid acceptances of provisional allotments in respect of a total of 452,145,411 Rights Shares; and (ii) 211 valid excess applications for a total of 203,801,469 Rights Shares. The aggregate number of Rights Shares accepted and excess Rights Shares applied for represents approximately 77.74% of the total number of 843,769,024 Rights Shares available for subscription under the Rights Issue on the Record Date. The Rights Issue became unconditional at 4:00 p.m. on Monday, 15 October 2007.

Based on the above subscription results, the Rights Issue was under-subscribed by 187,822,144 Rights Shares. Pursuant to the Underwriting Agreement, the Underwriter has placed all the 187,822,144 under-subscribed Rights Shares to placees who and whose respective beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

Share certificates for all fully-paid Rights Shares are expected to be posted on or before Wednesday, 17 October 2007 to Qualifying Shareholders who have accepted and, where applicable, successfully applied for excess Rights Shares and paid for the Rights Shares by ordinary post, at their own risk. It is expected that dealings in the Rights Shares in their fully-paid form on the Stock Exchange will commence on Tuesday, 23 October 2007.

The Rights Issue will cause adjustments to the exercise price and the number of outstanding Share Options upon completion of the Rights Issue.

Reference is made to the prospectus of China Star Entertainment Limited dated 19 September 2007 (the “**Prospectus**”) in relation to the Rights Issue of not less than 843,769,024 Rights Shares and not more than 940,393,799 Rights Shares at HK\$0.20 each on the basis of one Rights Shares for every two existing Shares held on the Record Date. Capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus unless the context herein requires otherwise.

## **RESULTS OF THE RIGHTS ISSUE**

The Board announces that valid acceptances and excess applications have been received for a total of 655,946,880 Rights Shares as at 4:00 p.m. on Monday, 8 October 2007 (being the latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares), comprising (i) 131 valid acceptances of provisional allotments in respect of a total of 452,145,411 Rights Shares (representing approximately 53.59% of the total number of Rights Shares available for subscription under the Rights Issue), including acceptances of a total of 159,479,705 Rights Shares undertaken to be subscribed by the Substantial Shareholders, representing approximately 18.90% of the total number of Rights Shares available for subscription under the Rights Issue; and (ii) 211 valid excess applications for 203,801,469 Rights Shares (representing approximately 24.15% of the total number of Rights Shares available for subscription under the Rights Issue). The aggregate number of Rights Shares accepted and excess Rights Shares applied for represents approximately 77.74% of the total number of 843,769,024 Rights Shares available for subscription under the Rights Issue on the Record Date. All conditions set out in the Underwriting Agreement have been fully satisfied and the Rights Issue became unconditional at 4:00 p.m. on Monday, 15 October 2007.

Based on the above subscription results, the Rights Issue was under-subscribed by 187,822,144 Rights Shares. Pursuant to the Underwriting Agreement, the Underwriter shall subscribe for any underwritten Rights Shares that have not been validly accepted or subscribed for by way of application for excess Rights Shares (the “**Untaken Shares**”). The Underwriter has placed all the Untaken Shares involved, namely 187,822,144 Rights Shares (representing approximately 22.26% of the total Rights Shares available for subscription under the Rights Issue), to places who and whose respective beneficial owners are independent third parties not connected with the Company and its connected persons (as defined in the Listing Rules).

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and upon completion of the Rights Issue is as follows:

	Immediately before completion of the Rights Issue		Immediately after completion of the Rights Issue	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Porterstone	245,815,000	12.53	367,390,000	13.09
Dorest	18,510,000	0.94	27,645,000	0.98
Mr. Heung Wah Keung	36,395,000	1.85	54,592,500	1.95
Ms. Chen Ming Yin, Tiffany	21,144,410	1.08	31,716,615	1.13
	<hr/>	<hr/>	<hr/>	<hr/>
Sub-total	321,864,410	16.40	481,344,115	17.15
Ms. Li Yuk Sheung, a Director	16	0.00	16	0.00
Public Shareholders	1,640,463,623	83.60	2,324,752,942	82.85
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>1,962,328,049</u>	<u>100.00</u>	<u>2,806,097,073</u>	<u>100.00</u>

## EXCESS APPLICATION

The Board has resolved that it is fair and equitable to accept all valid excess applications for an aggregate of 203,801,469 Rights Shares and to allot such amount of Rights Shares to the applicants for excess Rights Shares.

## GENERAL

Share certificates for all fully-paid Rights Shares are expected to be posted on or before Wednesday, 17 October 2007 to Qualifying Shareholders who have accepted and, where applicable, successfully applied for excess Rights Shares and paid for the Rights Shares by ordinary post, at their own risk. It is expected that dealings in the Rights Shares in their fully-paid form on the Stock Exchange will commence on Tuesday, 23 October 2007.

## ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF SHARE OPTIONS

The Rights Issue will cause adjustments to the exercise price and number of the outstanding Share Options. The adjusted number and exercise price of the outstanding Share Option upon completion of the Rights Issue will be as follows:

Exercise period	Exercise price per Share before completion of the Rights Issue	Adjusted exercise price per Share after completion of the Rights Issue	Number of outstanding Share Options before completion of the Rights Issue	Number of outstanding Share Options after completion of the Rights Issue
5 January 1999 to 4 January 2009	5.011	4.616	44	47
28 March 2000 to 27 March 2010	16.783	15.459	1,162,222	1,261,749
2 June 2000 to 1 June 2010	8.134	7.492	835,014	906,520
16 July 2002 to 15 July 2012	1.716	1.581	7,988,345	8,672,429
17 July 2003 to 16 July 2013	0.564	0.520	12,082,000	13,116,646
13 December 2004 to 12 December 2014	0.52	0.479	17,820,000	19,346,022
4 February 2005 to 3 February 2015	0.538	0.496	38,315,000	41,596,118
30 December 2005 to 29 December 2015	0.242	0.223	19,015,000	20,643,356
21 November 2006 to 20 November 2016	0.277	0.255	21,000,000	22,798,342
25 May 2007 to 24 May 2017	0.42	0.387	52,360,000	56,843,867
27 June 2007 to 26 June 2017	0.418	0.385	24,690,000	26,804,337
Total			<u>195,267,625</u>	<u>211,989,433</u>

The Company's auditors have issued a report dated 15 October 2007 with respect to the calculations of the effect of the Rights Issue on the exercise prices and number of outstanding Share Options.

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

Hong Kong, 15 October 2007

*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. Leung Hok Man.*

Please also refer to the published version of this announcement in The Standard.