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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

ANNOUNCEMENT DISPOSAL OF AN INTEREST IN SHARES BY A SUBSTANTIAL SHAREHOLDER

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

On 12 October 2009, the Board has been informed by CSI that Simple View and Placing Agent entered into the Placing Agreement, pursuant to which, Simple View has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 320,000,000 Shares beneficially owned by Simple View, representing approximately 17.33% of the issued share capital of the Company, to not fewer than six places who and whose ultimate beneficial owners are third parties independent of and not connected with the Company or CSI and their respective connected persons at a price of HK\$0.20 per Share.

Shareholders and potential investors should note that the Placing is subject to conditions precedent under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 12 October 2009 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares with effect from 9:30 am on 14 October 2009.

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DISPOSAL OF AN INTEREST IN SHARES BY A SUBSTANTIAL SHAREHOLDER

On 12 October 2009, the Board has been informed by CSI that Simple View and Placing Agent entered into the Placing Agreement, pursuant to which, Simple View has conditionally agreed to place, through the Placing Agent on a fully underwritten basis, 320,000,000 Shares beneficially owned by Simple View, representing approximately 17.33% of the issued share capital of the Company, to not fewer than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company or CSI and their respective connected persons at a price of HK\$0.20 per Share.

Immediately upon completion of the Placing, the Shares owned by Simple View will decrease from 550,000,000 Shares, representing approximately 29.79% of the issued share capital of the Company, to 230,000,000 Shares, representing approximately 12.46% of the issued share capital of the Company.

According to CSI Announcement, the Placing constitutes a very substantial disposal on part of CSI under the Listing Rules and is subject to the approval of the shareholders of CSI at a special general meeting.

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SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the shareholding structure of the Company from the date of this announcement up to the date of completion of the Placing, the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the Placing; and (iii) upon completion of the Placing and full conversion of the convertible bond of the Company with an outstanding principal amount of HK\$90 million at a conversion price of HK\$0.20 per Share by Simple View, are as follows:

Name of Shareholders	As at the date of this announcement		Upon completion of the Placing		Upon completion of the Placing and full conversion of the convertible bond of the Company by Simple View	
	Shares	Approximate %	Shares	Approximate %	Shares	Approximate %
Dorest Company Limited (Note 1)	137,025	0.01	137,025	0.01	137,025	0.01
Simple View	550,000,000	29.79	230,000,000	12.46	680,000,000	29.61
Sub-total	550,137,025	29.80	230,137,025	12.47	680,137,025	29.62
Public						
Placees (Note 2)	–	–	320,000,000	17.33	320,000,000	13.93
Other public Shareholders	1,296,359,343	70.20	1,296,359,343	70.20	1,296,359,343	56.45
Sub-total	1,296,359,343	70.20	1,616,359,343	87.53	1,616,359,343	70.38
Total	1,846,496,368	100.00	1,846,496,368	100.00	2,296,496,368	100.00

Notes:

1. Dorest Company Limited, a company incorporated in Hong Kong with limited liability which is beneficially owned as to 60% by Ms. Chen through Porterstone Limited and as to 40% by Mr. Heung. Shares held by Dorest Company Limited are under a charging order.
2. Reference is made to CSI Announcement, some of the placees to be procured by the Placing Agent under the Placing may be existing Shareholders. Any of the existing holdings of such placees are included under “Other public Shareholders”.

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TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“Board”	the board of Directors
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning as defined under the Listing Rules
“CSI”	China Star Investment Holdings Limited, the issued shares of which are listed on the Main Board of the Stock Exchange and the substantial Shareholder
“CSI Announcement”	an announcement dated 13 October 2009 issued and published by CSI in respect of the Placing
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Heung”	Mr. Heung Wah Keung, an executive Director
“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, an executive Director
“Placing”	the placing of 320,000,000 Shares beneficially owned by Simple View
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) whom and its ultimate beneficial owners are independent of, and not connected with the Company or CSI and their respective connected persons

“Placing Agreement”	a conditional agreement entered into between Simple View and the Placing Agent dated 12 October 2009 in respect of the placing of 320,000,000 Shares at a price of HK\$0.20 per Share on a fully underwritten basis
“Share(s)”	ordinary share(s) of HK\$0.01 each in issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Simple View”	Simple View Investment Limited, a company incorporated in British Virgin Islands with limited liabilities and an indirect wholly-owned subsidiary of CSI
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 13 October 2009

As at the date of this announcement, the Board comprises three executive Directors namely, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; and three independent non-executive Directors namely, Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.