

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)

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE;
(2) PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL;
AND
(3) RESUMPTION OF TRADING
PLACING AGENT**



KINGSTON SECURITIES LIMITED

On 29 March 2007, the Company has conditionally agreed to place, through the Placing Agent (i) under Tranche I Placing on a fully underwritten basis 124,900,000 Placing Shares to independent investors at a price of HK\$0.37 per Placing Share and (ii) under Tranche II Placing on a fully underwritten basis 81,100,000 Placing Shares to independent investors at a price of HK\$0.37 per Placing Share.

The 124,900,000 Tranche I Placing Shares represent (i) approximately 17.73% of the existing issued share capital of the Company of 704,646,608 Shares; (ii) approximately 15.06% of the Company's issued share capital of 829,546,608 Shares as enlarged by the Tranche I Placing; and (iii) approximately 13.72% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

The 81,100,000 Tranche II Placing Shares represent (i) approximately 11.51% of the existing issued share capital of the Company of 704,646,608 Shares; (ii) approximately 10.32% of the Company's issued share capital of 785,746,608 Shares as enlarged by the Tranche II Placing; and (iii) approximately 8.91% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

The aggregate of 206,000,000 Placing Shares represent (i) approximately 29.23% of the existing issued share capital of the Company of 704,646,608 Shares; and (ii) approximately 22.63% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

The net proceeds of approximately HK\$74.0 million from the Placings is intended to be used for general working capital of the Group. The net proceeds raised per Share upon the completion of both the Tranche I Placing and the Tranche II Placing will be approximately HK\$0.359 per Share.

The Tranche I Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche I Placing Shares.

The Tranche II Placing is conditional upon, among other things, (i) the passing of a resolution by the Shareholders to approve the allotment, issue and dealing with the Tranche II Placing Shares at the SGM and (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche II Placing Shares.

The Tranche I Placing and the Tranche II Placing are not inter-conditional.

Completion of Tranche I Placing and Tranche II Placing are subject to the satisfaction of the conditions precedent in the Tranche I Placing Agreement and the Tranche II Placing Agreement respectively.

As the Tranche I Placing and/or Tranche II Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

A circular containing, among other things, (i) details regarding the Tranche II Placing and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as possible.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 29 March 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 2 April 2007.

THE TRANCHE I PLACING AGREEMENT

Date

29 March 2007

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place in aggregate of 124,900,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2.5% on the gross proceeds of the Tranche I Placing. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in Listing Rules). It is not expected that any individual Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after the Tranche I Placing.

Placees

The Placing Agent agreed to place the Tranche I Placing Shares on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners (i) will not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules); and (ii) will not be connected persons (as defined in the Listing Rules) of the vendors of the Initial Acquisition, the Subsequent Acquisition or the Subscribers.

Tranche I Placing Shares

The 124,900,000 Tranche I Placing Shares represent (i) approximately 17.73% of the existing issued share capital of the Company of 704,646,608 Shares; (ii) approximately 15.06% of the Company's issued share capital of 829,546,608 Shares as enlarged by the Tranche I Placing; and (iii) approximately 13.72% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

Ranking of the Tranche I Placing Shares

The Tranche I Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Tranche I Placing Shares.

Placing Price

The Placing Price was fixed on the day of which the Company and the Placing Agent entered into the Tranche I Placing Agreement, i.e. 29 March 2007. The Placing Price of HK\$0.37 represents a discount of approximately 6.09% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average closing price per Share of HK\$0.394 in the last five consecutive trading days prior to the date of the Tranche I Placing Agreement. The Placing Price of HK\$0.37 also represents a discount of 0.80% to the average closing price per Share of HK\$0.373 in the last ten consecutive trading days prior to the date of the Tranche I Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Tranche I Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

General Mandate

The Tranche I Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM (i.e. 124,929,321 Shares). Up to the date of this announcement, none of the new Shares has been issued under the General Mandate.

Conditions of the Tranche I Placing

Completion of the Tranche I Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche I Placing Shares; and

- (ii) the obligations of the Placing Agent under the Tranche I Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Tranche I Placing Agreement, including provisions regarding force majeure event.

The completion of the Tranche I Placing is not subject to the completion of the Tranche II Placing.

Termination and force majeure

The Tranche I Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date for completion of the Tranche I Placing Agreement, there occurs:

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Tranche I Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Tranche I Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Tranche I Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Tranche I Placing (such success being the placing of the Tranche I Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Tranche I Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Tranche I Placing

The conditions set out in the Tranche I Placing Agreement are expected to be fulfilled on or before 20 April 2007, or such later date as may be agreed by the Company and the Placing Agent and the completion of the Tranche I Placing will take place on or before the third business day after the Tranche I Placing Agreement becomes unconditional.

As the Tranche I Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE TRANCHE II PLACING AGREEMENT

Date

29 March 2007

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place in aggregate of 81,100,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2.5% on the gross proceeds of the Tranche II Placing. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. The Placing Agent and its ultimate beneficial owners are independent of and not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). It is not expected that any individual Placee will become a substantial Shareholder (as defined under the Listing Rules) immediately after the Tranche II Placing.

Placees

The Placing Agent agreed to place the Tranche II Placing Shares on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners (i) will not be connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules); and (ii) will not be connected persons (as defined in the Listing Rules) of the vendors of the Initial Acquisition, the Subsequent Acquisition or the Subscribers.

Tranche II Placing Shares

The 81,100,000 Tranche II Placing Shares represent (i) approximately 11.51% of the existing issued share capital of the Company of 704,646,608 Shares; (ii) approximately 10.32% of the Company's issued share capital of 785,746,608 Shares as enlarged by the Tranche II Placing; and (iii) approximately 8.91% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

Ranking of the Tranche II Placing Shares

The Tranche II Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Tranche II Placing Shares.

Placing Price

The Placing Price of HK\$0.37 is at par to the closing price of HK\$0.37 per Share as quoted on the Stock Exchange on the Last Trading Date; and represents (i) a discount of approximately 6.09% to the average closing price per Share of approximately HK\$0.394 for the last five consecutive trading days up to and including the Last Trading Date; and (ii) a discount of approximately 0.80% to the average closing price per Share of HK\$0.373 for the last ten consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Tranche II Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Conditions of the Tranche II Placing

Completion of the Tranche II Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Tranche II Placing Shares;
- (ii) the passing of a resolution by the Shareholders to approve the allotment, issue and dealing with the Tranche II Placing Shares at the SGM; and
- (iii) the obligations of the Placing Agent under the Tranche II Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Tranche II Placing Agreement, including provisions regarding force majeure event.

The completion of the Tranche II Placing is not subject to the completion of the Tranche I Placing.

Termination and force majeure

The Tranche II Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date for completion of the Tranche II Placing Agreement, there occurs:

- (i) **the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (ii) **the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Tranche II Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Tranche II Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Tranche II Placing; or**
- (iii) **any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Tranche II Placing (such success being the placing of the Tranche II Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Tranche II Placing.**

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Tranche II Placing

The conditions set out in the Tranche II Placing Agreement are expected to be fulfilled on or before 31 May 2007, or such later date as may be agreed by the Company and the Placing Agent and the completion of the Tranche II Placing will take place on or before the third business day after the Tranche II Placing Agreement become unconditional.

As the Tranche II Placing may or may not proceed and is subject to Shareholders' approval, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OTHER INFORMATION ON THE PLACINGS

Number of Placing Shares

The aggregate of 206,000,000 Placing Shares represent (i) approximately 29.23% of the existing issued share capital of the Company of 704,646,608 Shares; and (ii) approximately 22.63% of the Company's issued share capital of 910,646,608 Shares as enlarged by the Tranche I Placing and the Tranche II Placing.

Reasons for the Placings

The Directors consider the timing of the fund raising by the Placings is appropriate as the recent stock market has shown strong sentiment and the Placings will be attractive to the potential investors. The Directors consider that notwithstanding that the Placings will result in the dilution of the existing shareholding interest of the Shareholders, the Placings represent an opportunity to raise capital for the Company to enhance the general working capital base and the business of the Group.

Use of proceeds

The gross proceeds from the Tranche I Placing will be approximately HK\$46.2 million and the net proceeds will be approximately HK\$44.8 million. The gross proceeds from the Tranche II Placing will be approximately HK\$30.0 million and the net proceeds will be approximately HK\$29.2 million. The gross proceeds from the Placings will be approximately HK\$76.2 million. The net proceeds of approximately HK\$74.0 million from the Placings is intended to be used for general working capital of the Group. The net proceeds raised per Share upon the completion of both the Tranche I Placing and the Tranche II Placing will be approximately HK\$0.359 per Share.

Fund raising activities in the past twelve months

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
17 May 2006	Placing of existing 104,105,000 Shares and subscription of 104,105,000 new Shares	HK\$33,300,000	HK\$20,000,000 for future investment and the balance for general working capital	Approximately HK\$20,000,000 for the Initial Acquisition and the balance for general working capital
7 June 2006	Placing of 80,000,000 new Shares	HK\$29,000,000	For the Initial Acquisition	Approximately HK\$29,000,000 for the Initial Acquisition
13 February 2007	Issue of zero coupon unsecured convertible bonds due 2012 of an aggregate principal amount of HK\$168,500,000	HK\$159,000,000	For the Subsequent Acquisition	The transaction has not yet been completed

Effects on shareholding structure

	As at the date of this announcement		Upon completion of the Tranche I Placing only		Upon completion of the Tranche II Placing only		Upon completion of the Tranche I Placing and the Tranche II Placing		Upon completion of the Tranche I Placing, Tranche II Placing and full conversion of convertible bonds of the Company (Note 6)	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Porterstone Limited (Note 1)	131,905,000	18.72%	131,905,000	15.90%	131,905,000	16.79%	131,905,000	14.48%	131,905,000	9.18%
Dorest Company Limited (Note 2)	18,510,000	2.62%	18,510,000	2.23%	18,510,000	2.36%	18,510,000	2.03%	18,510,000	1.29%
Mr. Heung (Note 3)	36,395,000	5.17%	36,395,000	4.39%	36,395,000	4.63%	36,395,000	4.00%	36,395,000	2.53%
Ms. Chen (Note 4)	21,144,410	3.00%	21,144,410	2.55%	21,144,410	2.69%	21,144,410	2.32%	21,144,410	1.47%
Ms. Li Yuk Sheung (Note 5)	16	0.00%	16	0.00%	16	0.00%	16	0.00%	16	0.00%
Sub-total	207,954,426	29.51%	207,954,426	25.07%	207,954,426	26.47%	207,954,426	22.83%	207,954,426	14.47%
Holder of the convertible bonds (Note 6):										
Improvemany International Limited	0	0.00%	0	0.00%	0	0.00%	0	0.00%	389,062,500	27.07%
Better Talent Limited	0	0.00%	0	0.00%	0	0.00%	0	0.00%	39,062,500	2.72%
Aceyard Investments Limited	0	0.00%	0	0.00%	0	0.00%	0	0.00%	98,437,500	6.85%
Sub-total	0	0.00%	0	0.00%	0	0.00%	0	0.00%	526,562,500	36.64%
Public Placees (Note 7)										
- Tranche I Placing	0	0.00%	124,900,000	15.06%	0	0.00%	124,900,000	13.72%	124,900,000	8.69%
- Tranche II Placing	0	0.00%	0	0.00%	81,100,000	10.32%	81,100,000	8.91%	81,100,000	5.64%
Other public Shareholders	496,692,182	70.49%	496,692,182	59.87%	496,692,182	63.21%	496,692,182	54.54%	496,692,182	34.56%
Sub-total	496,692,182	70.49%	621,592,182	74.93%	577,792,182	73.53%	702,692,182	77.17%	702,692,182	48.89%
Total	704,646,608	100.00%	829,546,608	100.00%	785,746,608	100.00%	910,646,608	100.00%	1,437,209,108	100.00%

Notes:

- Porterstone Limited, a company incorporated in the British Virgin Islands with limited liability which is beneficially owned by Ms. Chen. Accordingly, Mr. Heung, the husband of Ms. Chen is deemed to be interested in the Shares held by Porterstone Limited.
- 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.
- Mr. Heung is an executive Director.
- Ms. Chen is an executive Director.
- Ms. Li Yuk Sheung is an executive Director.
- The Company announced on 13 February 2007 that it proposed to issue zero coupon unsecured convertible bonds due 2012 of an aggregate principal face amount of HK\$168,500,000 with an initial conversion price of HK\$0.32 per conversion Share. Of the aggregate principal amount of HK\$168,500,000, Improvemany International Limited will subscribe for HK\$124,500,000; Better Talent Limited will subscribe for HK\$12,500,000; and Aceyard Investments Limited will subscribe for HK\$31,500,000. Up to the date of this announcement, none of such convertible bonds have been issued.
- Such Shares would be allotted and issued upon completion of the respective Placings.

As at the date of this announcement, the existing authorized share capital of the Company consists of 20,000,000,000 Shares out of which 704,646,608 Shares are issued and fully paid up. As at the date of this announcement, there is an outstanding convertible loan note with principal amount of HK\$20 million and at a conversion price of HK\$5.83 per Share and outstanding options attaching rights to subscribe for 200,602,625 Shares granted under the share option schemes of the Company.

GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, and the provision of post-production services.

The Company is still seeking the financing for the Initial Acquisition as at the date of this announcement.

Applications will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Tranche I Placing Shares and the Tranche II Placing Shares separately.

A circular containing, among other things, (i) details regarding the Tranche II Placing and (ii) a notice convening the SGM will be despatched to the Shareholders as soon as possible.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 29 March 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 2 April 2007.

Terms and definitions

“AGM”	the annual general meeting of the Company held on 23 June 2006
“Board”	the board of Directors
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Acquisition”	the acquisition by the Company of an aggregate indirect 61.5% interest in Kingsway Hotel Limited as announced by the Company on 15 June 2006
“Last Trading Date”	28 March 2007, being the last trading day for the Shares before the date of this announcement
“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
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreements
“Placings”	the Tranche I Placing and the Tranche II Placing
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement(s)”	the Tranche I Placing Agreement and/or the Tranche II Placing Agreement
“Placing Price”	HK\$0.37 per Placing Share
“Placing Share(s)”	an aggregate of 206,000,000 new Shares to be placed pursuant to the terms of the Placing Agreements, 124,900,000 under the Tranche I Placing and 81,100,000 under the Tranche II Placing
“Share(s)”	ordinary share(s) of HK\$0.05 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if through fit, approve the Tranche II Placing

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Improvemany International Limited, Better Talent Limited and Aceyard Investments Limited, the subscribers to the zero coupon unsecured convertible bonds due 2012 of an aggregate principal face value amount of HK\$168.50 million to be issued by the Company as announced by the Company on 13 February 2007
“Subsequent Acquisition”	the acquisition by the Company of an indirect 38.5% interest in Kingsway Hotel Limited as announced by the Company on 4 January 2007
“Tranche I Placing”	placing of 124,900,000 new Shares pursuant to the terms of the Tranche I Placing Agreement
“Tranche I Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 March 2007 in relation to the Tranche I Placing
“Tranche I Placing Shares”	an aggregate of 124,900,000 new Shares to be placed pursuant to the Tranche I Placing Agreement
“Tranche II Placing”	placing of 81,100,000 new Shares pursuant to the terms of the Tranche II Placing Agreement
“Tranche II Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 March 2007 in relation to the Tranche II Placing
“Tranche II Placing Shares”	an aggregate of 81,100,000 new Shares to be placed pursuant to the Tranche II Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Star Entertainment Limited
Henug Wah Keung
Chairman

Hong Kong, 30 March 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
The Standard and Hong Kong Economic Times.*