



# CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

## ANNOUNCEMENT RELATING TO ZERO COUPON UNSECURED CONVERTIBLE BONDS DUE 2012

As one of the conditions of the listing approval granted by the Stock Exchange, the Company is required to make this announcement in respect of, amongst other things, the details of the conversions of the Firm Bonds if the cumulative amount of new Shares issued pursuant to the conversions of the Firm Bonds reached 5% of the issued share capital of the Company as at 31st May, 2007, being the date as disclosed in the last monthly announcement.

Reference is made to the Company's circular dated 7th March, 2007 (the "Circular"). As one of the conditions of the listing approval granted by the Stock Exchange, the Company is required to make this announcement in respect of, amongst other things, the details of the conversions of the Firm Bonds if the cumulative amount of new Shares issued pursuant to the conversions of the Firm Bonds reached 5% of the issued share capital of the Company as at 31st May, 2007, being the date as disclosed in the last monthly announcement. Unless the context therein otherwise requires, terms used in this announcement shall have the same meanings as defined in the Circular.

The Directors would like to report that conversions of an aggregate principal amount of HK\$32,500,000 Firm Bonds was made by the Bondholders during the period from 1st June, 2007 to 18th June, 2007 which resulted in Shares being allotted and issued, details of which are set out as follows:

<b>Date of conversion notice</b>	<b>Number of new Shares issued</b>	<b>Firm Bonds Conversion Price (HK\$)</b>	<b>Date of issue of new Shares</b>
1st June, 2007	39,062,500	0.32	8th June, 2007
13th June, 2007	31,250,000	0.32	18th June, 2007
18th June, 2007	31,250,000	0.32	18th June, 2007
Total	<u>101,562,500</u>		

After the above conversions, the outstanding principal sum of the Firm Bonds is HK\$104,500,000. No Shares were cancelled by the Company pursuant to other transactions during the period from 1st June, 2007 to 18th June, 2007.

Changes in the issued share capital of the Company during the period from 1st June, 2007 to 18th June, 2007 were as follows:

	<b>Number of issued Shares of par value of HK\$0.05 each</b>
As at 31st May, 2007	1,009,084,108
Total number of new Shares issued during the period from 1 June, 2007 to 18th June, 2007 pursuant to:	
– exercise of share options	59,785,000
– conversions of the Firm Bonds	<u>101,562,500</u>
As at 18th June, 2007	<u><u>1,170,431,608</u></u>

*This announcement is only released through the website of The Stock Exchange of Hong Kong Limited, and will not be published in any newspapers.*

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

Hong Kong, 26th June, 2007

*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 and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.*