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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

**(Warrant Code: 972)**

### **CHANGE IN BOARD LOT SIZE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

#### **CHANGE IN BOARD LOT SIZE**

The Board announces that the board lot size for trading in the shares of the Company will be changed from 5,000 Shares to 10,000 Adjusted Shares after the Capital Reorganisation becoming effective. The expected timetable for such change in board lot size is set out below.

Shareholders may submit their existing share certificates to the Registrar in exchange for new share certificates free of charge during business hours from Monday, 9 May 2011 to Thursday, 16 June 2011 (both days inclusive).

#### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Reference is made to the announcement of the Company dated 18 April 2011. The Board wishes to announce that Goldin Financial has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Whitewash Waiver.

#### **CHANGE IN BOARD LOT SIZE**

The Board proposes to change the board lot size for trading in the shares of the Company from 5,000 Shares to 10,000 Adjusted Shares after the Capital Reorganisation becoming effective.

In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposed to change the board lot size for trading from 5,000 Shares to 10,000 Adjusted Shares with effect from Tuesday, 24 May 2011. The change in board lot size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the change in board lot size is in the interests of the Company and its Shareholders as a whole.

### **Expected timetable**

*2011*

- Latest time for lodging the form of proxy . . . . . 4:30 p.m. on Wednesday, 4 May
- Special general meeting of the Company to be held  
for considering and, if thought fit, approving  
the Capital Reorganisation. . . . . 4:30 p.m.\* on Friday, 6 May
- Announcement of the results of the Capital Reorganisation . . . . . Friday, 6 May
- Effective date of the Capital Reorganisation . . . . . Monday, 9 May
- Dealing in Adjusted Shares commences . . . . . 9:00 a.m. on Monday, 9 May
- Original counter for trading in Existing Shares  
in board lot size of 5,000 Existing Shares  
temporarily closes . . . . . 9:00 a.m. on Monday, 9 May
- Temporary counter for trading in Adjusted Shares in  
board lot size of 500 Adjusted Shares in the form of  
existing share certificates opens . . . . . 9:00 a.m. on Monday, 9 May
- First day for free exchange of share certificates of  
Existing Shares for new share certificates for  
Adjusted Shares. . . . . Monday, 9 May
- Original counter for trading in Adjusted Shares in  
board lot size of 10,000 Adjusted Shares  
in the form of new share certificates for Adjusted  
Shares re-opens . . . . . 9:00 a.m. on Tuesday, 24 May
- Parallel trading in Adjusted Shares in the form of  
new share certificates and existing share  
certificates commences . . . . . 9:00 a.m. on Tuesday, 24 May
- Designated broker starts to stand in the market to  
purchase and sell odd lots of Adjusted Shares . . . . . Tuesday, 24 May

Parallel trading in Adjusted Shares in the form of  
new share certificates and existing share  
certificates ends. . . . .4:00 p.m. on Tuesday, 14 June

Temporary counter for trading in Adjusted Shares in  
board lot size of 500 Adjusted Shares in the form  
of existing share certificates closes . . . . .4:00 p.m. on Tuesday, 14 June

Designated broker ceases to stand in the market  
to purchase and sell odd lots of Adjusted Shares . . . . .4:00 p.m. on Tuesday, 14 June

Last day for free exchange of share certificates of  
Existing Shares for new share certificates for  
Adjusted Shares. . . . . Thursday, 16 June

\* or immediately after the conclusion or adjournment of the meeting of the Company

Shareholders may submit their existing share certificates to the Registrar in exchange for new share certificates free of charge during business hours from Monday, 9 May 2011 to Thursday, 16 June 2011 (both days inclusive). After the expiry of such period, existing share certificates will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued or each existing share certificate submitted, whichever number of share certificates involved is higher. It is expected that the new share certificates will be available for collection from the Registrar by the Shareholders within 10 business days after delivery of the existing share certificates to the Registrar for exchange purpose.

The existing share certificates will be valid for trading and settlement up to 4:00 pm, Tuesday, 14 June 2011, thereafter, all existing share certificates will continue to be good evidence of legal title and may be exchanged for new share certificates at any time but are not acceptable for trading, settlement and registration purposes.

**Arrangement for matching service for odd lots**

In order to alleviate the difficulties arising from the existence of odd lots of the Adjusted Shares, the Company has procured a designated broker to arrange for the matching of the sales and purchases of odd lots of the Adjusted Shares on behalf of Shareholders. Holders of odd lots of the Adjusted Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Ms. Rosita Kiu (telephone number: 2298-6200 or fax number: 2295-0682) of Kingston Securities Limited located at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, during the period from Tuesday, 24 May 2011 to Tuesday, 14 June 2011, both dates inclusive.

Holders of the Adjusted Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

## **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Reference is made to the announcement of the Company dated 18 April 2011 in relation to, among other things, the Rights Issue, the Bonus Issue and the Whitewash Waiver.

Goldin Financial has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Bonus Issue and the Whitewash Waiver, and to make a recommendation as to, amongst others, whether the Rights Issue, the Bonus Issue and the Whitewash Waiver are fair and reasonable. The appointment has been approved by the Independent Board Committee.

## **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.

“Adjusted Share(s)”	the ordinary share(s) of HK\$0.01 each in the capital of the Company upon the Capital Reorganisation becoming effective
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of directors of the Company
“Bonus Issue”	the proposed issue of the bonus warrants to be issued by the Company on the basis of one bonus warrant for every five rights shares taken up under the Rights Issue
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving (i) the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) consolidated Existing Share of HK\$0.10 each; (ii) the capital reduction of the nominal value of all the authorised share capital of the Company and the cancellation of the paid-up capital of the issued Shares from HK\$0.10 each to HK\$0.01 each and the credit arising from reduction of the issued share capital of the Company be transferred to the contributed surplus account of the Company; and (iii) increase of authorised share capital of the Company, details of which were disclosed in the announcement(s) of the Company dated 9 February 2011 and 28 February 2011 and the circular of the Company dated 7 March 2011, which is subject to conditions precedent and may or may not proceed

“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Concert Group”	Heung Wah Keung Family Endowment Limited, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany, Dorest Company Limited, Eternity Investment Limited, Mr. Lei Hong Wai, Simple View Investment Limited and their respective associates and parties acting in concert with any of them
“Directors”	directors of the Company
“Existing Shares”	share(s) of HK\$0.01 each in the share capital of the Company before the implementation of the Capital Reorganisation
“Goldin Financial”	Goldin Financial Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Bonus Issue and the Whitewash Waiver
“Independent Board Committee”	a committee of the Board, comprising all independent non-executive Directors to advise the Independent Shareholders on the Rights Issue, the Bonus Issue and the Whitewash Waiver
“Independent Shareholders”	Shareholders other than the Concert Group and those who are involved in, or interested in the underwriting agreement dated 29 March 2011 (as supplemented by a supplemental agreement dated 18 April 2011) entered into among the Company, Heung Wah Keung Family Endowment Limited and Mansion House Securities (F.E.) Limited in relation to the Rights Issue, the Bonus Issue and the Whitewash Waiver, who are required to abstain from voting in respect of the Rights Issue, the Bonus Issue and the Whitewash Waiver at the special general meeting of the Company pursuant to the Take-overs Code and the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Registrar”	Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue of Rights Shares by way of rights issue on the basis of three Rights Shares for every one Adjusted Share held on the record date, with bonus warrants on the basis of one bonus warrant for every five Rights Shares taken up
“Rights Share(s)”	Not less than 1,473,536,625 Adjusted Shares and not more than 1,684,106,889 Adjusted Shares proposed to be offered to the qualifying Shareholders for subscription under the Rights Issue
“Share(s)”	the Existing Share(s) or the Adjusted Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Whitewash Waiver”	a waiver from the obligation of the Concert Group to make a mandatory offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the acceptance for the Rights Shares and underwriting the Rights Shares (with bonus warrants to be issued under the Bonus Issue) under the underwriting agreement dated 29 March 2011 (as supplemented by a supplemental agreement dated 18 April 2011) and/or application of excess Rights Shares pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code

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

Hong Kong, 3 May 2011

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

*All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.*