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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972)

**(I) RESULT OF THE RIGHTS ISSUE
ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE SHARE
HELD ON THE RECORD DATE
AT HK\$0.25 PER RIGHTS SHARE WITH
BONUS WARRANTS ON THE BASIS OF
ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES
TAKEN UP
UNDER THE RIGHTS ISSUE
AND**

(II) ADJUSTMENTS TO SHARE OPTIONS AND EXISTING WARRANTS

(I) RESULTS OF THE RIGHTS ISSUE AND THE BONUS ISSUE

The Board is pleased to announce that the Rights Issue has become unconditional at 4:00 p.m. on Monday, 27 June 2011.

As at 4:00 p.m. on Wednesday, 22 June 2011, being the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares: (a) 22 valid acceptances in respect of a total of 337,282,910 Rights Shares provisionally allotted under the Rights Issue have been received, representing approximately 22.89% of the total number of the Rights Shares available under the Rights Issue; and (b) 14 valid applications for a total of 801,381,023 excess Rights Shares have been received, representing approximately 54.38% of the total number of the Rights Shares available under the Rights Issue. In aggregate, 36 valid acceptances and applications in respect of a total of 1,138,663,933 Rights Shares, representing approximately 77.27% of the total number of the Rights Shares available under the Rights Issue,

have been received. Accordingly, the Rights Issue was under-subscribed by 334,876,937 Rights Shares. HWKFE has successfully subscribed 800,000,000 HWKFE's EAF Shares and accordingly the Untaken Shares will be underwritten by Mansion House or the sub-underwriters procured by it pursuant to the Underwriting Agreement. An aggregate principal amount of HK\$73,677,043.50 Bonus Warrants entitled holders to subscribe for 294,708,174 new Shares at the initial Subscription Price of HK\$0.25 per Share (subject to adjustments) will be issued.

DESPATCH OF CERTIFICATES FOR THE RIGHTS SHARES AND BONUS WARRANTS

Share certificates for the fully-paid Rights Shares and warrant certificates for the Bonus Warrants will be posted on or before Wednesday, 29 June 2011 to those entitled thereto by ordinary post to their registered addresses at their own risk.

COMMENCEMENT OF DEALINGS IN RIGHTS SHARES AND BONUS WARRANTS

Dealings in the fully-paid Rights Shares and the Bonus Warrants are expected to commence on the Stock Exchange at 9:00 am on Monday, 4 July 2011.

(II) ADJUSTMENTS TO SHARE OPTIONS AND EXISTING WARRANTS

Pursuant to the terms of the instruments of the share option scheme of the Company and the terms and conditions under the warrant instrument issued by the Company on 15 June 2010, the exercise price and the number of outstanding Share Options and the subscription price of the Existing Warrants, will be adjusted in the manners as disclosed herein with effect from 29 June 2011 as a result of the Rights Issue and the Bonus Issue.

Reference is made to the Company's announcements dated 18 April 2011, 4 May 2011, 9 May 2011, 16 May 2011, 20 May 2011 and 7 June 2011 (the "Announcements"), the circular of the Company dated 20 May 2011 (the "Circular") and the prospectus of the Company dated 8 June 2011 (the "Prospectus") in connection with, among others, the Rights Issue, the Bonus Issue and the Whitewash Waiver.

All capitalised terms used herein shall, unless otherwise defined, have the same meanings as those defined in the Announcements, the Circular and the Prospectus.

(I) RESULTS OF THE RIGHTS ISSUE AND THE BONUS ISSUE

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As at 4:00 p.m. on Wednesday, 22 June 2011, being the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares: (a) 22 valid acceptances in respect of a total of 337,282,910 Rights Shares provisionally allotted under the Rights Issue have been received, representing approximately 22.89% of the total number of the Rights Shares available under the Rights Issue; and (b) 14 valid applications for a total of 801,381,023 excess Rights Shares have been received, representing approximately 54.38% of the total number of the Rights Shares available under the Rights Issue. In aggregate, 36 valid acceptances and applications in respect of a total of 1,138,663,933 Rights Shares, representing approximately 77.27% of the total number of the Rights Shares available under the Rights Issue, have been received. Accordingly, the Rights Issue was under-subscribed by 334,876,937 Rights Shares. HWKFE has successfully subscribed 800,000,000 HWKFE's EAF Shares and accordingly the Untaken Shares will be underwritten by the Mansion House or the sub-underwriters procured by it pursuant to the Underwriting Agreement. An aggregate principal amount of HK\$73,677,043.50 Bonus Warrants entitled holders to subscribe for 294,708,174 new Shares at the initial Subscription Price of HK\$0.25 per Share (subject to adjustments) will be issued.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company immediately before and upon completion of the Rights Issue and the Bonus Issue are as follows:

	Before completion of the Rights Issue		Upon completion of the Rights Issue			
			Assuming none of the Bonus Warrants are exercised		Assuming the Bonus Warrants are exercised in full	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
The Concert Group						
HWKFE (<i>Note 1</i>)	24,671,500	5.02	898,686,000	45.74	1,073,488,900	47.51
Dorest (<i>Note 2</i>)	13,702	0.01	13,702	0.00	13,702	0.00
Simple View and its associates (<i>Note 3</i>)	69,995,000	14.25	275,980,000	14.05	317,177,000	14.04
Sub-total	94,680,202	19.28	1,174,679,702	59.79	1,390,679,602	61.55
The subscribers of the Untaken Shares (<i>Note 4</i>)	–	–	334,876,937	17.04	401,852,324	17.79
Public Shareholders	396,500,088	80.72	455,164,521	23.17	466,897,408	20.66
Total	491,180,290	100.00	1,964,721,160	100.00	2,259,429,334	100.00

Notes:

1. HWKFE is owned as to 50% by Mr. Heung and as to 50% by Ms. Chen.
2. Dorest is beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung. The Shares held by Dorest are under a charging order and Dorest is the registered shareholder and has the voting right. These Shares had been deposited in C.A. Pacific Finance Limited which is in liquidation.
3. Simple View is a wholly owned subsidiary of Eternity. Mr. Heung and Ms. Chen are directors of Simple View.
4. Mansion House has undertaken to the Company that (i) it will ensure that the subscribers or purchasers of the Underwritten Shares procured by it or by the sub-underwriters are third parties independent of and not acting in concert with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (ii) no such subscriber or purchaser of the Underwritten Shares shall be procured by it or by the sub-underwriters if allotment and issue of any Rights Shares (with Bonus Warrants) to it would result in it and its associates and concert parties, when aggregated with the Shares (if any) already held by them holding 30% or more of the enlarged issued share capital of the Company immediately after completion of the Rights Issue and the Bonus Issue; and (iii) in performing its underwriting obligations under the Underwriting Agreement, no subscriber or purchaser of the Underwritten Shares will become a substantial Shareholder immediately after completion of the Rights Issue and the Bonus Issue. The subscribers of the Untaken Shares are independent and not acting in concert with the Concert Group.

DESPATCH OF CERTIFICATES FOR THE RIGHTS SHARES AND BONUS WARRANTS

Share certificates for the fully-paid Rights Shares and warrant certificates for the Bonus Warrants will be posted on or before Wednesday, 29 June 2011 to those entitled thereto by ordinary post to their registered addresses at their own risk.

COMMENCEMENT OF DEALINGS IN RIGHTS SHARES AND BONUS WARRANTS

Dealings in the fully-paid Rights Shares and the Bonus Warrants are expected to commence on the Stock Exchange at 9:00 am on Monday, 4 July 2011.

(II) ADJUSTMENTS TO THE EXERCISE PRICE AND NUMBER OF THE OUTSTANDING SHARE OPTIONS AND THE SUBSCRIPTION PRICE OF THE EXISTING WARRANTS

Adjustments to the exercise price and number of the outstanding Share Options will be required under the relevant rules of the share option scheme of the Company, the provision of Rule 17.03(13) of the Listing Rules and the supplementary guidance set out by the Stock Exchange on 5 September 2005. The exercise price and number of the outstanding Share Options as a result of the Rights Issue and Bonus Issue will be adjusted with effect from 29 June 2011 as follows:

Exercisable Period	Existing exercise price per Share HK\$	Existing number of outstanding Share Options	Adjusted exercise price per Share HK\$	Adjusted number of outstanding Share Options
16 July 2002 to 15 July 2012	628.520	21,813	371.400	36,914
17 July 2003 to 16 July 2013	206.700	32,992	122.141	55,832
13 December 2004 to 12 December 2014	190.430	48,660	112.527	82,347
04 February 2005 to 03 February 2015	197.130	81,142	116.486	137,316
30 December 2005 to 29 December 2015	88.610	51,923	52.361	87,869
21 November 2006 to 20 November 2016	101.440	57,344	59.942	97,043
25 May 2007 to 24 May 2017	153.880	142,978	90.930	241,961
27 June 2007 to 26 June 2017	153.11	67,420	90.475	114,094
23 October 2007 to 22 October 2017	72.730	283,473	42.977	479,721
21 August 2008 to 20 August 2018	9.380	992,785	5.543	1,680,015

Adjustments to the subscription price of the Existing Warrants will be required under the terms and conditions under the warrant instrument issued by the Company on 15 June 2010. The subscription price of the Existing Warrants will be adjusted with effect from 29 June 2011 as follows:

Subscription Period	Existing subscription price per Share HK\$	Adjusted subscription price per Share HK\$
15 June 2010 to 14 June 2012	1.820	1.01

The Company's auditors have been appointed to certify the above necessary adjustments with respect to the exercise price and number of the Share Options and the subscription price of the Existing Warrants.

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

Hong Kong, 28 June 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, Mr. Leung Hok Man and Mr. Tang Chak Lam, Gilbert.

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 statement in this announcement misleading.