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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING OF SHARES

The Board is pleased to announce that pursuant to the Agreements, the Company has agreed to purchase and the relevant Vendors have agreed to sell the relevant Sale Shares for an aggregate consideration of HK\$490,000,000. The relevant Vendors owned the Sales Shares which indirectly hold in aggregate approximately 61.5% of the issued share capital of Kingsway Hotel Limited whose principal asset is the Hotel. The aggregate consideration for the Acquisitions shall be satisfied in cash by third party financing (which is not yet determined) and internal resources of the Company.

The Acquisitions constitute a very substantial acquisition for the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As the Vendors are Independent Third Parties and have no interest in the Shares and no Shareholder has a material interest in the Acquisitions which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Acquisitions at the SGM.

A circular containing, among other things, the details of the Agreements, the relevant financial information of the target companies and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on Tuesday, 13th June, 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Friday, 16th June, 2006.

Reference is made to the announcement of the Company dated 5th June, 2006 whereby the Company announced that it had on 2nd June, 2006 entered into a non-legally binding letter of intent with an Independent Third Party regarding a proposed acquisition of companies whose sole asset is a controlling interest in a hotel in Macau.

The Board is pleased to announce that the Vendors and the Company have on 13th June, 2006 entered into the relevant Agreements, pursuant to which the Company has agreed to purchase and the relevant Vendors have agreed to sell the relevant Sale Shares for an aggregate consideration of HK\$490,000,000. Details of the Agreements are set out below.

THE HARVEST METRO AGREEMENT

Date: 13th June, 2006

Parties:

Vendor : Harvest Metro, a wholly-owned subsidiary of Wing On

Purchaser : The Company

Guarantor : Wing On

As at the date of this announcement, Harvest Metro is a wholly-owned subsidiary of Wing On. Triumph Up is owned as to approximately 56.91% by Harvest Metro and as to the remaining of approximately 34.96% by Mr. Chan and 8.13% by Top Region.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Harvest Metro and Wing On are Independent Third Parties. Harvest Metro is an investment holding company whose principal asset is its interest in Triumph Up.

Wing On has agreed to guarantee the due and punctual performance and obligations of Harvest Metro under the Harvest Metro Agreement and to indemnify the Company for losses as a result of failure by Harvest Metro to perform its obligations thereunder.

Assets to be acquired:

350 shares of US\$1 each in the issued share capital of Triumph Up, representing approximately 56.91% of the issued share capital of Triumph Up and the entire interests in Triumph Up held by Harvest Metro as at the date of the Harvest Metro Agreement. Triumph Up indirectly holds approximately 55.75% effective interest in the issued share capital of Kingsway Hotel Limited whose principal asset is the Hotel. Accordingly, an effective interest of approximately 31.73% of the Hotel is to be disposed of by Harvest Metro.

Harvest Metro Consideration:

The consideration for the Harvest Metro Sale Shares is HK\$252,789,344.97, which has been/shall be paid in cash in the following manner:-

- (a) an initial refundable deposit in the sum of HK\$10,317,932.45 was paid by the Company to Harvest Metro's solicitors as stakeholder upon the signing of the Harvest Metro Agreement; and

- (b) HK\$242,471,412.52, being the balance of the Harvest Metro Consideration, shall be paid by the Company to Harvest Metro on the Harvest Metro Completion.

The Harvest Metro Consideration was determined after arm's length negotiations and with reference to an indicative valuation conducted by Wai & Ko Real Estate Ltd (an independent professional valuer), at the request of Wing On, on an open market value basis on the Hotel valuing the Hotel at approximately HK\$810,000,000 as at 8th June, 2006.

Conditions Precedent:

The Harvest Metro Completion is conditional upon fulfilment of the following conditions:

- (a) the passing of the necessary resolution(s) by the shareholders of Wing On (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of Wing On to approve and ratify Harvest Metro's entry into of the Harvest Metro Agreement and the performance of the transactions contemplated hereunder;
- (b) the passing of the necessary resolution(s) by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Company's entry into of the Harvest Metro Agreement and the performance of the transactions contemplated thereunder;
- (c) the Company successfully obtaining financing from third party(s) for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion;
- (d) the relevant warranties of Harvest Metro contained in the Harvest Metro Agreement remaining true and accurate in all material respects and not misleading in any material respect at the Harvest Metro Completion as if repeated at the Harvest Metro Completion and at all times between the date of the Harvest Metro Agreement and the Harvest Metro Completion;

- (e) all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong or in Macau, governmental and third party consents and approvals (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the Harvest Metro Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the parties to the Harvest Metro Agreement); and
- (f) the Other Agreements becoming unconditional in all respects, other than the condition therein requiring the Harvest Metro Agreement to become unconditional.

The Company may waive condition (d) above in whole or in part in its sole discretion.

The Company shall ensure that condition (c) be fulfilled within 30 days from the date of the Harvest Metro Agreement. In the event the condition (c) cannot be fulfilled within 30 days from the date of the Harvest Metro Agreement, the Company shall reimburse Harvest Metro for all costs and expenses incurred and to be incurred as a result of the non-fulfilment of such condition subject to a maximum amount of HK\$500,000.

If any of the conditions has not been fulfilled (or waived as appropriate) on or before 30th November, 2006 (save for condition (c) to be fulfilled within 30 days from the date of the Harvest Metro Agreement as mentioned above), either Harvest Metro or the Company shall be entitled to rescind the Harvest Metro Agreement whereupon Harvest Metro's solicitors shall release the Harvest Metro Deposit (together with interest accrued thereon) to the Company and the provisions of the Harvest Metro Agreement shall from such date have no further force and effect and no party to the Harvest Metro Agreement shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

Harvest Metro Completion

The Harvest Metro Completion shall take place on the third business day after fulfilment or waiver (if applicable) of all the conditions precedent to the Harvest Metro Agreement or such other date as the parties to the Harvest Metro Agreement may agree in writing.

THE CCM AGREEMENT

Date: 13th June, 2006

Parties:

Vendor : Mr. Chan

Purchaser : The Company

Mr. Chan is an Independent Third Party.

Assets to be acquired:

215 shares of US\$1 each in the issued share capital of Triumph Up, representing approximately 34.96% of the issued share capital of Triumph Up and the entire interests in Triumph Up held by Mr. Chan as at the date of the Agreement. Triumph Up indirectly holds approximately 55.75% effective interest in the issued share capital of Kingsway Hotel Limited whose principal asset is the Hotel. Accordingly, an effective interest of approximately 19.49% of the Hotel is to be disposed of by Mr. Chan.

CCM Consideration:

The consideration for the CCM Sale Shares is HK\$155,284,883.34, which has been/shall be paid in cash in the following manner:-

- (a) an initial refundable deposit in the sum of HK\$6,338,158.50 was paid by the Company to Mr. Chan's solicitors as stakeholder upon the signing of the CCM Agreement; and

- (b) HK\$148,946,724.84, being the balance of the CCM Consideration, shall be paid by the Company to Mr. Chan on CCM Completion.

The CCM Consideration was determined after arm's length negotiations and with reference to an indicative valuation conducted by Wai & Ko Real Estate Ltd (an independent professional valuer), at the request of Wing On, on an open market value basis on the Hotel valuing the Hotel at approximately HK\$810,000,000 as at 8th June, 2006.

Conditions Precedent:

The CCM Completion is conditional upon fulfilment of the following conditions:

- (a) the passing of the necessary resolution(s) by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Company's entry into of the CCM Agreement and the performance of the transactions contemplated hereunder;
- (b) the relevant warranties of Mr. Chan contained in the CCM Agreement remaining true and accurate in all material respects and not misleading in any material respect at the CCM Completion as if repeated at the CCM Completion and at all times between the date of the CCM Agreement and the CCM Completion;
- (c) all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong or in Macau, governmental and third party consents and approvals (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the CCM Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the parties to the CCM Agreement); and

(d) the Other Agreements becoming unconditional in all respects, other than the condition therein requiring the CCM Agreement to become unconditional.

The Company may waive condition (b) above in whole or in part in its sole discretion.

If any of the conditions has not been fulfilled (or waived by the Company in respect of (b)) on or before 30th November, 2006, either Mr. Chan or the Company shall be entitled to rescind the CCM Agreement whereupon Mr. Chan's solicitors shall release the CCM Deposit (together with interest accrued thereon) to the Company and the provisions of the CCM Agreement shall from such date have no further force and effect and no party to the CCM Agreement shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

CCM Completion

The CCM Completion shall take place simultaneous with the Harvest Metro Agreement, Great Chain Agreement and Top Region Agreement.

THE TOP REGION AGREEMENT

Date: 13th June, 2006

Parties:

Vendor : Top Region, an indirect wholly owned subsidiary of Macau Success

Purchaser : The Company

Guarantor : Macau Success

Top Region and Macau Success are Independent Third Parties. Top Region is an investment holding company whose principal asset is its indirect interest in the Hotel.

Macau Success has agreed to guarantee the due and punctual performance and obligations of Top Region under the Top Region Agreement and to indemnify the Company for losses as a result of failure by Top Region to perform its obligations thereunder.

Assets to be acquired:

50 shares of US\$1 each in the issued share capital of Triumph Up, representing approximately 8.13% of the issued share capital of Triumph Up and the entire interests in Triumph Up held by Top Region as at the date of the Top Region Agreement. Triumph Up indirectly holds approximately 55.75% effective interest in the issued share capital of Kingsway Hotel Limited whose principal asset is the Hotel. Accordingly, an effective interest of approximately 4.53% of the Hotel is to be disposed of by Top Region.

Top Region Consideration:

The consideration for the Top Region Sale Shares is HK\$36,112,763.57, which has been/shall be paid in cash in the following manner:–

- (a) an initial refundable deposit in the sum of HK\$1,473,990.35 was paid by the Company to Top Region's solicitors as stakeholder upon the signing of the Top Region Agreement; and
- (b) HK\$34,638,773.22, being the balance of the Top Region Consideration, shall be paid by the Company to Top Region on the Top Region Completion.

The Top Region Consideration was determined after arm's length negotiations and with reference to an indicative valuation conducted by Wai & Ko Real Estate Ltd. (an independent professional valuer), at the request of Wing On, on an open market value basis on the Hotel valuing the Hotel at approximately HK\$810,000,000 as at 8th June, 2006.

Conditions Precedent:

The Top Region Completion is conditional upon fulfilment of the following conditions:

- (a) the passing of the necessary resolution(s) by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Company's entry into of the Top Region Agreement and the performance of the transactions contemplated hereunder;
- (b) the relevant warranties of Top Region contained in the Top Region Agreement remaining true and accurate in all material respects and not misleading in any material respect at the Top Region Completion as if repeated at the Top Region Completion and at all times between the date of the Top Region Agreement and the Top Region Completion;
- (c) all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong or in Macau, governmental and third party consents and approvals (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the Top Region Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the parties to the Top Region Agreement); and
- (d) the Other Agreements becoming unconditional in all respects, other than the condition therein requiring the Top Region Agreement to become unconditional.

The Company may waive condition (b) above in whole or in part in its sole discretion.

If any of the conditions has not been fulfilled (or waived by the Company in respect of (b)) on or before 30th November, 2006, either Top Region or the Company shall be entitled to rescind the Top Region Agreement whereupon Top Region's solicitors shall release the Top Region Deposit (together with interest accrued thereon) to the Company and the provisions of the Top Region Agreement shall from such date have no further force and effect and no party to the Top Region Agreement shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

Top Region Completion

The Top Region Completion shall take place simultaneous with the Harvest Metro Agreement, Great Chain Agreement and CCM Agreement.

THE GREAT CHAIN AGREEMENT

Date: 13th June, 2006

Parties:

Vendor : Mr. Chan

Purchaser : The Company

Mr. Chan is an Independent Third Party.

Assets to be acquired:

1 share of US\$1 each in the issued share capital of Great Chain, representing 100% of the issued share capital of Great Chain as at the date of the Great Chain Agreement. Great Chain indirectly holds approximately 5.75% effective interest in the issued share capital of Kingsway Hotel Limited whose principal asset is the Hotel. Accordingly, an effective interest of approximately 5.75% of the Hotel is to be disposed of by Mr. Chan. Great Chain is an investment holding company whose principal asset is its indirect interest in the Hotel.

Great Chain was incorporated in June 2005. The unaudited net loss of Great Chain before and after taxation and extraordinary items since its incorporation is approximately HK\$9,700. Based on the management accounts of Great Chain as at 7th June, 2006, the unaudited net liability of Great Chain is approximately HK\$9,700.

Great Chain Consideration:

The consideration for the Great Chain Sale Shares is HK\$45,813,008.13, which has been/shall be paid in cash in the following manner:–

- (a) an initial refundable deposit in the sum of HK\$1,869,918.70 was paid by the Company to Mr. Chan's solicitors as stakeholder upon the signing of the Great Chain Agreement; and
- (b) HK\$43,943,089.43, being the balance of the Great Chain Consideration, shall be paid by the Company to Mr. Chan on Great Chain Completion.

The Great Chain Consideration was determined after arm's length negotiations and with reference to an indicative valuation conducted by Wai & Ko Real Estate Ltd. (an independent professional valuer), at the request of Wing On, on an open market value basis on the Hotel valuing the Hotel at approximately HK\$810,000,000 as at 8th June, 2006.

Conditions Precedent:

The Great Chain Completion is conditional upon fulfilment of the following conditions:

- (a) the passing of the necessary resolution(s) by the Shareholders (other than those (if any) who are required to abstain from voting under the Listing Rules) at a general meeting of the Company to approve and ratify the Company's entry into of the Great Chain Agreement and the performance of the transactions contemplated hereunder;

- (b) the relevant warranties of Mr. Chan contained in the Great Chain Agreement remaining true and accurate in all material respects and not misleading in any material respect at the Great Chain Completion as if repeated at the Great Chain Completion and at all times between the date of the Great Chain Agreement and the Great Chain Completion;
- (c) all necessary statutory governmental and regulatory obligations having been complied with and all necessary regulatory authority in Hong Kong or in Macau, governmental and third party consents and approvals (including those person entitled to any pre-emption rights) and waivers for the purposes of the transactions contemplated under the Great Chain Agreement having been obtained without any conditions (or subject to other conditions reasonably acceptable to the parties to the Great Chain Agreement); and
- (d) the Other Agreements becoming unconditional in all respects, other than the condition therein requiring the Great Chain Agreement to become unconditional.

The Company may waive condition (b) above in whole or in part in its sole discretion.

If any of the conditions has not been fulfilled (or waived by the Company in respect of (b)) on or before 30th November, 2006, either Mr. Chan or the Company shall be entitled to rescind the Great Chain Agreement whereupon Mr. Chan's solicitors shall release the Great Chain Deposit (together with interest accrued thereon) to the Company and the provisions of the Great Chain Agreement shall from such date have no further force and effect and no party to the Great Chain Agreement shall have any liability under them (without prejudice to the rights of the parties in respect of any antecedent breaches).

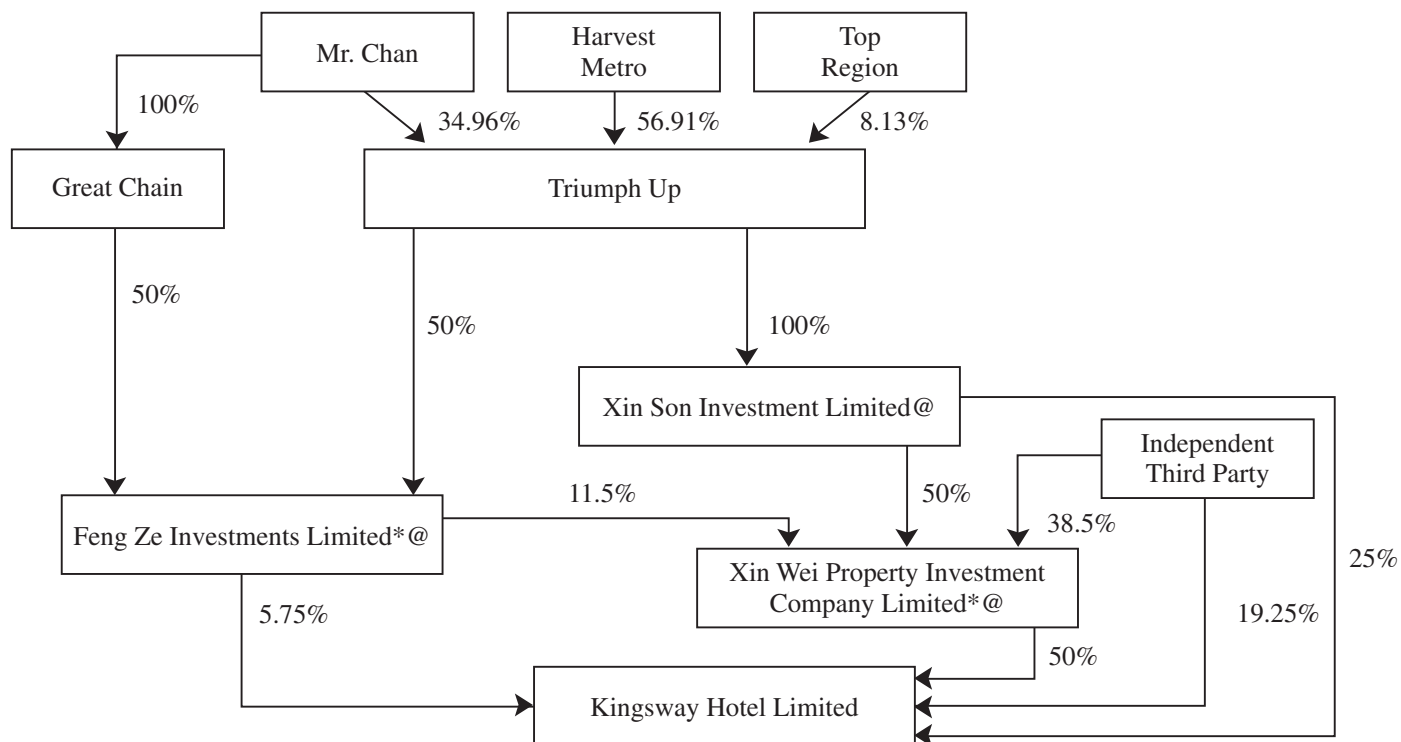
Great Chain Completion

The Great Chain Completion shall take place simultaneous with the Harvest Metro Agreement, CCM Agreement and Top Region Agreement.

SHAREHOLDING STRUCTURE

Set out below is the simplified shareholding structure of Triumph Up, Great Chain and Kingsway Hotel Limited before and after completion of the Acquisitions.

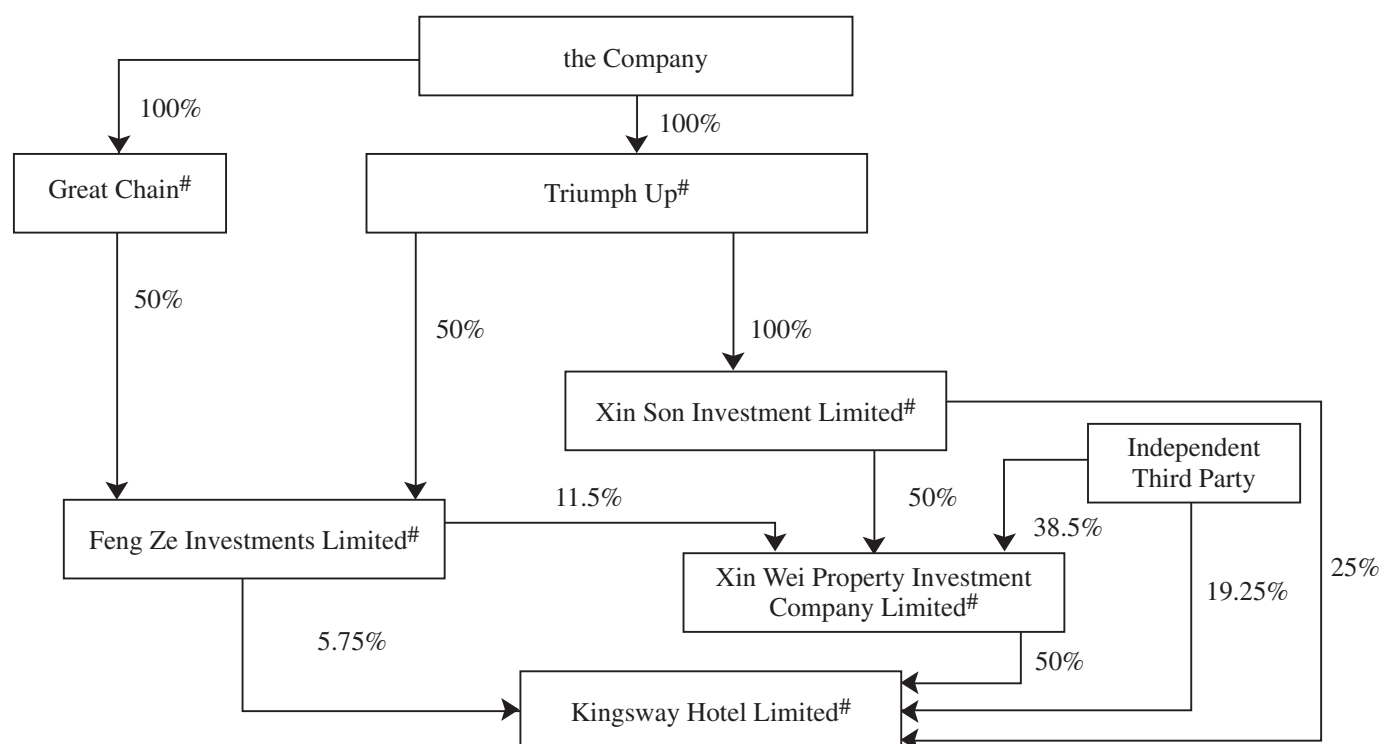
Before



* these companies are associates of Triumph Up prior to completion of the Acquisitions

@ the principal activities of these companies are investment holding in Kingsway Hotel Limited

After



these companies will become subsidiaries of the Company following completion of the Acquisitions

INFORMATION ON TRIUMPH UP

Triumph Up has not commenced business since its incorporation on 21st April, 2004 until February 2005. Accordingly, it did not have any assets (save for its nominal issued share capital of 1 share of US\$1.00) or liabilities as at 31st December, 2004. Other than incorporation expenses of approximately HK\$6,000, so far as the Directors are aware, no other expenses or income were recorded by Triumph Up during the period since its incorporation to 31st December, 2004. Triumph Up is an investment holding company with its principal asset being its indirect interest in Kingsway Hotel Limited.

Based on the information provided by the management of Wing On, for the year ended 31st December, 2005, the unaudited consolidated turnover of Triumph Up is nil. For the year ended 31st December, 2005, Triumph Up recorded unaudited consolidated profit before and after taxation of approximately HK\$69.3 million. Such profit mainly comprises a share of results of associates of approximately HK\$8.4 million and a

discount on acquisition of Xin Son Investments Limited and its associates, Xin Wei Property Investment Company Limited and Kingsway Hotel Limited of HK\$60.9 million in February 2005. Such discount on acquisition is a one-off profit and represents the difference between the cost of investments and the fair value of the assets and liabilities of the companies acquired by Triumph Up in relation to the acquisition of Kingsway Hotel Limited in February 2005. The unaudited consolidated net asset value of Triumph Up amounted to approximately HK\$311.8 million as at 31st December, 2005 with its major assets being its interest in its associates of approximately HK\$199.6 million which mainly comprises share of equity interest in Kingsway Hotel Limited, and amounts due from Kingsway Hotel Limited of approximately HK\$42 million and Xin Wei Property Investment Company Limited of approximately HK\$55 million and the liabilities of Triumph Up is insignificant. Prior to completion of the Acquisitions, Kingsway Hotel Limited is an associate of Triumph Up. So far as the Directors are aware, the principal assets of Triumph Up were its attributable interests in Kingsway Hotel Limited whose principal asset is the Hotel.

KINGSWAY HOTEL LIMITED AND THE HOTEL

The Hotel is a three star hotel named Kingsway Hotel wholly owned by Kingsway Hotel Limited and is located at Rua De Luis Gonzaga Gomes No. 176-230, Rua De Nagasaki No. 64-A-82, Rua De Xiamen No. 37-A-59, Macau. The Hotel opened in 1992 and has a total of 383 guests rooms with ancillary facilities including, among others, a casino, a health spa, a night club and retails shops. The casino in the Hotel is leased to and managed by a third party independent of Kingsway Hotel Limited. For the year ended 31st December, 2005, the average occupancy rate of the Hotel was about 83%.

So far as the Directors are aware, according to the audited financial statements of Kingsway Hotel Limited prepared using generally accepted accounting principles in Macau for the two years ended 31st December, 2004 and 2005, Kingsway Hotel Limited recorded a turnover of approximately MOP68.2 million (equivalent to approximately HK\$66.2 million) and MOP67.3 million (equivalent to approximately HK\$65.3 million) for 2004

and 2005 respectively and a net profit of approximately MOP22.8 million (equivalent to approximately HK\$22.1 million) and MOP18.4 million (equivalent to approximately HK\$17.9 million) for 2004 and 2005 respectively.

Further financial details on Kingsway Hotel Limited will be included in the circular to Shareholders.

A property valuation on the Hotel will be conducted by the Company for the purpose of the circular to Shareholders and Shareholders should therefore refer to those figures for reference.

The remaining 38.5% interest in Kingsway Hotel limited is owned directly and indirectly through Xin Wei Property Investment Company Limited by an entity which is Independent Third Party.

REASONS FOR THE ACQUISITIONS

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and televisions drama series, and the provision of post production services. The Group will continue with its existing business following completion of the Acquisitions.

The Acquisitions, if they materialise, will permit the Company to expand its business and broaden its revenue base which would have a positive impact on the Company's profitability given the difficult market conditions for film production as a result of piracy. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisitions are fair and reasonable (having regards to the indicative property valuation conducted by Wai & Ko Real Estate Ltd.) and in the interest of the Shareholders and the Company as a whole. Following the completion of the Acquisitions, the Company will own the entire issued share capital of Triumph Up and Great Chain and will have an effective equity interest of 61.5% in Kingsway Hotel Limited, through these companies. Therefore, Triumph Up, Great Chain and Kingsway Hotel Limited will become subsidiaries of the Company following completion of the Acquisitions.

The aggregate consideration for the Acquisitions shall be satisfied in cash by third party financing (which is not yet determined) and internal resources of the Company.

The Company will seek an opinion from Macau lawyers as to the licensing requirements (if any) for the operation of a casino by a third party in the Hotel. An extract of the opinion will be included in the circular to be despatched to Shareholders in relation to the Acquisitions.

The Company currently has no intention to acquire the remaining interest in Kingsway Hotel Limited.

LISTING RULES IMPLICATIONS

The Acquisitions constitute a very substantial acquisition of the Company under the Listing Rules and is therefore subject to the approval of the Shareholders at the SGM. As the relevant Vendors are Independent Third Parties and has no interest in the Shares and no Shareholder have a material interest in the Acquisitions which is different from the other Shareholders, no Shareholder is required to abstain from voting in respect of the proposed ordinary resolution to approve the Acquisitions at the SGM.

A circular containing, among other things, the details of the Agreement, the relevant financial information of the target companies and a notice of the SGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on Tuesday, 13th June, 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Friday, 16th June, 2006.

DEFINITIONS

“Acquisitions”	the proposed acquisition by the Company of the relevant Sale Shares from the relevant Vendors in accordance with the terms and conditions of the Agreements
“Agreements”	collectively the Harvest Metro Agreement, CCM Agreement, Top Region Agreement and Great Chain Agreement
“Board”	the board of Directors
“CCM Agreement”	the conditional sale and purchase agreement dated 13th June, 2006 and entered into between Mr. Chan and the Company relating to the acquisition by the Company of approximately 34.96% equity interest in Triumph Up
“CCM Completion”	completion of the CCM Agreement
“CCM Consideration”	HK\$155,284,883.34, being the consideration for the CCM Sale Shares
“CCM Deposit”	an initial refundable deposit in the sum of HK\$6,338,158.50 which was paid by the Company to Mr. Chan’s solicitors as stakeholder upon the signing of the CCM Agreement
“CCM Sale Shares”	215 shares of US\$1 each in the capital of Triumph Up held by Mr. Chan, representing approximately 34.96% of the issued share capital of Triumph Up

“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Directors”	directors of the Company
“Great Chain”	Great Chain Limited, a company incorporated in Hong Kong, wholly owned by Mr. Chan and indirectly hold 5.75% beneficially equity interest in the issued share capital of Kingsway Hotel Limited
“Great Chain Agreement”	the conditional sale and purchase agreement dated 13th June, 2006 and entered into between Mr. Chan and the Company relating to the acquisition of the entire issued share capital of Great Chain
“Great Chain Completion”	completion of the Great Chain Agreement
“Great Chain Consideration”	HK\$45,813,008.13, being the consideration for the Great Chain Sale Shares
“Great Chain Deposit”	the initial refundable deposit in the sum of HK\$1,869,918.70 which has paid by the Company to Mr. Chan’s solicitors as stakeholder upon the signing of the Great Chain Agreement
“Great Chain Sale Shares”	1 share of US\$1 each in the capital of Great Chain held by Mr. Chan, representing its entire issued share capital

“Group”	the Company and its subsidiaries
“Harvest Metro”	Harvest Metro Corporation, a company incorporated in the British Virgin Islands with limited liability
“Harvest Metro Agreement”	the conditional sale and purchase agreement dated 13th June, 2006 and entered into between Harvest Metro, the Company and Wing On relating to the acquisition by the Company of approximately 56.91% equity interest in Triumph Up
“Harvest Metro Completion”	completion of the Harvest Metro Agreement
“Harvest Metro Consideration”	HK\$252,789,344.97, being the consideration for the Harvest Metro Sale Shares
“Harvest Metro Deposit”	an initial refundable deposit in the sum of HK\$10,317,932.45 which was paid by the Company to Harvest Metro’s solicitors as stakeholder upon the signing of the Harvest Metro Agreement
“Harvest Metro Sale Shares”	350 shares of US\$1 each in the capital of Triumph Up held by Harvest Metro, representing approximately 56.91% of the issued share capital of Triumph Up
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Hotel”	Kingsway Hotel, a three star hotel with a total 383 guests rooms located at Rua De Luis Gonzaga Gomes No. 176-230, Rua De Nagasaki No. 64-A-82, Rua De Xiamen No. 37-A-59, Macau
“Independent Third Party”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	The Macau Special Administrative Region of the People’s Republic of China
“Macau Success”	Macau Success Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Mr. Chan”	Mr. Chan Chak Mo
“Other Agreements”	Great Chain Agreement, CCM Agreement, Top Region Agreement and Harvest Metro Agreement (where applicable)

“Sale Shares”	collectively the Harvest Metro Sale Shares, Great Chain Sale Shares, CCM Sale Shares and Top Region Sale Shares
“SGM”	the special general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisitions
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top Region”	Top Region Assets Limited, a company incorporated in the British Virgin Islands with limited liability
“Top Region Agreement”	the conditional sale and purchase agreement dated 13th June, 2006 and entered into between Top Region, the Company and Macau Success relating to the acquisition by the Company of approximately 8.13% equity interest in Triumph Up
“Top Region Completion”	completion of the Top Region Agreement
“Top Region Consideration”	HK\$36,112,763.57, being the consideration for the Top Region Sale Shares

“Top Region Deposit”	an initial refundable deposit in the sum of HK\$1,473,990.35 which was paid by the Company to Top Region’s solicitors as stakeholder upon the signing of the Top Region Agreement
“Top Region Sale Shares”	50 shares of US\$1.00 each in the capital of Triumph Up held by Top Region, representing approximately 8.13% of the issued share capital of Triumph Up
“Triumph Up”	Triumph Up Investments Limited, a company incorporated in the British Virgin Islands with limited liability and indirectly hold 55.75% beneficially equity interest in the issued share capital of Kingsway Hotel Limited
“Vendors”	collectively Harvest Metro, Mr. Chan and Top Region, none of which (including their associates) have any interest in the Shares
“Wing On”	Wing On Travel (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“MOP”	Macau Pataca, the lawful currency of Macau
“%”	per cent.

By Order Of The Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 15th June, 2006

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. Fung Ho Sum.