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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VARIATION OF HARVEST METRO AGREEMENT AND DELAY IN DESPATCH OF CIRCULAR

The Board announces that the period for obtaining financing in relation to acquisition of Harvest Metro Sale Shares has been further extended from within 60 days from the date of the Harvest Metro Agreement to within 90 days from the date of the Harvest Metro Agreement.

An application has been made to the Stock Exchange by the Company for a waiver from strict compliance with Rule 14.38 of the Listing Rules by extending the despatch date of the Circular to no later than 28th August, 2006.

Reference is made to the announcement of the Company dated 15th June, 2006 (the "Announcement") in relation to the Acquisitions of the relevant Sales Shares that the Vendors indirectly hold in aggregate approximately 61.5% interest in the issued share capital of Kingsway Hotel Limited, which constitute a very substantial acquisition for the Company under the Listing Rules. Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

Reference is also made to the Company's announcements dated 7th July, 2006, 12th July, 2006 and 27th July, 2006.

VARIATION OF HARVEST METRO AGREEMENT

Pursuant to the Harvest Metro Agreement, completion of the Harvest Metro Agreement is conditional on, among others, the Company successfully obtaining financing from third party for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion. Pursuant to the Harvest Metro Agreement, the Company shall ensure that such condition be fulfilled within 30 days from 13th June, 2006, being the date of the Harvest Metro Agreement.

As announced by the Company on 12th July, 2006, the Company, Harvest Metro Corporation and Wing On entered into a Deed of Variation on 12th July, 2006 to extend the period for the obtaining financing by the Company for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion from within 30 days from 13th June, 2006, being the date of the Harvest Metro Agreement to within 60 days from the date of the Harvest Metro Agreement.

On 11th August, 2006, the Company, Harvest Metro Corporation and Wing On entered into another Deed of Variation to further extend the period for the obtaining financing by the Company for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion from within 60 days from 13th June, 2006, being the date of the Harvest Metro Agreement to within 90 days from the date of the Harvest Metro Agreement. All other terms of the Harvest Metro Agreement shall remain unchanged.

The parties have agreed to extend the longstop date from within 60 days from 13th June, 2006, being the date of the Harvest Metro Agreement to within 90 days from the date of the Harvest Metro Agreement as, although financiers have been lined up, the financiers require further time to conduct their financial due diligence exercise on the Hotel and to structure the security arrangements given the complexity of the share structure of Kingsway Hotel Limited.

DELAY IN DESPATCH OF CIRCULAR

As stated in the Announcement, a circular (the “Circular”) containing, among other things, details of the Agreements and the relevant financial information of the target companies will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

Pursuant to Rule 14.38 of the Listing Rules, the Company is required to send the Circular to Shareholders within 21 days after publication of the Announcement (ie. 7th July, 2006). Application for extension had been made for the despatch of the Circular to 28th July, 2006 and then to 14th August, 2006. During the period from 28th July, 2006 to 11th August, 2006, the auditors completed the audit for Kingsway Hotel Limited and received those outstanding bank confirmations as stated in the Company’s announcement dated 27th July, 2006. Currently, the auditors of the Company are in their final stage in preparing the accountants report on the targeted companies and start drafting the proforma financial information on the Group as enlarged by the targeted companies and review the indebtedness statement and working capital forecast of the Company. Given that additional time is required to finalise the proforma financial information on the Group as enlarged by the targeted companies and review the indebtedness statement and working capital forecast of the Company, an application has been made to the Stock Exchange by the Company for a waiver from strict compliance with Rule 14.38 of the Listing Rules by extending the despatch date of the Circular to no later than 28th August, 2006.

Shareholders and potential investors of the Company should note that the Acquisitions may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

Hong Kong, 11th August, 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.