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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VARIATION OF AGREEMENTS

The Board announces that the respective parties to the Agreements have agreed to extend the longstop date for the fulfillment of the conditions precedent in the Agreements to 31st May, 2007.

Further refundable deposit in the aggregate sum of HK\$10,000,000 was made pro rata on 28th February, 2007 by the Company to the respective vendors to the Agreements in consideration of their agreement to the abovementioned extension.

Reference is made to the announcement of the Company dated 15th June, 2006 (the "Announcement") in relation to the Acquisition of the relevant Sales Shares 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, 27th July, 2006, 11th August, 2006, 12th September, 2006, 31st October, 2006, 14th February, 2007 and the Company's circular dated 8th September, 2006 in relation to the Agreements.

VARIATION OF THE AGREEMENTS

On 12th July, 2006, 11th August, 2006, 12th September, 2006 and 31st October, 2006, the Company, Harvest Metro and Wing On entered into four Deeds of Variation respectively to extend the period for the obtaining of 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 140 days from the date of the Harvest Metro Agreement and thereafter to 28th February, 2007 and to extend the longstop date for fulfilment of the conditions precedent in the Harvest Metro Agreement to 28th February, 2007.

On 28th February, 2007, the parties to the Harvest Metro Agreement have entered into a fifth Deed of Variation to further extend the longstop date for fulfillment of the conditions precedent (including the obtaining of financing by the Company) to 31st May, 2007 and permitting the Disposed Group (as defined in the Harvest Metro Agreement) to declaring and paying dividends and repaying shareholders' loan provided it can pay its liabilities when due.

On 31st October, 2006, the respective parties to the CCM Agreement, Top Region Agreement and Great Chain Agreement entered into deeds of variation to extend the longstop date for the fulfillment of the conditions precedent set out in the respective agreements to 28th February, 2007.

On 28th February, 2007, the respective parties to the CCM Agreement, Top Region Agreement and Great Chain Agreement also entered into deeds of variation to extend the longstop date for the fulfillment of the conditions precedent set out in the respective agreements to 31st May, 2007. The deed of variation in relation to the CCM Agreement also permits the Disposed Group (as defined in the CCM Agreement) to declaring and paying dividends and repaying shareholders' loan provided it can pay its liabilities when due.

The Directors are of the view that the permission for the Disposed Group to declare and pay dividends and repay shareholders' loan is not a material change in the terms of the relevant Agreements. The relevant Agreements already had a provision permitting paying dividends and shareholders' loan but there was a pre-agreed cap on such amount.

The length of time obtained for the extension takes into account finalising the financing arrangements for the Acquisitions and building in the time frame on the assumption that shareholders' approval and/or the despatch of a circular may be required.

In consideration of the agreement of the respective vendors to the abovementioned extension, a further refundable deposit in an aggregate sum of HK\$10,000,000 has been made pro rata on 28th February, 2007 by the Company from its internal resources to the respective vendors to the Agreements. This is a new arrangement and not initially contemplated under the Agreements. In the event of a return of the deposits, they will be refunded with interest accrued thereon at the Hong Kong Dollar savings account deposit interest rate as quoted by The Hongkong and Shanghai Banking Corporation Limited. Both the further HK\$20,000,000 deposit made on 2nd November, 2006 and the further HK\$10,000,000 deposit made on 28th February, 2007 will form part of the consideration payable on Completion. Save for the amendments to give effect to the above, all other terms of the Agreements remain unchanged.

The Company is currently in discussions with a Macau retail bank and an independent third party to finance the Acquisitions. There are still various conditions precedent to be fulfilled prior to Completion and these are (i) the warranties in the relevant agreements remaining true and accurate in all material respects; (ii) the Company successfully obtaining financing of the Acquisitions; and (iii) the other inter-related agreements for the Acquisitions becoming unconditional. Shareholders and potential investors of the Company should therefore 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, 1st March, 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.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*