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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

TERMINATION OF THE S&P AGREEMENT

On 23rd December, 2008, the parties hereto entered into the Termination Agreement and mutually agreed to terminate the S&P Agreement.

Reference is made to the circular of China Star Entertainment Limited (the "Company") dated 9th October, 2007 (the "Circular") in relation to the disposal of a 100% interest in the issued share capital of Exceptional Gain and the Sale Loan (the "Disposal") and announcements of the Company dated 31st December, 2007, 28th February, 2008, 31st March, 2008, 29th May, 2008, 31st July, 2008 and 31st October, 2008 in relation to the extension of the long stop date in the S&P Agreement. Terms used herein shall have the same meanings as defined in the Circular unless defined otherwise.

On 23rd December, 2008, the parties hereto entered into the termination agreement (the "Termination Agreement") and mutually agreed to terminate the S&P Agreement. Upon the signing of the Termination Agreement, none of the parties to the S&P Agreement has any liability towards the other parties under the S&P Agreement. Delay in completion of the Disposal had hinged on the release of the security given by the Company relating to Kingsway Hotel Limited to be replaced by security given by China Star Investment Holdings Limited. It does not appear that the relevant security will be released anytime soon by the relevant bank and as such the parties have determined not to keep their shareholders and investors lingering on the status of the Disposal or the acquisition, as the case may be, as it has almost been more than one year since the announcement of the S&P Agreement. Accordingly, the parties have decided to terminate the S&P Agreement.

The entering into of the Termination Agreement constitutes a termination of a transaction of the Company previously announced pursuant to Chapter 14 of the Listing Rules and is discloseable under Rule 14.36 of the Listing Rules.

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

Hong Kong, 23rd December, 2008

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