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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972/1056)

ANNOUNCEMENT – NEGOTIATIONS ON THE POSSIBLE ACQUISITION OF 50% INTEREST IN LAN KWAI FONG (MACAU)

This announcement is made by China Star Entertainment Limited (the “**Company**”) pursuant to the Rule 13.09 of the Rules (the “**Listing Rules**”) governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors (the “**Directors**”) of the Company would like to inform the shareholders and investors of the Company that the Company is under preliminary negotiations relating to the possible acquisitions of the remaining 50% equity interest in Hotel Lan Kwai Fong (Macau) Limited (“**Lan Kwai Fong (Macau)**”), a 50% owned subsidiary of the Company as at the date of this announcement.

The possible acquisitions involve (a) acquisition of 1% equity interest in Lan Kwai Fong (Macau) from SJM-INVESTIMENTOS LIMITADA (“**SJM-I**”) (the “**First Acquisition**”); and (b) acquisition of 49% equity interest in Lan Kwai Fong (Macau) from a connected person (as defined under the Listing Rules) of the Company (the “**Second Acquisition**”).

The First Acquisition

Given Dr. Ho Hung Sun, Stanley (“**Dr. Ho**”)

- (a) is the chairman and a director of (i) Lan Kwai Fong (Macau), (ii) SJM-I, a subsidiary of SJM Holdings Limited, a company listed on Main Board of the Stock Exchange, (iii) SJM Holdings Limited, and (iv) Sociedade de Turismo e Diversões de Macau, S.A., a substantial shareholder of SJM Holdings Limited;
- (b) hold less than 30% interest in SJM Holdings Limited; and

(c) and SJM-I are not interest in any shares of the Company or securities convertible into shares of the Company as at the date of this announcement,

as such, to the best of Directors' knowledge, information and belief and having made all reasonable enquiries, SJM-I is not a connected person (as defined under the Listing Rules) of the Company as SJM-I is not an associate of Dr. Ho. Therefore, SJM-I is a third party independent of the Company and its connected person (as defined under the Listing Rules). If the definitive agreement of the First Acquisition is executed, it may constitute a notifiable transaction for the Company under the Listing Rules.

The Second Acquisition

To the best of Directors' knowledge, information and belief and having made all reasonable enquiries, the ultimate beneficial owner of 49% of the equity interest in Lan Kwan Fong (Macau) is a connected person (as defined under the Listing Rules) of the Company. If the definitive agreement of the Second Acquisition is executed, it will constitute a notifiable and connected transaction for the Company under the Listing Rules.

As at the date of this announcement, no term has been agreed or any binding agreements have been entered by the parties in respect of the First Acquisition and the Second Acquisition. Further announcement in respect of the First Acquisition and/or the Second Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

As the agreements for the First Acquisition and/or the Second Acquisition may or may not be entered into and (even if entered into) may only be completed subject to the relevant conditions precedent to completion being satisfied (or, where applicable, waived), shareholders and investors of the Company are urged to exercise caution when dealing in the shares of the Company.

Save as disclosed above, the board of Directors confirms that there are no negotiations or agreements relating to intended acquisitions or realisations, which are discloseable under Rule 13.23 of the Listing Rules, neither is the board of Directors aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

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

Hong Kong, 16 November 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 and Mr. Tang Chak Lam, Gilbert.