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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972/1056)

- (I) TERMINATION OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MODERN VISION (ASIA) LIMITED AND REFORM BASE HOLDINGS LIMITED AND THE SALE LOANS;**
- (II) ENTERING INTO OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MOST FAMOUS ENTERPRISES LIMITED AND THE SALE LOAN;**
- AND**
- (III) RESUMPTION OF TRADING**

- (I) TERMINATION OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MODERN VISION (ASIA) LIMITED AND REFORM BASE HOLDINGS LIMITED AND THE SALE LOANS**

On 15 February 2012 (after trading hours of the Stock Exchange), Bestjump Holdings Limited, a wholly-owned subsidiary of the Company, and Ms. Chen, entered into the Deed of Termination wherein both parties mutually agreed to terminate the 2009 Sale and Purchase Agreement. Upon the signing of the Deed of Termination, none of the parties to the 2009 Sale and Purchase Agreement has any liability towards the other parties under the 2009 Sale and Purchase Agreement.

The entering into of the Deed of Termination constitutes the 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.

(II) ENTERING INTO OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – ACQUISITION OF THE SALE CAPITAL AND THE SALE LOAN

The Board is pleased to announce that on 15 February 2012 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement wherein the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Capital and the Sale Loan at a total consideration of HK\$618.00 million, subject to the terms and conditions of the Sale and Purchase Agreement. The principal terms and conditions of the Sale and Purchase Agreement are set out below in this announcement.

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As the Vendor is an executive Director and a controlling Shareholder, who and his associates hold in aggregate 898,699,702 Shares, representing approximately 45.74% of the issued share capital of the Company, as at the date of the Sale and Purchase Agreement, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to, among other things, the approval of the Independent Shareholders at the SGM. The Vendor and his associates shall abstain from voting at the SGM in respect of the resolutions to approve the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Acquisition. There was no previous transaction entered into between the Company and the Vendor that requires aggregation pursuant to Rule 14A.25 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to the Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the accountant's reports on the Target Company, the independent valuation report of the Hotel, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 31 May 2012, so as to allow sufficient time for the preparation of relevant information and reports for inclusion in the circular in accordance with the Listing Rules.

WARNING STATEMENT

Shareholders and potential investors should note that the Acquisition is conditional upon fulfillment of various conditions precedent of the Sale and Purchase Agreement, details of which have been set out under the paragraph headed “Conditions precedent” of this announcement. Accordingly, the Acquisition may or may not proceed.

Any Shareholder and potential investor contemplating selling or purchasing Shares and warrants of the Company should exercise extreme caution when dealing in Shares and warrants of the Company, and if they are in any doubt about their position, they should consult his/her/its own professional adviser.

(III) SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares and warrants of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 16 February 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company with effect from 9:00 a.m. on 22 February 2012.

(I) TERMINATION OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF MODERN VISION (ASIA) LIMITED AND REFORM BASE HOLDINGS LIMITED AND THE SALE LOANS

Reference is made to the Company’s circular dated 17 August 2009 in relation to the 2009 Proposed Acquisition and the Company’s announcements dated 31 December 2010 and 30 December 2011 in relation to the extension of the long stop date for completion of the 2009 Sale and Purchase Agreement.

On 15 February 2012 (after trading hours of the Stock Exchange), Bestjump Holdings Limited, a wholly-owned subsidiary of the Company, and Ms. Chen, entered into the Deed of Termination wherein both parties mutually agreed to terminate the 2009 Sale and Purchase Agreement. Upon the signing of the Deed of Termination, none of the parties to the 2009 Sale and Purchase Agreement has any liability towards the other parties under the 2009 Sale and Purchase Agreement.

Delay in completion of the 2009 Proposed Acquisition had hinged on the publication by the Macau Government of a master zoning guideline for the “C” area of Nam Van Lakes Zone and the results of a new amendment to the land grant contract executed on 14 August 2001 and published in the Macau Official Gazette no.34 of 22 August 2001 to be submitted by Splendid Construction, having been, in light of the master zoning guideline, gazetted by the Macau Government, which is one of the conditions precedent set out in the 2009 Sale and Purchase Agreement.

In the third quarter of 2010, the Macau Government invited Macau citizens as part of the process to submit their conceptual planning proposals for Nam Van Lakes Zone with a view to optimising the benefits to Macau's infrastructures as a whole. Up to the date of this announcement, the Macau Government has not yet issued any update on the master zoning guideline.

Given that:

- (a) it does not appear that the master zoning guideline for the "C" area of Nam Van Lakes Zone will be issued anytime soon by the Macau Government; and
- (b) the ultimate target of the Acquisition is the 49% equity interest in Lan Kwai Fong (Macau) which has been operating with positive earnings before interest, tax and depreciation,

the parties have decided to terminate the 2009 Sale and Purchase Agreement in order to release the Group's internal resource for the Acquisition.

As the 2009 Sale and Purchase Agreement is terminated, the Group has instructed Ms. Chen to refund the initial deposit and the second deposit in an aggregate amount of HK\$360.00 million for the 2009 Proposed Acquisition in the following manner:

- (a) making payment of HK\$335.00 million to the Vendor as the First Deposit (as defined below) for the Acquisition; and
- (b) returning the remaining balance of HK\$25.00 million to the Company.

Based on the above, the Directors are of the view that the entering into of the Deed of Termination is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The entering into of the Deed of Termination constitutes the 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.

(II) ENTERING INTO OF A VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION – ACQUISITION OF THE SALE CAPITAL AND THE SALE LOAN

Reference is made to the announcement of the Company dated 16 November 2011 in respect of the negotiation on the possible acquisition of a 50% equity interest in Lan Kwai Fong (Macau). Reference is also made to the Company's announcement dated 11 January 2012 relating to the acquisition of 1% equity interest in Lan Kwai Fong (Macau) and 1% equity interest in Charm Faith.

The Board is pleased to announce that on 15 February 2012 (after trading hours of the Stock Exchange), the Purchaser and the Vendor entered into the Sale and Purchase Agreement wherein the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Capital and the Sale Loan at a total consideration of HK\$618.00 million, subject to the terms and conditions of the Sale and Purchase Agreement. The principal terms and conditions of the Sale and Purchase Agreement are set out below.

PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

Date

15 February 2012 (after trading hours of the Stock Exchange)

Parties

- (a) Purchaser: China Star Entertainment (BVI) Limited,
a wholly-owned subsidiary of the Company

- (b) Vendor: Mr. Heung Wah Keung

The Vendor is an executive Director and a controlling Shareholder. As at the date of the Sale and Purchase Agreement, the Vendor and his associates hold in aggregate 898,699,702 Shares, representing approximately 45.74% of the existing issued share capital of the Company. As such, the Vendor is a connected person of the Company under Chapter 14A of the Listing Rules.

The Sale Capital and the Sale Loan are owned by Mr. Li and Ms. Wong in equal share. In negotiating the sale and purchase of the Sale Capital and the Sale Loan, the terms offered by Mr. Li and Ms. Wong to the Company is on a “must buy” basis and the date of completion must take place on 28 March 2012. As Mr. Li and Ms. Wong are connected persons of the Company, the acquisition of the Sale Capital and the Sale Loan by the Group constitutes a very substantial acquisition and a connected transaction of the Company under the Listing Rules. In view of the lengthy process for complying with the announcement, reporting and shareholders’ approval requirements of the Listing Rules, the Vendor entered into a formal binding agreement with Mr. Li and Ms. Wong for acquiring the Sale Capital and the Sale Loan at a total consideration of HK\$618.00 million and, in turn, entered into the Sale and Purchase Agreement with the Purchaser for selling the Sale Capital and the Sale Loan to the Group at the same consideration with the same payment terms on 15 February 2012, being the date of the Sale and Purchase Agreement, in order to facilitate the sale and purchase of the Sale Capital and the Sale Loan.

Asset to be acquired

The Sale Capital represents the entire issued share capital of the Target Company. The principal assets of the Target Company are its 49% equity interest in Lan Kwai Fong (Macau) and 49% equity interest in Charm Faith.

The Sale Loan represents all the interest, benefits and rights of and in the shareholder's loan owed by the Target Company to the Vendor on Completion, which as at 31 January 2012 amounted to approximately HK\$277.42 million.

As at the date of the Sale and Purchase Agreement, the Group holds a 51% equity interest in Lan Kwai Fong (Macau) and 51% equity interest in Charm Faith.

Consideration

Subject to the terms and conditions of the Sale and Purchase Agreement, the Purchase Price of HK\$618.00 million payable to the Vendor by the Purchaser is as follows:

- (a) a refundable amount of HK\$335.00 million (the “**First Deposit**”) by the Purchaser to the Vendor (or its nominee) upon the signing of the Sale and Purchase Agreement; and
- (b) a refundable amount of HK\$283.00 million (the “**Second Deposit**”) by the Purchaser to the Vendor (or its nominee) on 28 March 2012.

The First Deposit and Second Deposit shall immediately be returned to the Purchaser without interest in the event of termination or non-completion of the Sale and Purchase Agreement for whatever reason.

The Purchase Price of HK\$618.00 million was arrived at arm's length negotiations between the Vendor and the Purchaser with reference to a draft property valuation of Lan Kwai Fong (Macau) of approximately HK\$1,250.00 million as at 31 December 2011 conducted by an independent professional valuer adjusted for the net current assets values of Lan Kwai Fong (Macau), Classic Management and Charm Faith as at 31 December 2011 and the outstanding balance of bank loans of Lan Kwai Fong (Macau) of HK\$450.00 million as at 31 December 2011.

The Company intends to finance the Acquisition from the internal resources of the Group, including the initial deposit and the second deposit in an aggregate amount of HK\$360.00 million refunded from Ms. Chen to the Group. The Board considers the Group has sufficient internal resources for the Acquisition.

Conditions precedent

Completion shall be conditional upon the following conditions being fulfilled and remaining fulfilled or waived by the Purchaser as at the Completion Date:

- (a) consents of the Stock Exchange in connection with the transactions contemplated by the Sale and Purchase Agreement having been obtained;
- (b) the Independent Shareholders having approved at the SGM with the transactions contemplated by the Sale and Purchase Agreement;
- (c) the warranties given by the Vendor under the Sale and Purchase Agreement remaining true and accurate in all material respects; and
- (d) the formal binding agreement dated 15 February 2012 entered into between the Vendor, Mr. Li and Ms. Wong relating to the sale and purchase of the Sale Capital and the Sale Loan having been completed.

Save for (c), all of the above conditions are not waivable under the Sale and Purchase Agreement.

If any of the above conditions have not been satisfied (or, as the case may be, waived by the Purchaser) on or before 5:00 p.m. on 31 August 2012 (or such other date as the Vendor and the Purchaser may agree), the Sale and Purchase Agreement shall cease and determine (save and except certain clause to the Sale and Purchase Agreement which shall continue to have full force and effect) and none of the parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion of the Sale and Purchase Agreement shall take place on the third Business Day after the fulfillment and/or waiver of the last of the conditions precedent in the Sale and Purchase Agreement or such later date as the Vendor and the Purchaser may agree in writing.

INFORMATION ON THE TARGET COMPANY, LAN KWAI FONG (MACAU), CLASSIC MANAGEMENT AND CHARM FAITH

The Target Company

The Target Company was incorporated in the British Virgin Islands with limited liability on 2 August 2006. The Target Company is an investment holding company. Other than holding 49% equity interest in Lan Kwai Fong (Macau) and 49% equity interest in Charm Faith, the Target Company has not carried out any business since the date of incorporation.

The principal assets of the Target Company are its 49% equity interest in Lan Kwai Fong (Macau) and 49% equity interest in Charm Faith.

According to the management accounts of the Target Company for the years ended 31 December 2010 and 2011, the net liabilities of the Target Company as at 31 December 2010 and 2011 were HK\$7.18 million and HK\$7.67 million respectively. The loss before and after taxation for the year ended 31 December 2010 were both HK\$7.18 million. The loss before and after taxation for the year ended 31 December 2011 were both HK\$0.49 million.

According to the management accounts of the Target Company for the one month ended 31 January 2012, the net liabilities of the Target Company as at 31 January 2012 was approximately HK\$7.74 million. The loss before and after taxation for the one month ended 31 January 2012 were both approximately HK\$67,000.

Lan Kwai Fong (Macau) and Classic Management

The principal activities of Lan Kwai Fong (Macau) are provision of hotel services in Macau, property investment and investment holding. The principal assets of Lan Kwai Fong (Macau) are the hotel property located at the hotel building (comprising the portions being operated as a hotel under the name of Hotel Lan Kwai Fong Macau and the commercial podium having a covered floor area of about 25,000 square meters (inclusive of area of basement)) situated 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**”) and a 99% equity interest in Classic Management, which provides casino management services in the Hotel.

The Hotel presents a total of 200 guestrooms, casino situated in the ground, 1st and 18th floors, restaurants, flower shop, retail shop and a spa. As at 30 June 2011, the casino in the Hotel operated a total of 78 gaming tables in both VIP and mass markets and also operated a total of 121 slot machines.

According to the management accounts of Lan Kwai Fong (Macau) for the years ended 31 December 2009 and 2010 which are prepared in accordance with Hong Kong Financial Reporting Standards, the net assets values of Lan Kwai Fong (Macau) as at 31 December 2009 and 2010 were approximately HK\$618.17 million and HK\$623.79 million respectively. The loss before and after taxation for the year ended 31 December 2009 were both HK\$76.78 million. The profit before and after taxation for the year ended 31 December 2010 were both HK\$64.19 million.

Accordingly to the management accounts of Lan Kwai Fong (Macau) for the six months ended 30 June 2011 which are prepared in accordance with Hong Kong Financial Reporting Standards, the net assets values of Lan Kwai Fong (Macau) as at 30 June 2011 was approximately HK\$668.69 million. The profit before and after taxation for the six ended 30 June 2011 were both approximately HK\$44.90 million.

According to the management accounts of Classic Management for the period/year ended 31 December 2009 and 2010 which are prepared in accordance with Hong Kong Financial Reporting Standards, the net assets values of Classic Management as at 31 December 2009 and 2010 were approximately HK\$134,000 and HK\$274,000 respectively. The profit before and after taxation for the period from 28 July 2009 (date of incorporation) to 31 December 2009 were both HK\$38,000. The profit before and after taxation for the year ended 31 December 2010 were both HK\$140,000.

Accordingly to the management accounts of Classic Management for the six months ended 30 June 2011 which are prepared in accordance with Hong Kong Financial Reporting Standards, the net assets values of Classic Management as at 30 June 2011 was approximately HK\$3.52 million. The profit before and after taxation for the six ended 30 June 2011 were both approximately HK\$3.24 million.

Charm Faith

The principal activity of Charm Faith is investment holding. The principal asset of Charm Faith is a 1% equity interest in Classic Management. Other than holding of 1% equity interest in Classic Management, Charm Faith has no other principal business activity.

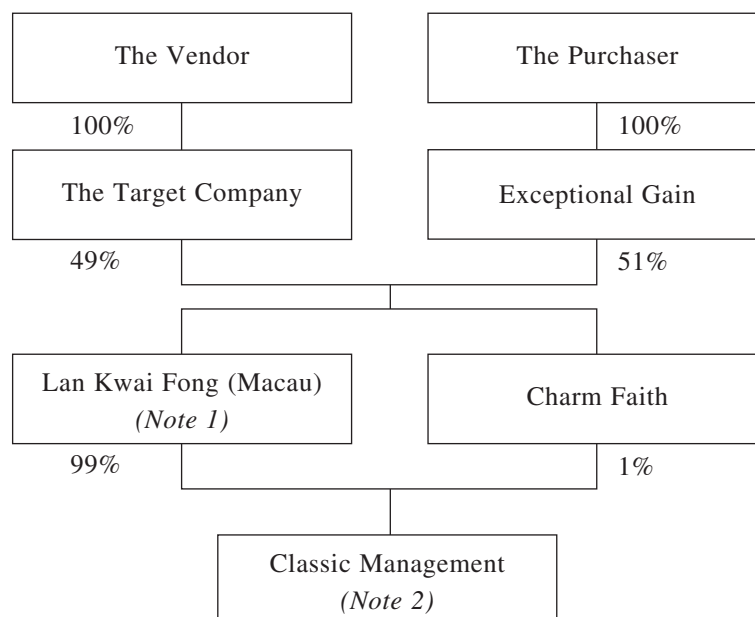
According to the management accounts of Charm Faith for the years ended 31 December 2009 and 2010 which are prepared in accordance with Hong Kong Financial Reporting Standards, the net liabilities of Charm Faith as at 31 December 2009 and 2010 were HK\$6,000 and HK\$20,000 respectively. The loss before and after taxation for the period from 19 May 2009 (date of incorporation) to 31 December 2009 were both HK\$7,000. The loss before and after taxation for the year ended 31 December 2010 were both HK\$14,000.

According to the management accounts of Charm Faith for the six months ended 30 June 2011, the net liabilities of Charm Faith as at 30 June 2011 was approximately HK\$25,000. The loss before and after taxation for the six months ended 30 June 2011 were both approximately HK\$5,000.

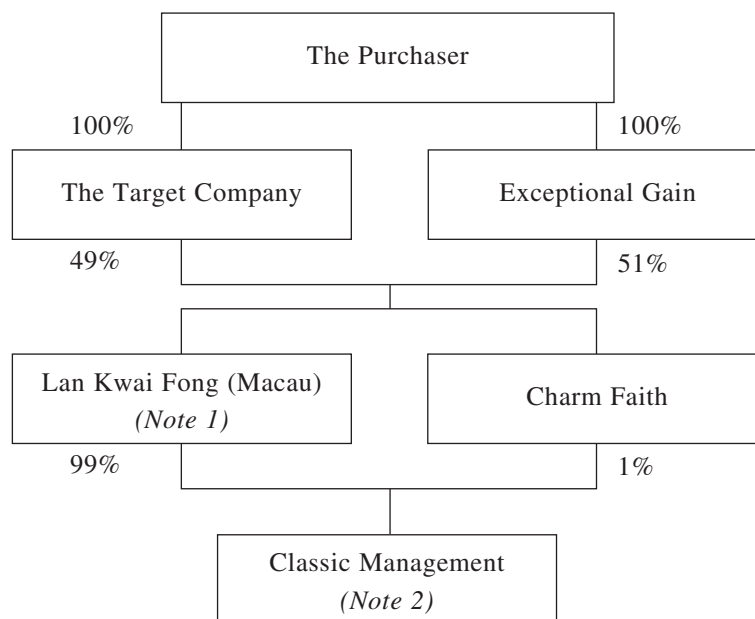
As the Group has already owned 51% equity interest in Lan Kwai Fong (Macau) and Charm Faith and Classic Management, the Target Company, Lan Kwai Fong (Macau), Charm Faith and Classic Management will become wholly owned subsidiaries of the Company upon Completion.

SHAREHOLDING STRUCTURE BEFORE AND AFTER COMPLETION

Before Completion:



After Completion:



Notes:

1. A company that solely and beneficially owns the Hotel.
2. A company that provides casino management services in the Hotel.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, investing in operations which receive the profit stream from gaming promotion business and property and hotel investment.

The Board is optimistic about the prospect and future development of Macau and thus continues to pursue its strategy of growing its business in Macau and the Board also expects the performance of the hotel and gaming service operations of Lan Kwai Fong (Macau) and Classic Management to have stable growth.

According to the annual report of the Company for the year ended 31 December 2010, the total turnover of the Group was HK\$864.26 million, of which hotel and gaming service operations in the Hotel recorded HK\$725.13 million, representing approximately 84% of the total turnover of the Group. The Group's segment results recorded loss of HK\$24.83 million, of which hotel and service operations contributed segment profit of HK\$64.33 million for the year ended 31 December 2010.

As shown in the interim report of the Company for the six months ended 30 June 2011, the total turnover of the Group was HK\$470.93 million, of which hotel and gaming service operations recorded HK\$420.59 million, representing approximately 89% of the total turnover of the Group. The Group's segment results recorded profit of HK\$25.34 million, of which hotel and service operations contributed segment profit of HK\$50.67 million for the six months ended 30 June 2011.

As the financial performance of Lan Kwai Fong (Macau) and Classic Management show a continuing growth, the Board believes Lan Kwai Fong (Macau) and Classic Management remain the core profit contributors to the Group and provide the Group with a steady cash inflow in long run.

According to the Quarterly Gaming Statistics 2011 prepared by The Gaming Inspection and Coordination Bureau, Macau SAR, Macau has recorded a 42% growth in gross gaming revenue in 2011. Given that Macau has achieved strong growth in its gross gaming revenue in recent years, Macau has become the world's biggest gaming market. The Board has considered to acquire the remaining equity interest in Lan Kwai Fong (Macau) and Classic Management shall enable the Group to solidify its profitability and to capture the potential growing opportunities in Macau's hospitality and gaming sectors. As such, the Board considers that the Acquisition presents an opportunity to the Group for acquiring the remaining 49% equity interest of Lan Kwai Fong (Macau) and Classic Management, which is in line with the Group's strategy. Accordingly, the Board is of the view that the Sale and Purchase Agreement are entered into on normal commercial terms after arm's length negotiation and the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As the Vendor is an executive Director and a controlling Shareholder, who and his associates hold in aggregate 898,699,702 Shares, representing approximately 45.74% of the issued share capital of the Company, as at the date of the Sale and Purchase Agreement, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to, among other things, the approval of the Independent Shareholders at the SGM. The Vendor and his associates shall abstain from voting at the SGM in respect of the resolutions to approve the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Acquisition. There was no previous transaction entered into between the Company and the Vendor that requires aggregation pursuant to Rule 14A.25 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to the Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, the accountant's reports on the Target Company, the independent valuation report of the Hotel, together with a notice convening the SGM is expected to be despatched to the Shareholders on or before 31 May 2012, so as to allow sufficient time for the preparation of relevant information and reports for inclusion in the circular in accordance with the Listing Rules.

APPROVAL BY THE BOARD

Given the Vendor, an executive Director and a controlling Shareholder, has a material interest in the Sale and Purchase Agreement, the Vendor and his associate, Ms. Chen, have abstained from voting on the relevant resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at the meeting of the Board held on 15 February 2012. In addition, the Vendor, Ms. Chen and Ms. Li Yuk Sheung are the executive directors of Lan Kwai Fong (Macau), Ms. Li Yuk Sheung, the executive Director has abstained from voting on the relevant resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder at such board meeting.

WARNING STATEMENT

Shareholders and potential investors should note that the Acquisition is conditional upon fulfillment of various conditions precedent of the Sale and Purchase Agreement, details of which have been set out under the paragraph headed "Conditions precedent" of this announcement. Accordingly, the Acquisition may or may not proceed.

Any Shareholder and potential investor contemplating selling or purchasing Shares and warrants of the Company should exercise extreme caution when dealing in Shares and warrants of the Company, and if they are in any doubt about their position, they should consult his/her/its own professional adviser.

(III) SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares and warrants of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:00 a.m. on 16 February 2012 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares and warrants of the Company with effect from 9:00 a.m. on 22 February 2012.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2009 Proposed Acquisition”	the proposed acquisition of the entire issued share capital of Modern Vision (Asia) Limited and Reform Base Holdings Limited and the total obligations, liabilities and debts owing or incurred by Splendid Construction and Over Profit to Ms. Chen announced by the Company on 5 May 2009
“2009 Sale and Purchase Agreement”	a conditional sale and purchase agreement entered into between Bestjump Holdings Limited and Ms. Chen dated 29 April 2009 as varied pursuant to (a) the deeds of variation to vary the terms on 14 August 2009 and 30 December 2009 and (b) the supplemental agreements to amend the terms on 31 December 2010 and 30 December 2011 in respect of the 2009 Proposed Acquisition
“Acquisition”	the acquisition of the Sale Capital and the Sale Loan by the Purchaser from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Business Day(s)”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 am) on which banks in Hong Kong are generally open for business

“Charm Faith”	Charm Faith Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned 1% of the issued quotas of Classic Management
“Classic Management”	Classic Management Service Company Limited, a company incorporated in Macau with limited liability and beneficially owned as to 99% by Lan Kwai Fong (Macau) and as to 1% by Charm Faith
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Capital and the Sale Loan pursuant to the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	three Business Days after the satisfaction and/or waiver of the last conditions precedent or such other date as the parties may agree in writing
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Deed of Termination”	the deed of termination dated 15 February 2012 entered into between Bestjump Holding Limited and Ms. Chen relating to the termination of the 2009 Sale and Purchase Agreement
“Director(s)”	the director(s) of the Company
“Exceptional Gain”	Exceptional Gain Profits Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, currently holding 51% of the equity interest in Lan Kwai Fong (Macau) and 51% of the equity interest in Charm Faith
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Hotel”	has the same meaning ascribe to it under the section headed “INFORMATION ON THE TARGET COMPANY, LAN KWAI FONG (MACAU), CLASSIC MANAGEMENT AND CHARM FAITH” in this announcement
“Independent Board Committee”	the independent board committee comprising Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert, all of which are independent non-executive Directors to advise the Independent Shareholders on the Acquisition
“Independent Shareholder(s)”	Shareholders other than the Vendor and his associates
“Lan Kwai Fong (Macau)”	Hotel Lan Kwai Fong (Macau) Limited, a company incorporated in Macau under the laws of Macau with an authorized capital of MOP500,000, of which 500,000 quota have been issued and are fully paid up, a 51% owned subsidiary of the Company and is the sole and beneficial owner of the Hotel
“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
“Mr. Li”	Mr. Li Chi Keung, who is a director of Lan Kwai Fong (Macau), Classic Management, Charm Faith and beneficially owns 50% equity interest in the Target Company as at the date of this announcement
“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, an executive Director and a controlling Shareholder
“Ms. Wong”	Ms. Wong Hoi Ping, the spouse of Mr. Li who is a director of Lan Kwai Fong (Macau), Classic Management, Charm Faith and beneficially owns 50% equity interest in the Target Company as at the date of this announcement
“Over Profit”	Over Profit International Limited, a company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Modern Vision (Asia) Limited and as to 25% by Reform Base Holdings Limited

“Purchase Price”	the total consideration of HK\$618.00 million payable by the Purchaser to the Vendor for the purchase of the Sale Capital and the Sale Loan
“Purchaser”	China Star Entertainment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 15 February 2012 and entered into between the Vendor and the Purchaser pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Capital and the Sale Loan at the Purchase Price
“Sale Capital”	the 100% of the entire issued share capital of the Target Company which will be beneficially owned by the Vendor prior to the Completion
“Sale Loan”	all the interests, benefits and rights of and in the shareholder’s loan owed by the Target Company to the Vendor on Completion, which as at 31 January 2012 amounted to approximately HK\$277.42 million
“SGM”	a special general meeting of the Company to be convened and held to consider and, if thought fit, to approve the Acquisition and transaction contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company from time to time
“Shareholder(s)”	the holder(s) of the Shares
“Splendid Construction”	Splendid Construction and Investment Company Limited (formerly known as Legstrong Construction and Investment Company Limited), a company incorporated in Macau with limited liability and a wholly owned subsidiary of Over Profit

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Most Famous Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability holding 49% equity interest in Lan Kwan Fong (Macau) and 49% equity interest in Charm Faith
“Vendor”	Mr. Heung Wah Keung, an executive Director and a controlling Shareholder
“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, 21 February 2012

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.