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# CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

## EXTENSION OF LONGSTOP DATE

The Company announced on 16th September, 2005 that it had, on 15th September, 2005, entered into a non-binding letter of intent with an independent third party in relation to the acquisition of an equity interest in a company involved in Macau gaming business. A circular in respect of the same was despatched to the shareholders of the Company on 24th November, 2005.

The parties to the non-binding letter of intent had on 14th December, 2005 and 10th March, 2006 agreed to extend the longstop date (and the exclusivity period) for the proposed acquisition from 14th December, 2005 to 13th March, 2006 and from 13th March, 2006 to 12th June, 2006 respectively. The parties to the non-binding letter of intent agreed to further extend the longstop date (and the exclusivity period) for the proposed acquisition from 12th June, 2006 to 11th September, 2006.

**Shareholders and/or investors should note that the proposed acquisition pursuant to the non-binding letter of intent may or may not proceed, no formally binding documentation have been executed and discussions are currently at a final stage. A further announcement will be made as and when applicable. Accordingly, shareholders of the Company are therefore advised to exercise caution when trading in the Company's shares.**

Reference is made to the Company's announcements dated 16th September, 2005, 7th October, 2005, 28th October, 2005, 10th November, 2005, 14th December, 2005 and 10th March, 2006 and the Company's circular dated 24th November, 2005.

On 15th September, 2005, China Star Entertainment Limited (the "Company") entered into a non-binding letter of intent with Mr. Phua Wei Seng, an independent third party, who, to the best of the directors' knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company (as defined under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited), for the acquisition by the Company of an equity interest in a company ("Target Co") involved in Macau gaming business (the "Business"). A refundable deposit of HK\$20,000,000 was placed by the Company with Mr. Phua Wei Seng pursuant to the non-binding letter of intent. If the proposed acquisition does not materialise or fails to complete by 14th December, 2005, the deposit will be returned to the Company.

The parties to the non-binding letter of intent had on 14th December, 2005 and 10th March, 2006 agreed to extend the longstop date (and the exclusivity period) for the proposed acquisition from 14th December, 2005 to 13th March, 2006 and from 13th March, 2006 to 12th June, 2006 respectively. The parties to the non-binding letter of intent agreed to further extend the longstop date (and the exclusivity period) for the proposed acquisition from 12th June, 2006 to 11th September, 2006. If the proposed acquisition does not materialise or fails to complete by 11th September, 2006, the deposit will be returned to the Company immediately without interest.

The Company wishes to state that negotiations are still ongoing but there has been no material change in the status of the negotiations since the Company's announcement on 28th October, 2005. The parties are currently trying to come to agreement as to the consideration and the structure for the proposed acquisition. Furthermore, due diligence has commenced and is continuing on the assets, liabilities, records and operations of Target Co and the Business.

The board of directors of the Company (including the independent non-executive directors) (the "Board") consider that the further extension of the longstop date is fair and reasonable and in the interest of the Company and shareholders of the Company as a whole as it would give the Company more time to conduct its due diligence and to structure the proposed transaction. Furthermore, the Board consider that the making of the deposit will assist the Company in its negotiations on the proposed acquisition as the Company has obtained a further 3 months exclusivity period (ie. up to 11th September, 2006) for the negotiation of the proposed acquisition in light of the deposit.

If the proposed acquisition materialises, it may constitute a notifiable transaction for the Company. The Company will then comply with the requirements of the Listing Rules.

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

Hong Kong, 12th June, 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.*