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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

ANNOUNCEMENT

The Board announces that the period for obtaining financing in relation to acquisition of Harvest Metro Sale Shares has been extended from within 30 days from the date of the Harvest Metro Agreement to within 60 days from the date of the Harvest Metro Agreement.

Reference is made to the announcements of China Star Entertainment Limited (the “Company”) dated 15th June, 2006 and 7th July, 2006 (the “Announcements”) in relation to the proposed acquisitions of an aggregate 61.5% interest in the capital of Kingsway Hotel Limited (“Acquisitions”). Terms used herein shall have the same meanings as defined in the Announcements unless defined otherwise.

Pursuant to the Harvest Metro Agreement, completion of the Harvest Metro Agreement is conditional on, among others, the Company successfully obtaining financing from third party for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion. Pursuant to the Harvest Metro Agreement, the Company shall ensure that such condition be fulfilled within 30 days from 13th June, 2006, being the date of the Harvest Metro Agreement.

On 12th July, 2006, the Company, Harvest Metro and Wing On entered into a Deed of Variation to extend the period for obtaining 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 60 days from the date of the Harvest Metro Agreement. All other terms of the Harvest Metro Agreement shall remain unchanged.

The parties have agreed to extend the longstop date as, although financiers have been lined up, the financiers require further time to conduct their due diligence exercise on the Hotel and thereafter for the Company to enter into the relevant financing agreements.

Shareholders and potential investors of the Company should 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, 12th July, 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.