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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VARIATION OF HARVEST METRO AGREEMENT AND CLARIFICATION OF ARTICLES

The Board announces that the period for obtaining financing in relation to acquisition of Harvest Metro Sale Shares has been further extended from within 90 days from the date of the Harvest Metro Agreement to within 140 days from the date of the Harvest Metro Agreement.

The Board notes that an article appearing in the Apple Daily newspaper and Sing Tao website on 12th September, 2006 stated that the Company is not proceeding with the acquisition of an indirect interest in Kingsway Hotel. The content of the articles in Apple Daily and Sing Tao is incorrect and misleading. The Company has requested that a retraction and clarification be made by them on 13th September, 2006.

Reference is made to the announcement of the Company dated 15th June, 2006 (the "Announcement") in relation to the Acquisitions of the relevant Sales Shares that the Vendors indirectly hold in aggregate representing approximately 61.5% interest in the issued share capital of Kingsway Hotel Limited, which constitute a very substantial acquisition for the Company under the Listing Rules. Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.

Reference is also made to the Company's announcements dated 7th July, 2006, 12th July, 2006, 27th July, 2006 and 11th August, 2006.

VARIATION OF HARVEST METRO AGREEMENT

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.

As announced by the Company on 12th July, 2006, the Company, Harvest Metro and Wing On entered into a Deed of Variation on 12th July, 2006 to extend the period for the 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.

On 11th August, 2006, the Company, Harvest Metro and Wing On entered into another Deed of Variation to further extend the period for the obtaining financing by the Company for the purpose of satisfying the balance of the Harvest Metro Consideration on Harvest Metro Completion from within 60 days from 13th June, 2006, being the date of the Harvest Metro Agreement to within 90 days from the date of the Harvest Metro Agreement. All other terms of the Harvest Metro Agreement shall remain unchanged.

On 12th September, 2006, the parties have entered into a further Deed of Variation to extend the longstop date from within 90 days from 13th June, 2006, being the date of the Harvest Metro Agreement to within 140 days from the date of the Harvest Metro Agreement as further time is required to structure the security arrangements for the financiers given the complexity of the share structure of Kingsway Hotel Limited. All other terms of the Harvest Metro Agreement shall remain unchanged.

Shareholders should note that a circular was despatched on 8th September, 2006 in relation to further information on the acquisition of Kingsway Hotel.

The Board notes that an article appearing in the Apple Daily newspaper and Sing Tao website on 12th September, 2006 stated that the Company is not proceeding with the acquisition of an indirect interest in Kingsway Hotel. The content of the articles in Apple Daily and Sing Tao is incorrect and misleading. The Company has requested that a retraction and clarification be made by them on 13th September, 2006.

Shareholders and potential investors of the Company should also 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
Li Yuk Sheung
Executive Director

Hong Kong, 12th September, 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.