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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VARIATION OF AGREEMENTS

The Board announces that (i) the period for obtaining financing in relation to acquisition of Harvest Metro Sale Shares has been further extended to on or before 28th February, 2007 and (ii) the longstop date for the fulfillment of the conditions precedent in the Agreements has been extended until 28th February, 2007.

Further refundable deposit in the aggregate sum of HK\$20,000,000 will be made pro rata on or before 2nd November, 2006 by the Company to the relevant vendors to the Agreements in consideration of their agreement to the abovementioned extensions. The initial deposit in the aggregate sum of HK\$20,000,000 previously held by the relevant stakeholders of the Vendors will also be released pro rata to the Vendors on 1st November, 2006.

Reference is made to the announcement of the Company dated 15th June, 2006 (the "Announcement") in relation to the Acquisition of the relevant Sales Shares 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, 11th August, 2006 and 12th September, 2006 and the Company's circular dated 8th September, 2006.

VARIATION OF AGREEMENTS

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, 11th August, 2006 and 12th September, 2006, the Company, Harvest Metro and Wing On entered into three deeds of variation respectively to extend the period for the obtaining of 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 140 days from the date of the Harvest Metro Agreement.

On 31st October, 2006, the parties to the Harvest Metro Agreement have entered into a fourth deed of variation to further extend the period for the obtaining of financing by the Company to on or before 28th February, 2007 and to extend the longstop date of the fulfillment of the conditions precedent to 28th February, 2007 as further time is required for completing the financing terms and arrangements.

On 31st October, 2006, the respective parties to the CCM Agreement, Top Region Agreement and Great Chain Agreement also entered into deeds of variation to extend the longstop date for the fulfillment of the conditions precedent set out in the relevant agreements to 28th February, 2007.

Further refundable deposit in an aggregate sum of HK\$20,000,000 will be made pro rata on or before 2nd November, 2006 by the Company from its internal resources to the relevant vendors to the Agreements in consideration of their agreement to the abovementioned extensions. The initial deposit in the aggregate sum of HK\$20,000,000 previously held by the relevant stakeholders of the Vendors will also be released pro rata to the Vendors on 1st November, 2006. This is a new arrangement and not initially contemplated under the relevant agreements. In the event of return of the deposits, they will be returned with interest accrued thereon. Save and except for the above, all other terms of the Agreements shall remain unchanged.

Shareholders and potential investors of the Company should note that the Acquisition 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, 31st October, 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.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*