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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 326)

DELAY IN DESPATCH OF CIRCULAR

An application has been made to the Stock Exchange by the Company for a waiver from strict compliance with Rule 14.38 of the Listing Rules by extending the despatch date of the Circular to no later than 14th August, 2006.

Reference is made to the announcement of China Star Entertainment Limited (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 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 announcement dated 7th July, 2006.

As stated in the Announcement, a circular (the "Circular") containing, among other things, details of the Agreements and the relevant financial information of the target companies will be despatched to Shareholders as soon as practicable in accordance with the Listing Rules.

Pursuant to Rule 14.38 of the Listing Rules, the Company is required to send the Circular to Shareholders within 21 days after publication of the Announcement (ie. 7th July, 2006). An application for extension had been made for the despatch of the Circular to 28th July, 2006. However, given that additional time is required (i) to prepare and perform the audit for Kingsway Hotel Limited in accordance with the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants, which is expected to require at least a further one week given that certain bank confirmations are still outstanding; (ii) for the Company to review such financial statements following their finalisation and (iii) certain bank confirmations have yet to be received by the auditors for the purpose of the accountant's report in the Circular, an application has been made to the Stock Exchange by the Company for a waiver from strict compliance with Rule 14.38 of the Listing Rules by extending the despatch date of the Circular to no later than 14th August, 2006. Shareholders and investors should note that the property valuation referred to in the Company's announcement dated 7th July, 2006 has now been completed.

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, 27th 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.