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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 8th 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 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, 27th July, 2006 and 11th August, 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). Applications for extension had been made for the despatch of the Circular to 28th July, 2006 and then to 14th August, 2006 and further to 28th August, 2006. The Company wishes to state that review of the indebtedness statement and working capital forecast of the Company have been completed. However, given that additional time is required (i) to finalise the accountants' report on Triumph Up and its subsidiaries; (ii) to prepare the accountant's report on Great Chain and its attributable interest in the Hotel; and (iii) to finalise the pro forma financial information on the Group as enlarged by the targeted companies, 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 8th September, 2006.

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, 28th August, 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.