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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

DELAY IN DESPATCH OF CIRCULAR IN RELATION TO A VERY SUBSTANTIAL ACQUISITION

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 28th February, 2007.

Reference is made to the announcement of the Company dated 4th January, 2007 (the "Announcement") in relation to the Company entered into the Acquisition Agreement to purchase or procure the purchase of 19.25% of the issued quota of KHL, 38.5% of the issued quota of Xin Wei, the KHL Sale Loan and the Xin Wei Sale Loan 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.

As stated in the Announcement, a circular (the "Circular") containing, among other things, details of the Acquisition Agreement, the relevant financial information of KHL and Xin Wei 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. 26th January, 2007). However, given that further time was required for the auditors of the Company to review and finalise the accountants' reports for KHL and Xin Wei and to prepare the proforma financial information and for the Company to review the same following their finalisation and the intervening Chinese New Year holidays, 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 28th February, 2007.

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, 25th January, 2007

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.