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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

TERMINATION OF THE MAJOR TRANSACTION IN RESPECT OF THE ACQUISITION OF THE ENTIRE EQUITY INTEREST IN PROTECTIVE CAPITAL GROUP LIMITED AND THE SHAREHOLDER'S LOAN DUE BY EIGHT ELEMENTS ENTERTAINMENT LIMITED

Reference is made to the announcements of China Star Entertainment Limited (the “**Company**”) dated 25 February 2014, 30 April 2014, 23 June 2014, 22 August 2014, 31 October 2014, 12 December 2014, 27 February 2015 and 30 April 2015 respectively (the “**Announcements**”) in respect of the acquisition of the entire equity interest in Protective Capital Group Limited and the shareholder’s loan due by Eight Elements Entertainment Limited. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board announces that, on 22 May 2015 (after trading hours of the Stock Exchange), the parties to the Agreement (as supplemented by the supplemental agreements dated 22 August 2014 and dated 27 February 2015 respectively) entered into a deed of termination (the “**Deed**”), pursuant to which, the parties mutually irrevocably and unconditionally agreed that, on and with effect from 22 May 2015, the Agreement shall terminate and cease to have any effect. Following the entering into of the Deed, each party to the Deed has released and discharged other party from all its or his obligations, duties and liabilities (whether accrued before the date of the Deed or otherwise) whatsoever under the Agreement (other than the provisions relating to the refund of Deposits, notice, confidentiality, costs, and governing laws and jurisdiction which shall remain in force and effect) and from all actions, proceedings, claims, demands, damages, costs and expenses arising from such obligations, duties and liabilities. The Vendor has refunded the Deposits to the Purchaser without interest upon entering into of the Deed in accordance with the terms of the Agreement.

The Board is of the view that there will not be any significant adverse impact on the trading and financial positions of the Group as a result of the termination of the Agreement.

By Order of the Board
China Star Entertainment Limited
Li Yuk Sheung
Executive Director

Hong Kong, 22 May 2015

As at the date of this announcement, the executive Directors 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. Tang Chak Lam, Gilbert.