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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the Shareholders and potential investors that the profit of the Group for the six months ended 30 June 2015 is expected to increase by approximately 42% to 50% as compared to approximately HK\$115,138,000 for the six months ended 30 June 2014.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Star Entertainment Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the profit of the Group for the six months ended 30 June 2015 is expected to increase by approximately 42% to 50% as compared to approximately HK\$115,138,000 for the six months ended 30 June 2014. Based on a preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2015 and information currently available to the Board, such increase is mainly attributable to (i) substantial increase in unrealised gain arising on change in fair value of financial assets classified as held for trading investments of approximately HK\$178 million from loss of approximately HK\$6,221,000 for the last corresponding period which represented the increase in market values of the Group’s equity securities listed in Hong Kong as at 30 June 2015 and (ii) increase in other revenue of approximately HK\$27 million from the last corresponding period which mainly included increase in interest income. The effect of such increase is partially offset by (1) approximately 16% to 20% decrease in the figure of gross profit from the last corresponding period; (2) the incur of share-based payment expenses of approximately HK\$52 million related to share options granted in this period; and (3) the realised loss on disposal on financial assets classified as held for trading of approximately HK\$22 million from gain of approximately HK\$18,799,000 for the last corresponding period.

As the Group is still in the process of finalising its interim results for the six months ended 30 June 2015, which is expected to be published on 27 August 2015, the information contained in this announcement is only based on the preliminary assessment according to the unaudited consolidated management accounts of the Group and are subject to the final review by the Company's independent external auditors.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

Hong Kong, 20 August 2015

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; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.