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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

PROFIT WARNING

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 Group is expected to record a loss of approximately HK\$30 million to HK\$50 million for the six months ended 30 June 2016 as compared to a profit of HK\$168,527,000 for the six months ended 30 June 2015.

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 Group is expected to record a loss of approximately HK\$30 million to HK\$50 million for the six months ended 30 June 2016 as compared to a profit of HK\$168,527,000 for the six months ended 30 June 2015. Based on a preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2016 and information currently available to the Board, the incur of a loss is mainly attributable to (i) approximately 29% to 33% decrease in the figure of gross profit from HK\$263,786,000 in the last corresponding period due to significant decrease in revenue from service income from gaming operations as a result of the recession in gaming industry in Macau; (ii) the recognition of unrealised loss of approximately HK\$13 million arising on change in fair value of financial assets classified as held for trading investments as compared to unrealised gain of HK\$178,171,000 recognised in the last corresponding period which represented the decrease in market values of the Group’s equity securities listed in Hong Kong as at 30 June 2016 and (iii) the recognition of loss on fair value change of investment properties of approximately HK\$25 million during this period. The effect of such loss for this period is partially offset by approximately 46% to 50% increase in interest income represented in other revenue from HK\$35,825,000 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 2016, which is expected to be published on 30 August 2016, 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, 17 August 2016

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.