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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 SFO.

The Board wishes to inform the Shareholders and the potential investors that it is expected that the Group will record a profit for the financial year ended 31 December 2012 as compared to a loss for the year ended 31 December 2011.

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**”) 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 Future Ordinance (Chapter 571, Law of Hong Kong) (the “**SFO**”).

Based on a preliminary review on the management accounts of the Company and its subsidiaries (the “**Group**”), the board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that it is expected that the Group will record a profit for the financial year ended 31 December 2012 as compared to a loss for the year ended 31 December 2011. Based on the information currently available, the expected profit is mainly due to the substantial decrease in impairment loss to be recognised in respect of the intangible assets represented the rights in sharing of profit streams from gaming promotion operations at one of the VIP room in a Macau casino. The Group had recognised an impairment loss of approximately HK\$700,085,000 from the gaming promotion operations for the year ended 31 December 2011 due to decrease in profit streams received from the gaming promotion operations since the business suffered keen competition in Macau. During the financial year ended 31 December 2012, the market environment is comparatively stable when compared to last year and the impairment loss to be recognised is expected to be substantially decreased.

As the Group is still in the process of finalising its final results for the financial year ended 31 December 2012, which is expected to be published in late March 2013, the information contained in this announcement is only based on the preliminary assessment according to the management accounts of the Group which is not based on any figures or information that have been audited by the Company's independent external auditors.

Shareholders and potential investors should 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, 6 March 2013

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.