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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

INSIDE INFORMATION

This announcement is made by China Star Entertainment Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that the Company has commenced preliminary discussion with an independent third party in relation to a possible acquisition of equity or beneficial interests in a company (the “**Possible Acquisition**”) which will be entitled to the entirety of the net profit deriving from VIP gaming promotion operations (being activities undertaken to promote casino games by way of offering transportation, accommodation, food and beverage and entertainment in exchange for a commission or other compensation paid by a gaming concessionaire) in Macau.

The terms of the Possible Acquisition including the amount of consideration are subject to negotiations. As at the date of this announcement, no agreement has been entered into by the Company regarding the Possible Acquisition.

The Board wishes to inform the Shareholders and potential investors that in the event the Possible Acquisition materialises, it may constitute a notifiable transaction of the Company under the Listing Rules, but there is no assurance that a deal may be concluded nor when an agreement may be signed. The Company will make further announcement as and when appropriate pursuant to the requirements under the Listing Rules.

In addition, the Company is contemplating a fund raising exercise (the “**Fund Raising Exercise**”) for financing the Possible Acquisition either by way of placing of new shares, issue of convertible securities of the Company or bank financing. As at the date of this announcement, no decision has been concluded on the Fund Raising Exercise. The Company will make further announcement when the Fund Raising Exercise materialises and/or if the Company enters into any definitive agreement regarding the Fund Raising Exercise.

The Possible Acquisition or the Fund Raising Exercise may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the order of the Board. The directors of the Company collectively and individually accept responsibility for the accuracy of this announcement.

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

Hong Kong, 21 January 2014

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.