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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 it is expected that the Group will record a profit for the financial year ended 31 December 2017 as compared to a loss of HK\$335,611,000 for the year ended 31 December 2016.

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 it is expected that the Group will record a profit for the financial year ended 31 December 2017 as compared to a loss of HK\$335,611,000 for the year ended 31 December 2016. Based on a preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and information currently available to the Board, the expected profit is mainly attributable to (i) the substantial increase in the recognition of unrealised gain arising on change in fair value of financial assets at fair value through

profit or loss which represented the increase in market values of the Group's equity securities listed in Hong Kong as at 31 December 2017 and (ii) the absence of gross loss incurred in the new film released in the previous year.

As the Group is still in the process of finalising its annual results for the year ended 31 December 2017, which is expected to be published in late March 2018, 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 audit 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, 13 March 2018

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.