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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\$300 million to HK\$370 million for the year ended 31 December 2019 as compared to a profit of HK\$1,053,519,000 for year ended 31 December 2018.

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 of the Company (the “**Board**”) 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\$300 million to HK\$370 million for the year ended 31 December 2019 as compared to a profit of HK\$1,053,519,000 for year ended 31 December 2018. Based on a preliminary review on the unaudited consolidated management accounts of the Group for the year ended 31 December 2019 and information currently available to the Board, such turnaround is mainly attributable to the aggregate effect of: (i) the absence of recognition for profit from discontinued operation of HK\$1,458,855,000 from disposal of the hotel and gaming services operations of the Group in last year; (ii) the substantial increase in impairment loss recognised in respect of film rights for the year ended 31 December 2019 from HK\$571,000 for the year ended 31 December 2018; and (iii) the substantial decrease in the recognition of loss arising on change in fair value of financial assets at fair value through profit or loss for the year ended 31 December 2019 from HK\$360,209,000 for the year ended 31 December 2018.

As the Group is still in the process of finalising its annual results for the year ended 31 December 2019, which is expected to be published in 30 March 2020, 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, 20 March 2020

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.