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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.

The Board wishes to inform the Shareholders and the potential investors that it is expected that the Group will record a loss for the six months ended 30 June 2010 as compared to a profit for the year ended 31 December 2009.

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**”).

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 loss for the six months ended 30 June 2010 as compared to a profit for the year ended 31 December 2009. Based on the information currently available, the incur of a loss is mainly attributable to the impairment losses to be recognized in respect of the intangible assets and goodwill represented the rights in sharing of profit streams from gaming promotion business at one of the VIP room in a Macau casino. The Group’s profit streams received from the gaming promotion business decreased during the six months ended 30 June 2010 since the business suffered keen competition in Macau.

As the Group is still in the process of finalising its results for the six months ended 30 June 2010, 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 reviewed by the Company's 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, 18 August 2010

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 and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.