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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

INSIDE INFORMATION PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(2) 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 consolidated loss between HK\$78 million to HK\$88 million for the six months ended 30 June 2023 as compared to the corresponding figure of HK\$35,943,000 for the six months ended 30 June 2022.

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(2) 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 consolidated loss between HK\$78 million to HK\$88 million for the six months ended 30 June 2023 as compared to the corresponding figure of HK\$35,943,000 for the six months ended 30 June 2022.

Based on a preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 and information currently available to the Board, the increase in loss is mainly attributable to a substantial increase in finance costs amounted to approximately HK\$76 million (Six months ended 30 June 2022: HK\$27,634,000, included HK\$26,565,000 capitalised to stock of properties) due to increase in interest rates of the Group’s bank loan in the period and increase in marketing, selling and distribution expenses from HK\$1,277,000 for the six months ended 30 June 2022 as more marketing expenses were incurred in our new business multi-media and entertainment business operations. The effect was partially offset by increase in gross profit generated from property development and investment operations and multi-media and entertainment business operation and decrease in recognition of loss arising on change in fair value of financial assets at fair value through profit or loss amounted to approximately HK\$7 million as compared to HK\$23,380,000 for the six months ended 30 June 2022.

As the Group is still in the process of finalising its interim results for the six months ended 30 June 2023, which is expected to be published on 30 August 2023, the information contained in this announcement is only based on the preliminary assessment according to the unaudited consolidated management accounts of the Group which has not been reviewed 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, 23 August 2023

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. Tai Kwok Leung, Alexander.