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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

VERY SUBSTANTIAL DISPOSAL: SALE AND PURCHASE AGREEMENT REGARDING THE TARGET GROUP

THE SP AGREEMENT

On 10 October 2017 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) and the Buyer entered into the SP Agreement. Pursuant to the SP Agreement, the Seller agreed on a conditional basis to sell to the Buyer the Sale Shares and the Shareholder Loans at Sale Price of HK\$2,000 million (subject to adjustment). The Target Group is the owner and operator of Hotel Lan Kwai Fong Macau and is also the owner of 18 residential units in Macau, which are currently being used as staff quarters.

Completion of the Disposal is subject to the Conditions Precedent being fulfilled or waived (to the extent waivable) by the relevant parties. Please see details under “Conditions Precedent” in the section headed “The SP Agreement” below.

Completion shall take place on the Completion Date (i.e. the third Business Day after the date (such date not being after the Long Stop Date) on which the last of the Conditions Precedent is fulfilled or waived (as the case may be) in accordance with the SP Agreement.

If any termination event stipulated under the SP Agreement or any event which results in one or more of the stipulated Conditions Precedent not being able to fulfilled occurs, the Buyer may, by written notice to the Seller, terminate the SP Agreement. If the SP Agreement is so terminated and is not caused by the default of the Seller or if the Buyer fails to complete the SP Agreement (otherwise than as a sole result of the default of the Seller), the Deposit in its entirety shall be forfeited as liquidated damages.

INTENDED USE OF THE SALE PRICE

Part of the Sale Price will be used to repay the Bank Loans owing by the Target Group to a commercial bank, which aggregate principal amount is about HK\$700 million as at the date of the SP Agreement. After deducting expenses of approximately HK\$2 million, there will be net proceeds of approximately HK\$1,298 million from the Disposal and the Company intends to apply the entire amount of such net Sale Price as construction costs for the Combined Site Development.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND BUSINESS PLANS

The Company considers that the Disposal represents an opportunity for the Group to realize its investments in the Target Group. Given that the Target Group has recorded losses for, if realised, the last financial year, the Company considers that it is in the interests of the Group to focus its resources in the operation in property development and investment. The Disposal will also bring a strong inflow of cash to the Group.

For further details, please see the section headed “Reasons for and benefits of the Disposal and business plans” below.

Taking into account, among other matters, the basis of determining the Sale Price and the reasons for and benefits of the Disposal, the Directors (including independent non-executive Directors) believe that the terms of the SP Agreement are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be the subsidiaries of the Group and their financial results will cease to be consolidated into the consolidated financial statements of the Group. It is expected that the Group will record an estimated gain on disposal of approximately HK\$648.0 million as a result of the Disposal. The actual gain or loss in connection with the Disposal will be different from the above, and will be assessed after Completion, which is subject to the review by auditors.

IMPLICATIONS UNDER THE LISTING RULES

The highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal under the SP Agreement exceeds 75% for the Company. Accordingly, the Disposal constitutes a very substantial disposal on the part of the Company, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholders have any material interest in the Disposal, no Shareholders are required to abstain from voting at the Special General Meeting on the resolution to approve the SP Agreement and the transactions contemplated thereunder.

A circular containing (among other things) further details of the Disposal and the SP Agreement and a valuation report in respect of the Target Group, together with a notice convening a special general meeting of the Company to approve (among other matters) the SP Agreement and the transactions contemplated thereunder, is expected to be despatched to the Shareholders on or before 17 November 2017.

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Wednesday, 11 October 2017, pending the issue and publication of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 17 October 2017.

The Disposal and other transactions contemplated under the SP Agreement are subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent which may or may not be fulfilled or waived. There is no assurance that the SP Agreement will be completed and the Disposal will materialise. Shareholders and potential investors should exercise caution when dealing in the Shares.

The Board would announce that on 10 October 2017 (after trading hours), the Seller and the Buyer entered into the SP Agreement.

DISPOSAL OF THE TARGET GROUP

The SP Agreement

The principal terms of the SP Agreement are set out below.

Date: 10 October 2017

Parties: (1) the Seller, which is a wholly-owned subsidiary of the Company; and
(2) the Buyer.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer is an Independent Third Party.

Assets to be disposed of

Subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent, the Seller agreed to sell, and the Buyer agreed to buy the following free from all encumbrances:

- (a) the Sale Shares (i.e. the entire issued share capital in each of Charming Era, Exceptional Gain and Most Famous), together with all associated rights and benefits attaching or accruing to such shares on or after the Completion Date, and
- (b) the Shareholder Loans, i.e. the loans outstanding and owing to the Seller as at Completion by each of the Target Companies, with an aggregate amount of approximately HK\$340.2 million as at the date of the SP Agreement.

The Target Companies are shareholders of the other Target Group Companies. The Target Group is the owner and operator of Hotel Lan Kwai Fong Macau and is also the owner of 18 residential units in Macau, which are currently being used as staff quarters.

Upon Completion, the Group will cease to have any interests in the Target Group and their financial results will no longer be consolidated into the Company's consolidated financial statements. The Buyer (or its nominee) will become the registered holder(s) of the Sale Shares.

Sale Price

The Sale Price is payable by the Buyer to the Seller in respect of the Disposal and is amounted to HK\$2,000 million (subject to adjustment as further disclosed below). The Sale Price is payable in the following manner:

- (a) HK\$200 million was paid in cash as non-refundable deposit ("**Deposit**") upon signing of the SP Agreement by the Buyer; and
- (b) the remaining HK\$1,800 million shall be paid at Completion.

Under the SP Agreement, the parties to the SP Agreement agree to procure preparation of the Completion Accounts concerning the Target Group following Completion. If the actual working capital (as explained further below) as shown in the Completion Accounts represents (i) a net asset amount equal to or more than HK\$0.5 million, the Buyer shall pay to the Seller such net asset amount; or (ii) a net liability amount equal to or more than HK\$0.5 million, the Seller shall pay to the Buyer such net liability amount. Any such additional amount shall be paid within 10 Business Days after the date of finalisation of the Completion Accounts.

For the purpose of the Completion Accounts, “actual working capital” means (A) the total current assets of the Target Group Companies minus (B) all borrowings, accruals and actual liabilities and indebtedness owed by the Target Group to any bank, lending institution or other third party of any nature at Completion, but (for the purpose of (B)) excluding (1) accrued unpaid staff bonuses or commissions, accrued unpaid leaves, contribution to retirement benefit schemes, long service or severance payments calculated under rules and regulations of relevant governing jurisdictions for employees of any member of the Target Group, (2) the Shareholder Loans, (3) any liabilities owing among the members of the Target Group at Completion, and (4) deferred tax assets or liabilities, as ascertained after Completion in accordance with the SP Agreement and as set out in the Completion Accounts.

Based on the unaudited combined management accounts of the Target Group as at 30 June 2017, the actual working capital is expected to be a net assets amount of approximately HK\$343.50 million (assuming the Bank Loans has been repaid prior to Completion). This amount mainly represents (A) total current assets of approximately HK\$391.9 million minus (B) all borrowings, accruals and accrued and actual liabilities of approximately HK\$48.4 million. Such amount of actual working capital is an illustrative figure only and the exact amount has to be determined in the Completion Accounts.

Basis of determination of the Sale Price

The Sale Price is determined by the parties after arm’s length negotiation, after having taking into account the property valuation for the properties held by Hotel LKF amounted to HK\$2,000 million conducted by Savills (Macau) Limited as at 31 December 2016 for accounting purpose.

Conditions Precedent

Completion is conditional upon the following Conditions Precedent being satisfied:

- (a) the making of such enquiries, investigations and due diligence reviews of the business, affairs, operations, commercial, legal, financial, tax and accounting position of the Target Group by the Buyer and any of its officers, employees, agents, professional advisers or other persons authorised by the Buyer which the Buyer reasonably considers necessary, desirable or appropriate, and the results of such enquiries, investigations and due diligence reviews being reasonably satisfactory to the Buyer;
- (b) the obtaining of the Shareholders’ approval to the Disposal;
- (c) the obtaining of the following consents, approvals, clearances and permission by the Buyer, the Company and any Target Group Company in relation to the Disposal, including the approval of the Disposal by the Gaming Inspection and Coordination Bureau of Macau and related Macau or Hong Kong governmental and other relevant authorities (if necessary);

- (d) all requisite in-principle consent to the Disposal having been obtained from the existing lenders of the Target Group Companies;
- (e) the warranties stated in the SP Agreement remaining true and accurate and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the SP Agreement and Completion;
- (f) no material adverse event (as defined in the SP Agreement) occurred at any time after the date of the SP Agreement; and
- (g) the warranties given by the Buyer in favour of the Seller under certain clauses remaining true and accurate in all material respects and not misleading in any material respect at Completion as if repeated at Completion and at all times between the date of the SP Agreement and Completion.

If any Conditions Precedent are not satisfied or waived (as the case may be) on or before the Long Stop Date, the SP Agreement shall terminate (except for several surviving provisions which shall remain in full force and effect) and the rights and obligations of the Seller and the Buyer under the SP Agreement shall cease with immediate effect, provided that nothing shall limit any rights, obligations or liabilities of either party under the SP Agreement which will have accrued before termination.

Completion

Completion shall take place at the offices of the Seller's legal advisers or such other place as the parties may agree on the Completion Date (i.e. the third Business Day after the date (such date not being after the Long Stop Date) on which the last of the Conditions Precedent is fulfilled or waived (as the case may be) in accordance with the SP Agreement.

Upon Completion, a deed of guarantee will be given by the Company in favour of the Buyer in connection with the performance by the Seller of its obligations and the warranties under the SP Agreement.

Termination

If any termination event stipulated under the SP Agreement or any event which results in one or more of the Conditions Precedent (c) or (g) above not being able to fulfilled occurs, the Buyer may, by written notice to the Seller, terminate the SP Agreement. If the SP Agreement is so terminated and is not caused by the default of the Seller or if the Buyer fails to complete the SP Agreement (otherwise than as a sole result of the default of the Seller), the Deposit in its entirety shall be forfeited as liquidated damages and neither parties shall have any further liability to the other under the SP Agreement.

If the SP Agreement does not proceed to Completion as a sole result of the default of the Seller, by no later than the ten Business Days after the Long Stop Date (or, where applicable, the date of notice of termination given by the Buyer to the Seller), the Seller shall refund to the Buyer a sum equivalent to the Deposit paid to the Seller by the Buyer, without any interest accrued thereon.

INFORMATION ON THE GROUP

The Company is an investment holding company and the Group is principally engaged in investment, production and distribution of films and television drama series, provision of artist management services, property and hotel investment, food and beverage operations and property development.

INFORMATION OF THE TARGET GROUP

The Target Group comprises the Target Companies and their respective subsidiaries (i.e. Hotel LKF, Charm Faith, Classic Management, Best Joyful, Noble Million and Merit Noble). The Target Companies are investment holding companies. The Target Group is the owner and operator of Hotel Lan Kwai Fong Macau and is also the owner of 18 residential units in Macau which are currently being used as staff quarters.

Hotel Lan Kwai Fong Macau presents a total of 209 guest rooms, casino situated in the ground, first and 18th floor, restaurants, flower shop, retail shop and spa centre. The segment results of the Target Group and the operations in Hotel Lan Kwai Fong Macau are classified as the hotel and gaming service operations in the Group, which included the hotel operation in Hotel LKF, services provided to the casino situated in Hotel Lan Kwai Fong Macau by Classic Management and other ancillary services provided in Hotel Lan Kwai Fong Macau.

Casinos in Hotel Lan Kwai Fong Macau (“**Casino LKF**”) are operated by license holder Sociedade de Jogos de Macau, S.A. (“**SJM**”). Classic Management has entered into service and site license agreements with SJM. Under the agreements, Classic Management has granted to SJM a right to occupy and use spaces in Hotel Lan Kwai Fong Macau to operate Casino LKF and Classic Management is responsible for the provision of marketing, promotion, publicity, customer development and introduction, co-ordination of activities and other services as agreed between Classic Management and SJM from time to time in Casino LKF. In return, Classic Management will share a fixed percentage of service income from SJM based on the monthly gross gaming wins of the mass market and VIP table gaming and slot machines in Casino LKF. As at the date of this announcement, Casino LKF operated a total of 84 gaming tables, targeting both for the VIP rooms table gaming and the mass market table gaming. It also operates a total of 65 slot machines.

Hotel Lan Kwai Fong Macau was awarded with several international accolades, which included the “5th China Hotel Starlight Awards 2009 – Best Designed Boutique Hotel of China” and the “2012 TripAdvisor Travelers’ Choice – Top 25 Trendiest Hotels in China”. In respect of promoting the notion of environmental protection, Lan Kwai Fong has won the “AHF Asia Awards 2010 – Leading Green Hotel of Asia” and the “Macao Green Hotel Award – Bronze Award” for the year 2010 to 2016, “Macao Energy Saving Contest, Hotels Group B - Champion 2013 to 2014 and Bronze award 2016”.

The following information is a summary of the net loss before and after tax of the Target Group which combined the unaudited consolidated financial statements of Exceptional Gain and Most Famous and unaudited consolidated financial statements of Charming Era for the financial years ended 31 December 2015 and 2016:

	For the year ended 31 December	
	2015	2016
	(unaudited)	(unaudited)
	(HK\$'000)	(HK\$'000)
Net loss before tax	26,689	63,297
Net loss after tax	26,862	63,297

As at 31 December 2016, the unaudited combined total assets of the Target Group amounted to HK\$1,326 million, while the unaudited combined net liabilities of the Target Group amounted to approximately HK\$146 million.

INFORMATION ON THE BUYER

The Buyer is an individual who is an Independent Third Party. He has more than 10 years of experience in the operation of hotels and casinos in Macau. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Buyer has no relationship with Paradise Entertainment Limited (the previous possible buyer of the Target Group as disclosed in the Company’s announcement dated 29 June 2017) and its controlling shareholders (and their respective associates).

REASONS FOR AND BENEFITS OF THE DISPOSAL AND BUSINESS PLANS

The recent overall performance of the hotel and gaming operations in Hotel Lan Kwai Fong Macau is susceptible to the surrounding region, government regulatory policies, and the level of visitation to Macau, as well as to the competitive situation among hotels in Macau. As disclosed in the Group’s annual report 2016, the Group had shared revenue and segment loss of approximately HK\$686,431,000 (31 December 2015: approximately HK\$877,909,000) and HK\$44,958,000 (31 December 2015: segment profit of approximately HK\$62,279,000) from the hotel and gaming service operations respectively, representing a decrease of 22% and 172% as compared to those for the year ended 31 December 2015 respectively. As disclosed in the Group’s interim report for the

six months ended 30 June 2017, the Group had shared revenue and segment profit of approximately HK\$334,274,000 (30 June 2016: approximately HK\$362,166,000) and HK\$674,000 (30 June 2016: segment loss of approximately HK\$21,672,000) from the hotel and gaming service operations respectively, representing a decrease of 8% and an increase of 103% as compared to those for the corresponding period at 30 June 2016 respectively. Although the decrease in revenue had narrowed, only a marginal segment profit was recorded from the hotel and gaming service operations. There is no sign that the performance in such segment will have substantial improvement in the short term.

Following new resort hotels being opened in Cotai in recent years, there is keen competition among hotels in Macau. The Macau government wants to attract more families and mass-market visitors interested in non-gaming entertainment as part of its program of economic diversification which favours those resort hotels in Cotai. Thus, our performance is diversified by these resort hotels. Since Hotel Lan Kwai Fong Macau is a casino oriented hotel and its hotel rooms are designed to serve and satisfy demands from casino patrons, the Board believes that the performance in Hotel Lan Kwai Fong Macau will encounter uphill challenges in the near future.

Following the Completion, the Group's hotel and gaming service operations will discontinue with two business segments left, namely the film related business operations and the property development operations. Film related business mainly includes investment, production and distribution of films and television drama series. Shooting for a new film has just started in mid-October 2017 and this film is expected to be on screen in the first half of 2018. Following the establishment of the production line in the television drama series in the beginning of 2017, the Group is in the preliminary stage of preparing the story board for its first production television drama series for more than 10 years from its last production in television drama series. Shooting for this first television drama series is expected to start in the first half of 2018.

Property development operations mainly includes investment and development of properties located in Hong Kong and Macau. As indicated in the Company's interim report 2017, the Group has been planning to develop the Combined Site into a luxury residential and commercial complex of two towers with spacious apartment units. Construction works of the Combined Site Development already started in June 2017 and is expected to complete in 2019. Sale plan of the properties on the Combined Site will start in the second half of 2019. Besides, the Group has completed the acquisition of 50% equity interest in a lot land with site area of 4,669 square meters, named "Lot 7 da Zona C do Plano de Urbanização da Zona da Baía da Praia Grande", located at Avenida Doutor Stanley Ho (the "**Property C7**") in April 2017. It is planned to be developed into a building under strata title, for residential and parking purpose. The Group is now in the process of compiling the development plan of the Property C7 and substantial cash resources is also required in the next few years and its development is expected to start after the Combined Site Development is completed. The Group will continue to source and invest in properties if proper opportunity arises. The Group plans to use the proceeds of the Disposal (if realised) to fund part of the development costs of the Combined Site.

The Company considers that the Disposal represents an opportunity for the Group to realize its investments in the Target Group, the Company considers that it is in the interests of the Group to focus its resources in the operation in property development and investment. The Disposal will also bring a strong inflow of cash to the Group.

Taking into account, among other matters, the basis of determining the Sale Price and the reasons and benefits of the Disposal as explained above, the Directors (including independent non-executive Directors) believe that the terms of the SP Agreement are normal commercial terms and are fair and reasonable and, in light of the marginal segment profit generated from the hotel and gaming service operations in the first half 2017, in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF THE SALE PRICE

Part of the Sale Price will be used to repay the Bank Loans owing by the Target Group to a commercial bank, which aggregate principal amount is about HK\$700 million as at the date of the SP Agreement. After deducting expenses of approximately HK\$2 million, there will be net proceeds of approximately HK\$1,298 million from the Disposal and the Company intends to apply the entire amount of such net Sale Price as construction costs for the Combined Site Development.

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, the Target Group will cease to be the subsidiaries of the Group and their financial results will cease to be consolidated into the consolidated financial statements of the Group.

It is expected that the Group will record an estimated gain on disposal of approximately HK\$648.0 million as a result of the Disposal, which represents the net Sale Price to be received by the Company from the Disposal of approximately HK\$1,298 million (after the deduction of the Bank Loans of HK\$700 million as at the date of the SP Agreement and estimated transaction costs for the Disposal of approximately HK\$2 million), minus (i) the Shareholder Loans in the sum of approximately HK\$340.2 million as at the date of the SP Agreement and (ii) the carrying value of property, plant and equipment of the Target Group as at 30 June 2017 of approximately HK\$653.3 million, and add (iii) the net assets of the Target Group as at 30 June 2017 in the amount of approximately HK\$343.50 million, representing an estimated adjustment in “actual working capital” of the Target Group as detailed in the paragraph headed “Disposal of the Target Group – The SP Agreement – Sale price” above.

The actual gain or loss in connection with the Disposal will be different from the above, and will be assessed after Completion, which is subject to the review by auditors.

IMPLICATIONS UNDER THE LISTING RULES

The highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal under the SP Agreement exceeds 75% for the Company. Accordingly, the Disposal constitutes a very substantial disposal on the part of the Company, and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As no Shareholders have any material interest in the Disposal, no Shareholders are required to abstain from voting at the Special General Meeting on the resolution to approve the SP Agreement and the transactions contemplated thereunder.

A circular containing (among other things) further details of the Disposal and the SP Agreement and a valuation report in respect of the Target Group, together with a notice convening the Special General Meeting to approve (among other matters) the SP Agreement and the transactions contemplated thereunder, is expected to be despatched to the Shareholders on or before 17 November 2017, which is more than 15 Business Days after the date of this announcement as additional time will be required to prepare the circular (including the valuation report).

RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Wednesday, 11 October 2017, pending the issue and publication of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 17 October 2017.

The Disposal and other transactions contemplated under the SP Agreement are subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent which may or may not be fulfilled or waived. There is no assurance that the SP Agreement will be completed and the Disposal will materialise. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below, unless the context requires otherwise:

“Bank Loans”	the outstanding aggregate principal amount of approximately HK\$700 million owing by the Target Group to a commercial bank as at the date of the SP Agreement which has to be repaid prior to or at Completion
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“Best Joyful”	Best Joyful Limited, a company incorporated in Hong Kong, which is wholly-owned by Charming Era and is a Target Group Company
“Board”	the board of Directors
“Business Day(s)”	a day, not being a Saturday, Sunday or public holiday, on which banks are open for business (including for dealings in foreign currency deposits and exchange) in Hong Kong
“Buyer”	Mr. Chan Meng Kam (陳明金), an individual who is an Independent Third Party
“BVI”	British Virgin Islands
“Charming Era”	Charming Era Investment Limited, a company incorporated in BVI, which is an indirect wholly-owned subsidiary of the Company and is one of the Target Companies
“Charm Faith”	Charm Faith Holdings Limited, a company incorporated in BVI, which is owned as to 49% by Most Famous and 51% by Exceptional Gain, and is a Target Group Company
“Classic Management”	Classic Management & Services Company Limited, a company incorporated in Macau, which is owned as to 99% by Hotel LKF and 1% by Charm Faith, and is a Target Group Company
“Combined Site”	the combined site at Lot 6C, Lot 6D and Lot 6E at Zona de Aterros do Porto Exterior, Macau.
“Combined Site Development”	the planned development of the Combined Site into a luxury residential and commercial complex of two towers with spacious apartment units, which construction works already started in June 2017
“Company”	China Star Entertainment Limited (stock code: 326), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal

“Completion Accounts”	the unaudited combined financial statements of the Target Group for the period from 1 January 2017 to the Completion Date
“Completion Date”	the third Business Day after the date (such date not being after the Long Stop Date) on which the last of the Conditions Precedent is fulfilled or waived in accordance with the SP Agreement
“connected person(s)”	has the meaning ascribed to such term under the Listing Rules
“Condition(s) Precedent”	condition(s) precedent to Completion as provided under the SP Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the entire issued share capital of each of the Target Companies and the related Shareholder Loans, by the Seller to the Buyer pursuant to the terms of the SP Agreement
“Exceptional Gain”	Exceptional Gain Profits Limited, a company incorporated in BVI, which is an indirect wholly-owned subsidiary of the Company and is one of the Target Companies
“Group”	the Company and its subsidiaries (including the Target Group)
“Hotel LKF”	Hotel Lan Kwai Fong (Macau) Limited, a company incorporated in Macau, which is owned as to 49% by Most Famous and 51% by Exceptional Gain, and is a Target Group Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) the Company or its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	30 April 2018, or such other date as the parties may agree
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Merit Noble”	Merit Noble Company Limited, a company incorporated in Macau, which is owned as to 51% by Best Joyful and 49% by Noble Million and is a Target Group Company
“Most Famous”	Most Famous Enterprises Limited, a company incorporated in BVI, which is an indirect wholly-owned subsidiary of the Company and is one of the Target Companies
“Noble Million”	Noble Million Limited, a company incorporated in Hong Kong, which is wholly-owned by Charming Era and is a Target Group Company
“Remaining Group”	the Group, excluding the Target Group
“Sale Price”	HK\$2,000 million payable by the Buyer to the Seller, which is subject to adjustment in accordance with the terms of the SP Agreement
“Sale Shares”	the entire issued shares in each of the Target Companies
“Seller”	China Star Entertainment (BVI) Limited, a company incorporated in BVI, which is a direct wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder Loans”	the loans outstanding and owing to the Seller as at Completion by each of the Target Companies, with an aggregate amount of approximately HK\$340.2 million as at the date of the SP Agreement

“SP Agreement”	the conditional sale and purchase agreement dated 10 October 2017 and entered into between the Seller and the Buyer in relation to the Disposal
“Special General Meeting”	the special general meeting of the Company to be convened and held to approve, amongst other things, the SP Agreement and the transactions contemplated by such agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Companies”	collectively Charming Era, Exceptional Gain and Most Famous
“Target Group”	the Target Companies and their respective subsidiaries (i.e. Best Joyful, Charm Faith, Classic Management, Hotel LKF, Merit Noble and Noble Million)
“Target Group Company(ies)”	any company(ies) in the Target Group
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 16 October 2017

As at the date of this announcement, the executive Directors are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive Directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.