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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 326)

(Warrant Code: 972)

### **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE PROPERTY LEASEHOLD RIGHT AND RESUMPTION OF TRADING**

**Financial advisers of the Company**



**Mansion House Securities (F.E.) Limited**

**Nuada Limited**

*Corporate Finance Advisory*

#### **THE ACQUISITION**

The Board announces that on 23 December 2010 (after trading hours of the Stock Exchange):

- (i) the Agreement was entered into between, inter alia, the Purchaser, the Vendor, the Company and Mr. Heung, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Property Leasehold Right (and the inherent transfer to the Purchaser of the legal title to the Sites) at a consideration of HK\$550 million. Completion is subject to the fulfillment of all the conditions as set out in the Agreement on or before the Long Stop Date. In the event that the approval from the Shareholders (other than those who are required to abstain from voting, if any) for the Agreement and the transactions contemplated by the Agreement is not obtained by the Long Stop Date, Mr. Heung irrevocably and unconditionally undertakes and agrees to assume the obligations and liabilities of the Purchaser under the Agreement. The Consideration will be funded from/by internal resource of the Company, bank borrowings and/or equity financing; and

- (ii) Mr. Heung gave the Undertaking to the Purchaser and the Company, pursuant to which Mr. Heung undertakes to the Purchaser and the Company that in the event that the approval of Shareholders (other than those who are required to abstain from voting, if any) for the Acquisition is not obtained, Mr. Heung shall, within 14 days from written demand by the Purchaser and/or the Company fully and effectively pay the Purchaser and/or the Company the amount of HK\$55 million, being the deposit paid by the Purchaser to the Vendor pursuant to the Agreement.

### **IMPLICATION OF THE LISTING RULES**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules. As the Vendor is an associate of Dr. Ho, a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as Mr. Heung is a cosigner to the Agreement, Mr. Heung is considered to have an interest in the Agreement. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders at the SGM. Dr. Ho, the Vendor, Mr. Heung and their respective associates shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transaction contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

### **GENERAL**

As more time may be required to prepare the financial information to be included in the circular, a circular containing, amongst other things, (i) further details of the Acquisition; (ii) the letter of advice from the Independent Board Committee to Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iii) the independent valuation report of the Sites; (iv) the financial information of the Group as enlarged by the Property Leasehold Right; and (v) the notice of the SGM will be dispatched to the Shareholders on or before 28 February 2011.

### **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares and the Warrants on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 24 December 2010 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 10 January 2011.

## **THE AGREEMENT**

### **Date**

23 December 2010

## Parties

- Vendor: Sociedade de Turismo e Diversões de Macau, S.A., a company having diverse business interests predominantly based in Macau including entertainment, leisure, sports, tourism and realty
- Purchaser: Triumph Top Limited, an indirect wholly-owned subsidiary of the Company
- Guarantor: the Company
- Cosigner: Mr. Heung, an executive Director

Dr. Ho is the chairman and a director of Lan Kwai Fong (Macau), a 50% owned subsidiary of the Company. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) Dr. Ho is a director of the Vendor, (ii) Dr. Ho directly and indirectly holds over 30% of the equity share capital of the Vendor, and (iii) Dr. Ho or the Vendor is not interested in any Shares or securities convertible into Shares as at the date of this announcement. As such, the Vendor is an associate of Dr. Ho, a connected person of the Company under Chapter 14A of the Listing Rules.

Given the terms of the Acquisition offered to the Purchaser by the Vendor is on a "must buy" basis, Mr. Heung, as a cosigner, irrevocably and unconditionally undertakes to assume the obligations and liabilities of the Purchaser in the event that the approval from the Shareholders (other than those who are required to abstain from voting, if any) for the Acquisition is not obtained in order to facilitate the Acquisition. As at the date of this announcement, Mr. Heung and his associates hold in aggregate 246,852,025 Shares, representing approximately 5.70% of the issued share capital of the Company, and amount of HK\$5,458,311.23 warrants entitling Mr. Heung and his associates to subscribe for 29,504,385 new shares of the Company.

## Assets to be acquired

The Property Leasehold Right represents the set of rights and obligations currently held by the Vendor under leasehold granted by the Macau Government over the Sites at the date of the Agreement (and the inherent transfer to the Purchaser of the legal title to the Sites).

As advised by the Company's Macau legal adviser,

- (i) according to the land concession contracts in respect of the Sites, the transfer of the legal title of the Sites before their completion of development as stipulated in the land concession contracts (the "**Pre-completion Transfer**") is subject to the prior approval of the Macau Government; and

- (ii) in the event that the Pre-completion Transfer is not permitted by the Macau Government, the Purchaser is entitled to, upon completion of the development of the Sites, transfer the legal titles of the properties which will be erected on the Sites to itself and/or the buyers of the properties pursuant to the Agreement and the laws of Macau.

Upon Completion, the Purchaser shall apply to the Macau Government for the Pre-completion Transfer.

### **Information on the Sites**

Details of the Sites are as follows:

- (i) Lot 6B

Lot 6B was leased to the Vendor for a term of 25 years commencing on 26 December 1989 (i.e. until 25 December 2014), renewable for periods of 10 years until 19 December 2049. The renewal is subject to the completion of the development stated by the lease and the payment of a lump sum special contribution which corresponds to 10 years of updated rent. The updated rent should be calculated according to the law which regulates the rent of the lands lease concession at the time of renewal.

Under the lease conditions, Lot 6B shall be developed with the construction of one building all with triple-deck platform and sixteen floors, for office, commerce and parking, with the following constructional floor areas: (a) office – 14,994 square meters; (b) commerce – 1,996 square meters; and (c) parking – 4,320 square meters.

Under the lease conditions, the development should have been completed within 60 months commencing from 26 December 1989 (i.e. until 25 December 1994). Notwithstanding the non development of Lot 6B in the contracted period mentioned above, the Macau Government has approved to postpone the development period within 36 months commencing from 15 April 2010 (i.e. until 14 April 2013).

- (ii) Lot 6C

Lot 6C was leased to the Vendor for a term of 25 years commencing on 21 December 1994 (i.e. until 20 December 2019), renewable for periods of 10 years until 19 December 2049. The renewal is subject to the completion of the development stated by the lease and the payment of a lump sum special contribution which corresponds to 10 years of updated rent. The updated rent should be calculated according to the law which regulates the rent of the lands lease concession at the time of renewal.

Under the lease conditions, Lot 6C shall be developed with the construction of one building all with double-deck cave, triple-deck platform and sixteen floors, for residence, commerce and parking, with the following constructional floor areas: (a) residence – 14,860 square meters; (b) commerce – 1,824 square meters; and (c) parking – 2,584 square meters.

Under the lease conditions, the development should have been completed within 30 months commencing from 21 December 1994 (i.e. until 20 June 1997). Notwithstanding the non development of Lot 6C in the contracted period mentioned above, the Macau Government has approved to postpone the development period within 36 months commencing from 15 April 2010 (i.e. until 14 April 2013).

(iii) Lot 6D

Lot 6D was leased to the Vendor for a term of 25 years commencing on 21 December 1994 (i.e. until 20 December 2019), renewable for periods of 10 years until 19 December 2049. The renewal is subject to the completion of the development stated by the lease and the payment of a lump sum special contribution which corresponds to 10 years of updated rent. The updated rent should be calculated according to the law which regulates the rent of the lands lease concession at the time of renewal.

Under the lease conditions, Lot 6D shall be developed with the construction of one building all with double-deck cave, triple-deck platform and sixteen floors, for residence, commerce and parking, with the following constructional floor areas: (a) residence – 14,860 square meters; (b) commerce – 1,824 square meters; and (c) parking – 2,584 square meters.

Under the lease conditions, the development should have been completed within 30 months commencing from 21 December 1994 (i.e. until 20 June 1997). Notwithstanding the non development of Lot 6D in the contracted period mentioned above, the Macau Government has approved to postpone the development period within 36 months commencing from 15 April 2010 (i.e. until 14 April 2013).

(iv) Lot 6E

Lot 6E was leased to the Vendor for a term of 25 years commencing on 21 December 1994 (i.e. until 20 December 2019), renewable for periods of 10 years until 19 December 2049. The renewal is subject to the completion of the development stated by the lease and the payment of a lump sum special contribution which corresponds to 10 years of updated rent. The updated rent should be calculated according to the law which regulates the rent of the lands lease concession at the time of renewal.

Under the lease conditions, Lot 6E shall be developed with the construction of one building all with double-deck cave, triple-deck platform and sixteen floors, for residence, commerce and parking, with the following constructional floor areas: (a) residence – 14,860 square meters; (b) commerce – 1,824 square meters; and (c) parking – 2,584 square meters.

Under the lease conditions, the development should have been completed within 30 months commencing from 21 December 1994 (i.e. until 20 June 1997). Notwithstanding the non development of Lot 6E in the contracted period mentioned above, the Macau Government has approved to postpone the development period within 36 months commencing from 15 April 2010 (i.e. until 14 April 2013).

The development at the Sites is regulated by the Despatch of the Macau Executive Chief no. 83/2008 as the Sites are part of the area surrounding the Guia Lighthouse and shall comply with the maximum altitude permitted for building construction and the calculation of the shadow area established under the article no. 88 of the General Regulation of Urban Construction of Macau. Therefore, the final approved constructional floor areas of the Sites will differ from those disclosed above.

### **Consideration**

The Consideration for the Property Leasehold Right is HK\$550 million, which has been and shall be satisfied by the Purchaser in cash in the following manner:

- (1) a 10% deposit of HK\$55 million has been paid to the Vendor upon the signing of the Agreement; and
- (2) the balance of HK\$495 million shall be paid to the Vendor upon Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser. The Consideration will be funded from/by internal resources of the Company, bank borrowings and/or equity financing.

An independent professional valuer appointed by the Purchaser has estimated the market value of the Sites at HK\$1,091 million as at 30 November 2010. The Consideration represents a 49.59% discount to the estimated market value of the Sites as at 30 November 2010.

### **Conditions precedent**

Completion of the Agreement is conditional upon the Shareholders (other than those who are required to abstain from voting, if any) approving the Agreement and the transactions contemplated by the Agreement and all filings with any relevant governmental or regulatory authorities in Hong Kong, Bermuda or elsewhere which are required or appropriate for the entering into and the implementation of the Agreement having been obtained, given or made.

In the event that the approval from the Shareholders (other than those who are required to abstain from voting, if any) for the Agreement and the transactions contemplated by the Agreement is not obtained by the Long Stop Date, Mr. Heung irrevocably and unconditionally undertakes and agrees to assume the obligations and liabilities of the Purchaser under the Agreement.

### **Completion**

Upon Completion, the Vendor shall sign the Power of Attorney and the Declaration of Undertaking to the Purchaser or its nominee and hand over the Sites being unoccupied and free from any encumbrances, debts, promissory sale and leases (other than those subsisting and are known to the Purchaser) to the Purchaser or its nominee.

### **The Power of Attorney**

Pursuant to the Agreement, the Vendor irrevocably warrants, guarantees and undertakes to the Purchaser, the Company and Mr. Heung that the Power of Attorney shall not be revoked. Upon Completion, the Vendor shall give an undertaking to the Purchaser that (i) the Vendor shall not revoke the Power of Attorney without the Purchaser's prior written consent and (ii) the Vendor shall maintain all legal power of the Power of the Attorney under the Agreement by signing the Declaration of Undertaking.

The principal terms of the Power of Attorney are as follows:

- (i) to represent the Vendor before any public or private entities, particularly the Macau Public Works Department, the Macau Properties Registry, the Macau Tax Department, the Macau Civic and Municipal Matters Institute, the Macau Fire Department and the Macau Police, in everything that relates to the Sites namely its combination in on sole plot for development under development, as also any information on construction indices and for any type of licenses whatsoever howsoever, including licenses for foundations and construction;
- (ii) to submit construction projects, as also any technical submissions required thereon or requested by the Macau Public Works Department or any other public entity or private entities or agency;
- (iii) to negotiate with the Macau Government to review the concession contract by lease, taking any decisions in that regard, including on the contractual clauses relating to the term, development and purposes, premiums and other charges and require the renewal of the permanent or temporary concession at the end of their term;
- (iv) to apply for a revised land concession contract from the relevant government authorities in Macau and to accept assignment of any interest relating directly to the Sites as the Purchaser may think fit and to make all payments and enter into all covenants execute all such deeds and do all things which may be necessary for obtaining the review of land concession contract of the Sites, for redevelopment conditions to be included as also the transfer of its ownership to the Purchaser or such other person as it may think fit;



- (v) to request the transmission of the right resulting from the land concession, irrespective of being temporary or permanent, receive the deposit, following deposits and its price, and provide for their discharge;
- (vi) to accept the terms and conditions of such transmission;
- (vii) to administer and manage the constructions, namely by signing agreements with developers and contractors and practicing all such acts and executing all such agreements with the purpose of developing the Sites fully and completely;
- (viii) to rent, renew, terminate, or in any way to terminate the lease of the property or the buildings erected on it, receive rents, even those deposited, deposit of rents and other payments; and
- (ix) in general, do all such acts that the attorney considers necessary, useful or convenient for the full compliance with this mandate, intended to carry out the duty of developing the Sites only.

#### **Indemnity given to the Vendor**

Under the Agreement, the Purchaser shall on demand indemnify, defend and hold harmless the Vendor against all damages, loss, costs, charges, claims, levies, penalties, taxes or expenses, including legal fees on a full indemnity basis and out-of-pocket expenses (the “**Liabilities**”), which the Vendor may incur as a result of any liabilities or matters arising in relation or in connection to the Sites after the Completion, including but without limitation to the following any Liabilities arising as a result of or in connection with:

- (i) a breach by the Purchaser or any of its obligations under the Agreement. All acts or omission by the Purchaser, its officers, directors, appointees, assignees, guests and invitees shall be deemed to be an act or omission by the Purchaser;
- (ii) the submissions made by the Purchaser after the Completion and made pursuant to the Agreement;
- (iii) the issuing of the Power of Attorney and the Declaration of the Undertaking by the Vendor in favour of the Purchaser or its nominee and the granting to the Purchaser or its nominee the powers thereunder contained and made pursuant to the Agreement (including any amendment, extension or waiver thereon) and all acts by the Purchaser or its nominee exercised under the Power of Attorney;
- (iv) the Purchaser selling, disposing, charging or in any way deal with the Sites or the Property Leasehold Right or any part thereof;
- (v) any occupier’s liabilities arising as a result of the Vendor remaining as the registered owner of the Sites;



- (vi) contracts, agreements, promises, compromises made by the Purchaser in respect of the Sites and/or the Property Leasehold Right or any part thereof; and
- (vii) all costs in connection with the protection, enforcement or prosecution of any of the Vendor's rights under the Agreement (including the Power of Attorney) or for actions taken by third parties, including but without limitation to the Macau Government.

## **UNDERTAKING GIVEN BY MR. HEUNG TO THE PURCHASER AND THE COMPANY**

As the Purchaser has paid the deposit of HK\$55 million to the Vendor pursuant to the Agreement and Mr. Heung irrevocably and unconditionally undertakes and agrees to assume the obligations and liabilities of the Purchaser under the Agreement in the event that the approval of Shareholders (other than those who are required to abstain from voting, if any) for the Acquisition is not obtained by the Long Stop Date, Mr. Heung, on 23 December 2010 (after trading hours of the Stock Exchange), gave the Undertaking to the Purchaser and the Company in order to avoid a provision of financial assistant by the Group under the Listing Rules.

Pursuant to the Undertaking, Mr. Heung undertakes to the Purchaser and the Company that in the event the approval of Shareholders (other than those who are required to abstain from voting, if any) for the Acquisition is not obtained, Mr. Heung shall, within 14 days from written demand by the Purchaser and/or the Company fully and effectively pay to the Purchaser and/or the Company the amount of HK\$55 million, being the deposit paid by the Purchaser to the Vendor pursuant to the Agreement.

## **REASONS FOR THE ACQUISITION**

Upon Completion, the Group intends to develop the Sites into office units and residential apartments for sale.

With a rise of 27.1% year on year in real terms for the third quarter of Macau's GDP in 2010, the Directors are confident in Macau's economy as well as its property market in coming years. The Directors expect the outlook for Macau's property market to be positive, which is supported by the following:

- (i) Macau's real interest rates will likely remain in the negative regime for coming years, which provides a favourable environment for property investment;
- (ii) a low jobless rate of 2.9% in the third quarter of 2010 infers a better job security, which may fuel demand from local end-users;
- (iii) the reactivation of construction projects on the Cotai Strip will further strengthen the local labour market, which leads a stronger local consumption and property investment demand in Macau; and

- (iv) the PRC Central Government's policy strategy for developing Macau into an important platform for economic co-operation and trade between Mainland China and Portugueses-speaking countries.

Given positive signs for Macau's tourism continue, as the total visitor arrivals increased by more than 22% year on year in the year to 16,749,204 in August 2010 and the superb location of the Sites which is adjacent to Hotel Lan Kwai Fong, Macao Polytechnic Institute, Forum de Macao and Golden Lotus Square and is couple blocks away from Macau Fisherman's Wharf and Sands Casino, the Group also intends to develop the street level of the Sites into an area consisting of restaurants, bars, nightclubs and art galleries in order to create traffic in the surrounding area of Hotel Lan Kwai Fong.

Based on the above, the Directors (excluding the independent non-executive Directors whose views are to be included in the circular to be despatched by the Company to the Shareholders) believe that the Acquisition will diversify the Group's investment portfolio in Macau and broaden its revenue base which have a positive impact on the Group's long-term profitability and consider that the Acquisition is in the interest of the Company and the Shareholders as a whole. As the Consideration represents a 49.59% discount to the estimated market value of the Sites as at 30 November 2010, the Directors (excluding the independent non-executive Directors whose views are to be included, in the circular to be despatched by the Company to the Shareholders) are of the view that the terms of the Agreement are fair and reasonable.

#### **INFORMATION ON THE DEVELOPMENT OF THE SITES**

As none of the Directors currently has the specific experience and expertise in the field of property construction and development, the Group will outsource the development of the Sites to a third-party contractor responsible for the design and construction of the Sites. At this stage, no specific third-party contractor has been appointed by the Company for the development of the Sites.

The Company is not yet in the planning stage and is currently pending for future design and development.

#### **IMPLICATION OF THE LISTING RULES**

The Acquisition constitutes a very substantial acquisition for the Company under Rule 14.06(5) of the Listing Rules. As the Vendor is an associate of Dr. Ho, a connected person of the Company, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. In addition, as Mr. Heung is a cosigner to the Agreement, Mr. Heung is considered to have an interest in the Agreement. Accordingly, the Acquisition is subject to the approval of the Independent Shareholders at the SGM. Dr. Ho, the Vendor, Mr. Heung and their respective associates shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transaction contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

## **GENERAL**

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, investing in operations which receive the profit streams from the gaming promotion business and property and hotel investment.

As more time may be required to prepare the financial information to be included in the circular, a circular containing, amongst other things, (i) further details of the Acquisition; (ii) the letter of advice from the Independent Board Committee to Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition; (iii) the independent valuation report of the Sites; (iv) the financial information of the Group as enlarged by the Property Leasehold Right; and (v) the notice of the SGM will be dispatched to the Shareholders on or before 28 February 2011.

## **SUSPENSION AND RESUMPTION OF TRADING**

Trading in the Shares and the Warrants on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 24 December 2010 pending the release of this announcement. The Company has applied for a resumption of trading in the Shares and the Warrants with effect from 9:30 a.m. on 10 January 2011.

## **TERMS USED IN THIS ANNOUNCEMENT**

“Acquisition”	the proposed acquisition of the Property Leasehold Right by the Purchaser from the Vendor pursuant to the Agreement
“Agreement”	the conditional agreement dated 23 December 2010 entered into between the Purchaser, the Vendor, the Company and Mr. Heung relating to the sale and purchase of the Property Leasehold Right
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of the Directors
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Agreement

“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration”	HK\$550 million, being the consideration payable by the Purchaser to the Vendor for the Property Leasehold Right under the Agreement
“Declaration of Undertaking”	the undertaking to be given by the Vendor in favor of the Purchaser for (i) not revoking the Power of Attorney without the Purchaser’s prior written consent and (ii) maintaining all legal power of the Power of Attorney under the Agreement
“Directors”	the directors of the Company
“Dr. Ho”	Dr. Ho Hung Sun, Stanley, the chairman and a director of Lan Kwai Fong (Macau) and also a director and a shareholder of the Vendor
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	The independent board committee comprising all independent non-executive Directors to advise the Independent Shareholders on the Acquisition
“Independent Shareholders”	Shareholders other than Dr. Ho, the Vendor, Mr. Heung and their respective associates
“Lan Kwai Fong (Macau)”	Hotel Lan Kwai Fong (Macau) Limited, a company incorporated in Macau and a 50% owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2011 or such other date as the parties to the Agreement may agree

“Lot 6B”

an undeveloped parcel of land named as “Quarteirão 6 – Lote B”, located in Macau at Zona de Aterros do Porto Exterior (ZAPE), with a total site area of 1,420 square meters, including walkways and other external areas, legally and validly granted to the Vendor under leasehold by Dispatch no. 27/SATOP/89, published in the Macau Official Gazette on 26 December 1989, and later reviewed by Dispatch no. 149/SATOP/97, published in the Official Gazette no. 49 of 3 December 1997, for which certain infrastructures shall be paid by the lessee, which is registered in the Macau Properties Registry under no. 22608 and currently bounded by Rua de Xiamen on the west and Rua de Luis Gonzaga Gomes on the north, is adjacent to Lot 6C to the east

“Lot 6C”

an undeveloped parcel of land named as “Quarteirão 6 – Lote C”, located in Macau at Zona de Aterros do Porto Exterior (ZAPE), with a total site area of 1,292 square meters, including walkways and other external areas, legally and validly granted to the Vendor under leasehold by Dispatch no. 148/SATOP/94, published in the Macau Official Gazette on 21 December 1994, for which certain infrastructures shall be paid by the lessee, which is registered in the Macau Properties Registry under no. 22618 and currently bounded by Rua de Luis Gonzaga Gomes on the north, Lot 6B on the west and Lot 6D on the east

“Lot 6D”

an undeveloped parcel of land named as “Quarteirão 6 – Lote D”, located in Macau at Zona de Aterros do Porto Exterior (ZAPE), with a total site area of 1,292 square meters, including walkways and other external areas, legally and validly granted to the Vendor under leasehold by Dispatch no. 149/SATOP/94, published in the Macau Official Gazette on 21 December 1994, for which certain infrastructures shall be paid by the lessee, which is registered in the Macau Properties Registry under no. 22619 and currently bounded by Rua de Luis Gonzaga Gomes on the north, Lot 6C on the west and Lot 6E on the east

“Lot 6E”	an undeveloped parcel of land named as “Quarteirão 6 – Lote E”, located in Macau at Zona de Aterros do Porto Exterior (ZAPE), with a total site area of 1,292 square meters., including walkways and other external areas, legally and validly granted to the Vendor under leasehold by Dispatch no. 150/SATOP/94, published in the Macau Official Gazette on 21 December 1994, for which certain infrastructures shall be paid by the lessee, which is registered in the Macau Property Registered under no. 22620 and currently bounded by Rua de Luis Gonzaga Gomes on the north, Lot 6D on the west
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Heung”	Mr. Heung Wah Keung, an executive Director
“Power of Attorney”	the power of attorney to be granted by the Vendor in favor of the Purchaser or its nominee in the form set out in the Agreement upon Completion
“Property Leasehold Right”	the set of rights and obligations currently held by the Vendor under the leasehold granted by the Macau Government over the Sites at the date of the Agreement
“Purchaser”	Triumph Top Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Sites”	Lot 6B, Lot 6C, Lot 6D and Lot 6E
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Undertaking”	the undertaking given by Mr. Heung in favor of the Purchaser and the Company on 23 December 2010

“Vendor”	Sociedade de Turismo e Diversões de Macau, S.A., a company incorporated in Macau
“Warrants”	an amount of HK\$111,525,643.67 warrants outstanding entitling the holders thereof to subscribe for new share of the Company at a subscription price of HK\$0.185 (subject to further adjustment) pursuant to the warrant instrument of the Company dated 15 June 2010
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 January 2011

*As at the date of this announcement, the executive Directors are Mr. Heung Wah Keung (Chairman), Ms. Chen Ming Yin, Tiffany (Vice Chairman) and Ms. Li Yuk Sheung; the independent non-executive Directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.*