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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

CLARIFICATION ANNOUNCEMENT AND DELAY IN DESPATCH OF CIRCULAR

Reference is made to the announcement of China Star Entertainment Limited (the “**Company**”) dated 16 October 2017 (the “**Announcement**”) relating to the very substantial disposal of the SP Agreement regarding the Target Group entered into between the Seller and Buyer. Unless otherwise stated, defined terms used in this announcement shall have the same meanings as used in the Announcement.

CLARIFICATION

The Board would like to clarify that the estimated net gain on the Disposal shall be approximately HK\$1,441.9 million instead of approximately HK\$648.0 million as set out in the paragraph headed “Financial effect of the Disposal” on page 10 of the Announcement. The revised estimated net gain of approximately HK\$1,441.9 million is derived from gain on the Disposal of approximately HK\$1,443.9 million after deduction of estimated transaction costs for the Disposal of approximately HK\$2 million. Such gain on the Disposal of approximately HK\$1,443.9 million represents (i) the net Sale Price to be received by the Company from the Disposal of approximately HK\$1,613.3 million (i.e. the Sale Price of HK\$2,000 million, after the deduction of bank loans with an aggregate principal amount of HK\$730 million owing by the Target Group to a commercial bank as at 30 June 2017 and adding the adjustment on Sale Price of cash received from the net assets of the Target Group as at 30 June 2017 in the amount of approximately HK\$343.3 million, representing an estimated adjustment in “actual working capital” of the Target Group), minus (ii) the loans owing to the Seller by each of the Target Companies in an aggregate amount of approximately HK\$327.9 million as at 30 June 2017, and add (iii) the net liabilities of the Target Group as at 30 June 2017 of approximately HK\$158.5 million. The above discrepancy is mainly due to the inadvertent mistake in the inclusion of the carrying value of property, plant and

equipment of the Target Group of approximately HK\$653.3 million. The estimated net gain on the Disposal set out above is for illustrative purpose only. The actual gain 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.

Save and except for the above, the contents of the Announcement remain full, complete and accurate in all material aspect.

DELAY IN DESPATCH OF CIRCULAR

As disclosed in the Announcement, a circular (the “**Circular**”) containing, among other things, (i) details of the Disposal and the SP Agreement; (ii) a valuation report in respect of the Properties; (iii) a notice convening a special general meeting of the Company to approve (among other matters) the SP Agreement and the transactions contemplated thereunder, was expected to be despatched to the Shareholders on or before 17 November 2017.

As additional time is required for the Company to finalise certain information to be included in the Circular, the despatch date of the Circular to the Shareholders is expected to be delayed to a date on or before 21 November 2017.

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

Hong Kong, 17 November 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; and the independent non-executive Directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.