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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

COMPLETION ACCOUNTS AND ACTUAL WORKING CAPITAL IN RESPECT OF VERY SUBSTANTIAL DISPOSAL

Reference is made to the announcements of China Star Entertainment Limited (the “**Company**”) dated 16 October 2017, 17 November 2017, 11 December 2017 and 3 January 2018 respectively and the circular of the Company dated 21 November 2017 (the “**Circular**”), in relation to (among others) the disposal of the Sale Shares and Shareholder Loans of the Target Group. Unless otherwise defined herein, capitalised terms used herein shall have the same meanings as defined in the Circular.

As disclosed in the Circular, pursuant to the terms of the SP Agreement, the parties to the SP Agreement agreed 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 assets amount equal to or more than HK\$0.5 million, the Buyer shall pay to the Seller such net assets amount; or (ii) a net liabilities amount equal to or more than HK\$0.5 million, the Seller shall pay to the Buyer such net liabilities amount.

According to the Completion Accounts and the working capital statement prepared by the Company and reviewed and confirmed by the Buyer, which were finalised on 14 March 2018, the actual working capital as at 11:59 p.m. on the Business Day immediately before the Completion Date on 3 January 2018 was approximately HK\$34.4 million. The actual working capital was calculated in accordance with the methodology set out in the SP Agreement, being (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.

As the actual working capital represents a net assets amount more than HK\$0.5 million, the Buyer is obliged to pay the Seller such net assets amount within 10 Business Days after the date of finalisation of the Completion Accounts. The Sale Price of HK\$2,000 million is adjusted by adding the cash to be received from such net assets amount of the Target Group of approximately HK\$34.4 million, which amounted to approximately HK\$2,034.4 million upon adjustment.

By Order of the Board
CHINA STAR ENTERTAINMENT LIMITED
Heung Wah Keung
Chairman

Hong Kong, 15 March 2018

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.