
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Star Entertainment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF RIGHTS AND NOTICE OF SPECIAL GENERAL MEETING

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



A notice convening the special general meeting of China Star Entertainment Limited to be held at Golden Restaurant, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 8 July 2024 at 4:00 p.m. is set out on pages 57 to 58 of this circular. A form of proxy for use at the special general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.chinastar.com.hk), respectively. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof if they so wish.

17 June 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

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| “2017 Circular” | the Company’s circular dated 10 March 2017 in relation to, among other things, the acquisition of the entire issued share capital of Modern Vision and the obligations, liabilities and debts owed or incurred by Modern Vision to Ms. Chen; |
| “Acquisition” | the acquisition of the Rights pursuant to the Agreement; |
| “Adjustment” | has the meaning as set out in the section headed “Consideration”; |
| “Agreement” | the agreement dated 20 February 2024 entered into between Modern Vision, Reform Base and Ms. Chen relating to the Acquisition; |
| “Amount Due” | amounts due from Reform Base to Ms. Chen from time to time in connection with the financing of Reform Base’s acquisition of the Property which as at the date of this circular, is approximately HK\$250,000,000; |
| “Announcement” | the Company’s announcement dated 20 February 2024 in relation to, amongst others, the Agreement pursuant to which Reform Base has agreed to transfer the Rights to Modern Vision for HK\$500,000,000 (subject to the Adjustment); |
| “associate” | has the meaning ascribed to it under the Listing Rules; |
| “Best Combo” | Best Combo Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company; |
| “Board” | the board of Directors; |
| “Business Day” | a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business; |
| “Bye-laws” | the bye-laws of the Company, as may be amended from time to time; |
| “Call Option” | the option granted by Reform Base to Modern Vision, pursuant to which Modern Vision has the right to require Reform Base to sell the Call Option Shares to it (or its nominee); |
| “Call Option Price” | HK\$1.00; |

DEFINITIONS

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| “Call Option Shares” | all the shares in Over Profit directly or indirectly held/controlled/ owned by Reform Base; |
| “Company” | China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Stock Exchange; |
| “Completion” | completion of the transaction contemplated under the Agreement; |
| “connected person” | has the meaning ascribed to it under the Listing Rules; |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “Consideration” | HK\$500,000,000 (subject to the Adjustment); |
| “Deed of Assignment” | a deed of assignment in respect of the assignment by Reform Base to Modern Vision of the Amount Due; |
| “Deed of Termination” | a deed of termination of the Reform Base Call Option to be entered into between Ms. Chen and Best Combo; |
| “Directors” | the director(s) of the Company; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | Hong Kong Special Administrative Region of The People’s Republic of China; |
| “Independent Board Committee” | the independent board committee comprising Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander, all of which are independent non-executive Directors to advise the Independent Shareholders on the Agreement and the transaction contemplated thereunder; |
| “Independent Financial Adviser” | Astrum Capital Management Limited, a corporation licensed to carry out Type 1 (dealing on securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed for the purpose of advising the Independent Board Committee and the Independent Shareholders as to the transaction contemplated under the Agreement; |
| “Independent Shareholders” | Shareholders other than Ms. Chen and her associates; |

DEFINITIONS

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| “Independent Third Party” | person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules); |
| “Latest Practicable Date” | 13 June 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Loan” | the HK\$500 million loan granted by Best Combo to Ms. Chen pursuant to the Loan Agreement; |
| “Loan Agreement” | the loan agreement dated 29 November 2016 as supplemented or varied from time to time entered into between Best Combo and Ms. Chen in relation to the Loan and announced by the Company on 5 December 2016; |
| “Longstop Date” | 30 September 2024 or such other date as the parties to the Agreement may agree in writing; |
| “Macau” | Macau Special Administrative Region of The People’s Republic of China; |
| “Modern Vision” | Modern Vision (Asia) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Best Combo and the Company; |
| “Ms. Chen” | Ms. Chen Ming Yin, Tiffany, an executive Director and a controlling shareholder; |
| “Over Profit” | Over Profit International Limited, a company incorporated in the British Virgin Islands with limited liability and which is owned as to 50% by Modern Vision, 25% by Reform Base and 25% by an Independent Third Party; |
| “PRC” | The People’s Republic of China which, for the purposes of this circular, excludes Hong Kong, Macau and Taiwan (unless otherwise indicated); |

DEFINITIONS

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| “Prelim Figures” | means the gross construction floor area of the Property of: (a) residential 26,047 square meters; and (b) parking 5,200 square meters, compiled in accordance with the parameters of the UCP on 15 September 2016 of the Property; |
| “Property” | the Property is a lot of land granted by the land lease concession under the Dispatch no. 69/2001 of Secretary for Transport and Public Works of Macau which is published in the Macau SAR Government Gazette no. 34, dated 22 August 2001, with the area of 4,669 square meters, named “Lote 7 da Zona C do Plano de Urbanização da Zona da Baía da Praia Grande”, located at Avenida Doutor Stanley Ho S/N, registered with the Macau Land and Real Estate Registry under no. 23070; |
| “Reform Base” | Reform Base Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by Ms. Chen; |
| “Reform Base Call Option” | the call option granted by Ms. Chen to Best Combo to acquire all the issued shares in Reform Base as further detailed in the 2017 Circular; |
| “Rights” | the rights in relation to the shareholding of Reform Base in Over Profit, details of which are set out in this circular; |
| “Share(s)” | the ordinary share(s) of HK\$0.01 each in the share capital of the Company; |
| “Shareholder(s)” | the holder(s) of the Share(s); |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time; |
| “SGM” | the special general meeting of the Company to be convened and held at Golden Restaurant, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 8 July 2024 at 4:00 p.m. to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder; |
| “Splendid” | Splendid Construction and Investment Company Limited, a company incorporated in Macau with limited liability and an indirect wholly-owned subsidiary of Over Profit, formerly incorporated under the name Companhia de Construção e Investimento Predial Legstrong Limitada; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |

DEFINITIONS

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| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules; |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; and |
| “%” | per cent. |

LETTER FROM THE BOARD



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

Executive Directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung

Independent non-executive Directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Tai Kwok Leung, Alexander

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal place of business

in Hong Kong:
Unit 3409
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

17 June 2024

To the Shareholders

Dear Sir or Madam,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF RIGHTS AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Agreement and the transaction contemplated thereunder, (ii) the letter from Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Agreement and the transaction contemplated thereunder, (iii) the letter of advice from Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, (iv) other information as required under the Listing Rules, and (v) the notice convening the SGM to consider and, if thought fit, to approve the Agreement and the transaction contemplated thereunder.

LETTER FROM THE BOARD

THE AGREEMENT

The principal terms of the Agreement are as follows:

Date: 20 February 2024

Parties:

- (i) Purchaser: Modern Vision (Asia) Limited, an indirect wholly-owned subsidiary of the Company
- (ii) Vendor: Reform Base Holdings Limited
- (iii) Guarantor of the Vendor: Ms. Chen Ming Yin, Tiffany

Reform Base is wholly-owned by Ms. Chen, who is an executive Director and a controlling shareholder of the Company. As such, Ms. Chen is a connected person of the Company under Chapter 14A of the Listing Rules. Ms. Chen has agreed to guarantee the obligations, commitments and undertakings of Reform Base pursuant to the Agreement.

Pursuant to the Agreement, Modern Vision has agreed to acquire the Rights from Reform Base.

The Rights comprises the following:

- (A) the right of Modern Vision to make recommendations to Reform Base on the management and operations of Over Profit upon which Reform Base shall adhere to such recommendations;
- (B) the right of Modern Vision to make recommendations of such persons as Modern Vision may elect to be directors of Over Profit and upon which Reform Base shall adhere to such appointment; and;
- (C) the right for Modern Vision to receive dividends and other distribution of Over Profit payable or due to Reform Base.

The major asset of Reform Base is its 25% equity interest in Over Profit. Over Profit is accounted for as a subsidiary of Modern Vision, where the financial results of Over Profit and its subsidiaries are consolidated into those of Modern Vision.

Over Profit is an investment holding company owned as to 50% by Modern Vision, 25% by Reform Base and 25% by an Independent Third Party. Over Profit indirectly holds a 100% equity interest in Splendid. Splendid is the registered and beneficial owner of the Property. Modern Vision controls the board of directors of Over Profit and as such, its financials are consolidated into that of the Company as if it were a subsidiary.

LETTER FROM THE BOARD

Information On The Property And Chronology of Development Approval

The Property is a lot of land granted by the land lease concession (the “**Land Grant**”) to Splendid under the Dispatch No. 69/2001 of Secretary for Transport and Public Works of Macau published in the Macau Government Gazette No. 34 dated 22 August 2001, with the area of 4,669 square meters, named “Lote 7 da Zona C do Plano de Urbanização da Zona da Baía da Praia Grande”, located at Avenida Doutor Stanley Ho S/N and is registered with the Macau Land and Real Estate Registry under No. 23070.

According to the Land Grant, the Property is leased to Splendid for a term of 25 years commencing on 22 August 2001, i.e. until 21 August 2026, and subject to the completion of the development, shall be automatically renewable for successive periods of 10 years up until 19 December 2049 in accordance with the legislation in force in Macau. Under an initial proposal to the Land Grant, the Property was to be developed into a building under strata title, for residential, commerce and parking, with the gross floor areas (in square meters): (i) residential 25,832; (ii) commerce 215; and (iii) parking 3,930.

The development of the Property should have been completed within a term of 60 months commencing on 22 August 2001, i.e. until 21 August 2006 (the “**Development Period**”). Due to the pending of the finalization by the Macau Government of the master plan for the development of the Nam Van District, of which the Property comprises a portion, the Land and Urban Construction Bureau of Macau (“**DSSCU**”) had not granted a permit for the development of the Property.

In September 2006, Splendid received the proposed draft contract of amendment to the Land Grant with the gross floor areas (in square meters): (i) residential 59,160; (ii) commerce 1,700; and (iii) private parking 12,966; (iv) public parking 9,821; (v) free area with equipment 428; and (vi) free area without equipment 2,308. In June 2009, Splendid received a letter from DSSCU that informing it that the proposed draft contract of amendment to the Land Grant was rejected. On 15 September 2016, according to the Urban Conditions Plan (the “**UCP**”) issued by DSSCU, Splendid was informed that the maximum allowed height of the building to be built on the Property is 34.5 meters above sea level with a maximum utilization rate of 5.58 (parking not included). As a result, a new development plan was submitted to the DSSCU for approval in December 2017. Furthermore, an application was made in August 2019 for an extension to the Development Period. Following further negotiations with the DSSCU, a further revised development plan was submitted to the DSSCU in September 2019. Between May and July 2023, a new UCP was issued by DSSCU with a maximum allowed height of the building to be built on the Property at 46.7 meters above sea level and the approval for the Development Period was extended to 21 August 2026.

In around July 2023, a new revised development plan was submitted to the DSSCU for approval. The development plan submitted to the DSSCU for approval indicated that the Property will be developed into a thirteen storey building and one basement and will have a gross floor area of (a) residential – 25,832 square meters, (b) commercial – 215 square meters and (c) parking – 3,930 square meters which is same as the initial Land Grant. It will provide 345 residential units, a commercial unit, and 147 carparks and 29 motorcycle parking spaces at the underground level. On 5 October 2023, the development plan was conditionally approved by DSSCU and the construction permit for the foundations and retaining works of the Property was issued on 5 December 2023 with construction commencing on 14 December 2023.

LETTER FROM THE BOARD

Call Option

Pursuant to the Agreement, Reform Base has granted Modern Vision the option to require Reform Base, anytime after Completion, to sell all its shareholding interest in Over Profit to Modern Vision for HK\$1.00. If Modern Vision exercises its right with respect to the Call Option, it will comply with all applicable laws and regulations, including those in Macau, if necessary, with respect to the acquisition of such shares. As a result of this grant of the Call Option by Reform Base to Modern Vision, the Reform Base Call Option will be terminated on Completion.

The Loan Agreement entered into between Best Combo and Ms. Chen dated 29 November 2016 as supplemented or varied from time to time, relates to the HK\$500 million loan granted by Best Combo to Ms. Chen.

Pursuant to the Loan Agreement, Ms. Chen has granted the Reform Base Call Option to Best Combo which allows Best Combo to require Ms. Chen to sell the entire issued share capital of Reform Base held by Ms. Chen to it at the principal amount of the Loan minus the loan amount adjustment (as defined in the 2017 Circular), if any, at any time within 60 months after the date of drawdown of the Loan. In light of the granting of the Call Option by Reform Base to Modern Vision pursuant to the Agreement, the Reform Base Call Option will be terminated on Completion.

Consideration

The Consideration, being HK\$500 million (subject to the Adjustment (as detailed below)), was determined between Reform Base and Modern Vision on a “willing buyer – willing seller” basis having regards to (i) the UCP issued by DSSCU; (ii) the Prelim Figures of (a) residential of 26,047 square meters and (b) parking of 5,200 square meters, which are compiled in accordance with the parameters of the UCP; (iii) Modern Vision’s 50% indirect interest in the Property; and (iv) the property valuation of HK\$2,000 million at 28 February 2017 conducted by Roma Appraisals Limited, an independent valuer appointed by the Company based on the Prelim Figures. The valuation of the Property was based on market approach by making reference to comparable sales transactions as available in the relevant market. When determining the Consideration in or around December 2023 to January 2024, the Company had considered that it had always intended to buy the additional indirect 25% interest in the Property and for Ms. Chen to sell that interest to the Company at the consideration (i.e. Reform Base’s 25% indirect interest in the Property, being HK\$500 million (subject to the Adjustment)) as disclosed in the 2017 Circular when they entered into the Loan Agreement.

The major concern of the Company had always been to determine what the gross construction areas of the Property would be as it had not yet been approved by DSSCU. As the original Consideration had already built in an adjustment mechanism to take into account the gross development value of the Property, it was appropriate to continue to use the same valuation as disclosed in the 2017 Circular as a factor in determining the Consideration. Notwithstanding that the valuation report was conducted over six years ago, the Directors were advised by Roma Appraisals Limited (the independent valuer that had conducted the valuation in 2017) in or around October 2023 that there was no material difference in the valuation of the Property in 2017 as compared to October 2023.

LETTER FROM THE BOARD

The Independent Financial Adviser has referenced the valuation prepared by Jones Lang Lasalle Limited on 31 December 2023 (“**JLL Valuation**”) in assessing the fairness and reasonableness of the terms of the Agreement. Notwithstanding that the Independent Financial Adviser based their assessment on the JLL Valuation and that the Directors based their assessment on the valuation as disclosed in the 2017 Circular, the Directors consider that the basis of both valuations does not contradict with each other and therefore the terms of the Agreement are fair and reasonable.

A copy of the valuation report as disclosed in the 2017 Circular is contained in Appendix II to this circular and a copy of the valuation report as referred to in the letter from the independent financial adviser is contained in Appendix III to this circular. The Directors (excluding the independent non-executive Directors who require the advice and recommendation of the Independent Financial Adviser before opining on the Agreement) consider that the terms of the Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Consideration shall be satisfied by setting-off such amount from the amount outstanding under the Loan.

The Consideration shall be subject to Adjustment. The Adjustment is made by reference to the gross construction floor area of the Property approved by the DSSCU (the “**Approved Figures**”) and calculated as follows:

$$\text{Adjustment} = \frac{\text{Consideration}}{\text{Prelim Figures}} \times (\text{Prelim Figures} - \text{Approved Figures})$$

where:

Prelim Figures = the gross construction floor area of the Property of (a) residential 26,047 square meters and (b) parking 5,200 square meters, compiled in accordance with the parameters of the UCP on 15 September 2016 of the Property

Approved Figures = the gross construction floor areas of the Property of (a) residential 25,832 square metres; (b) commerce 215 square metres; and (c) parking 3,930 square metres approved by DSSCU

Based on the above calculation, the amount of the Adjustment is approximately HK\$20,322,000. Payment of the Adjustment by Ms. Chen to Modern Vision shall be made between 6 and 12 months from the date of Completion. Accordingly, the Consideration actually payable for the Rights under the Agreement is HK\$479,678,000.

LETTER FROM THE BOARD

Conditions

Completion is conditional upon the following conditions being fulfilled and/or waived by Modern Vision of the following:

- (a) Modern Vision obtaining to its satisfaction a legal opinion from Macanese lawyers on, inter alia,
 - (i) confirming the legality of the transactions contemplated herein and that it does not breach any laws or regulations of Macau;
 - (ii) confirming that Splendid has good title to the Property; and
 - (iii) opining that the Land Grant is valid;
- (b) approval of the Independent Shareholders in connection with the transaction contemplated by the Agreement having been obtained;
- (c) warranties given by Reform Base in the Agreement remaining true and accurate in all material respects; and
- (d) compliance by the Company with all requirements of the Listing Rules in connection with the transaction contemplated therein.

As at the date of this circular condition (a) has been satisfied. Conditions (b) and (d) cannot be waived.

If the conditions of the Agreement are not fulfilled or waived (where applicable) in whole or in part by Modern Vision in writing, in its absolute discretion by no later than 5:00 p.m. on the Longstop Date or such other date as may be agreed in writing between Reform Base, Modern Vision and Ms. Chen, then the Agreement shall cease and be determined and all liabilities of the parties thereto will cease and no party will have any claim against the others (except in respect of any antecedent breaches and any matters or things arising out of or in connection with the Agreement).

Completion shall take place on the fifth Business Day after the fulfillment and/or waiver of the last of the conditions precedent in the Agreement or such later date as Reform Base, Modern Vision and Ms. Chen may agree in writing.

Completion

Reform Base shall:

- (i) deliver to Modern Vision a duly executed share charge over the shares of Over Profit by Reform Base;
- (ii) cause such persons as Modern Vision may elect as board members of Reform Base;

LETTER FROM THE BOARD

- (iii) deliver to Modern Vision a power of attorney appointing Modern Vision as its attorney to, inter alia, deal with Reform Base's rights as a shareholder of Over Profit including the following powers:
 - (1) convening and attending shareholders' meetings of Over Profit, and exercising shareholder's voting rights with regard to all matters discussed and resolved during the shareholders' meetings;
 - (2) executing shareholders' meeting records, resolutions and other legal documents of Over Profit;
 - (3) directing the directors nominated by Reform Base on the board of Over Profit to act according to the intentions of Modern Vision;
 - (4) exercising all other shareholders' rights under the constitutional documents of Over Profit; and
 - (5) dealing with the equity interests of Reform Base in Over Profit as it thinks fit.
- (iv) deliver to Modern Vision a duly executed Deed of Termination signed by Ms. Chen; and
- (v) deliver to Modern Vision a duly executed Deed of Assignment.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF THE RIGHTS

The Company is an investment holding company and the Group is principally engaged in investment, production, distribution and licensing of films and television drama series, provision of artist management services, properties development and investment, building management services, and development, promotion and operation in multi-channel e-commerce platform.

The Property is located at the Nam Van Lake, which is one of the two man-made lakes in the Macau Peninsula. In addition to the Macau Tower standing at the Nam Van Lake, Macau International Fireworks Display Contest is held in the Nam Van Lake in September and October every year. With its superb location and spectacular view overlooking the Macau Peninsula and the Cotai Island, the Company intends to develop the Property into high-end residential apartments for sale, details stated in the section "Information on the Property And Chronology of Development Approval".

As the right to develop the Property was obtained pursuant to the construction permit granted on 5 December 2023, the Company considers it is the right time to enter into the Acquisition and take a controlling and proactive approach to the development of the Property. The Acquisition would allow Modern Vision to have de facto full board control and receive all the financial benefits of Reform Base in Over Profit without taking on the liabilities and obligations of Reform Base as a shareholder of Over Profit.

LETTER FROM THE BOARD

The Acquisition can facilitate the development of the Property in terms of financing and resources allocation of the Company. The Company intends to obtain bank and other loan financing for the development and construction costs of the Property. It is essential for the Company to have de facto controlling interest in the Property and thus can implement the decision in an efficient manner. Besides, the Acquisition will enable the Company to fully utilize its existing property development capabilities and speed up the development and construction of the Property.

The Directors (excluding the independent non-executive Directors who require the advice and recommendation of the Independent Financial Adviser before opining on the Acquisition) believe that the Acquisition will facilitate the development and financing of the Property and maximise the Group's investment return in the Property which will have a positive impact on the Group's long-term profitability.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio regarding the transaction contemplated by the Agreement exceeds 5% but is lower than 25%, the transaction contemplated by the Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Reform Base is wholly-owned by Ms. Chen, a Director and a controlling shareholder, the entering into of the Agreement and the transaction contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Agreement and the transaction contemplated thereunder is subject to, among other things, the approval of the Independent Shareholders at the SGM. As at the Latest Practicable Date, Ms. Chen and her associates, are beneficially interested in an aggregate of 1,640,375,595 Shares, representing approximately 67.56% of the total number of Shares in issue, and shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transactions contemplated thereunder. Save for Ms. Chen and her associates, no other Shareholder is required to abstain from voting on the resolution to approve the Agreement and the transaction contemplated thereunder at the SGM.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transaction contemplated thereunder.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Agreement and the transaction contemplated thereunder.

Pursuant to the Listing Rules, the resolution to be proposed at the SGM will be taken by way of poll and an announcement will be made after the SGM on the results of the SGM.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

Independent Board Committee, comprising Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to (i) whether the Acquisition is on normal commercial terms and conducted in the Company's ordinary and usual course of business, whether its terms are fair and reasonable so far as the Independent Shareholders are concerned, and whether it is in the interests of the Company and the Shareholders as a whole, and (ii) how the Independent Shareholders should vote in respect of the resolution to approve the Agreement and transaction contemplated thereunder.

INDEPENDENT FINANCIAL ADVISER

Astrum Capital Management Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the transaction contemplated thereunder.

RECOMMENDATION

In view of the reasons for and benefits of the Acquisition thereunder as set out in the paragraphs headed "Reasons for and Benefits of the Acquisitions of the Rights" above, the Directors consider that the Acquisition will facilitate the development and financing of the Property and maximise the Group's investment return in the Property which will have a positive impact on the Group's long-term profitability. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Acquisition.

Your attention is drawn to (i) the letter from the Independent Board Committee included in this circular, which contains its recommendation to the Independent Shareholders as to the Agreement and the transaction contemplated thereunder, and (ii) the letter from the Independent Financial Adviser included in this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transaction contemplated thereunder and the reasons considered by it in arriving at its opinion.

GENERAL INFORMATION

Your attention is drawn to the additional information contained in Appendix I to this circular.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 3 July 2024 to Monday, 8 July 2024, both days inclusive, during which period, no share transfers can be registered. In order to qualify for attending and voting at the SGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Tuesday, 2 July 2024.

LETTER FROM THE BOARD

NOTICE OF SGM

Set out on pages 57 to 58 of this circular is the notice of SGM at which, inter alia, an ordinary resolution will be proposed to the Independent Shareholders to consider and approve Agreement and the transaction contemplated thereunder.

FORM OF PROXY

A form of proxy is enclosed with this circular for use at the SGM. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinastar.com.hk), respectively. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude the Shareholders from attending and voting at the SGM or any adjournment thereof if they so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules and bye-law 70 of the Bye-laws, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

On a poll, every Shareholder present in person or by proxy or (being a corporation) by its duly authorized representative shall have one vote for each Share registered in his name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his votes or cast all the votes he uses in the same way.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee setting out its recommendation to the Independent Shareholders regarding the Agreement and the transaction contemplated thereunder.



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 326)

17 June 2024

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF RIGHTS

We refer to the circular dated 17 June 2024 (the “**Circular**”) issued by China Star Entertainment Limited (the “**Company**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board as an independent board committee of the Company to advise the Independent Shareholders in connection with the Agreement and the transaction contemplated thereunder.

The Independent Financial Adviser has been appointed to advise us and the Independent Shareholders as to (i) whether the Acquisition is on normal commercial terms and conducted in the Group’s ordinary and usual course of business, whether its terms are fair and reasonable so far as the Independent Shareholders are concerned, and whether such terms are in the interests of the Company and the Shareholders as a whole, and (ii) how to vote on the resolution regarding the Acquisition. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 17 to 40 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Agreement and the transaction contemplated thereunder and the advice of the Independent Financial Adviser, we are of the opinion that notwithstanding that the entering into of the Agreement and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transaction contemplated thereunder.

Yours faithfully,

The Independent Board Committee of
China Star Entertainment Limited

Mr. Hung Cho Sing
*Independent Non-executive
Director*

Mr. Ho Wai Chi, Paul
*Independent Non-executive
Director*

Mr. Tai Kwok Leung, Alexander
*Independent Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Astrum Capital Management Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transaction contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

17 June 2024

To the Independent Board Committee and
the Independent Shareholders of
China Star Entertainment Limited

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF RIGHTS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee (the “**Independent Board Committee**”) and the independent shareholders (the “**Independent Shareholders**”) of China Star Entertainment Limited (the “**Company**”) regarding the acquisition (the “**Acquisition**”) of rights in relation to the shareholding of Reform Base Holdings Limited (“**Reform Base**”) in Over Profit International Limited (“**Over Profit**”). The details of the Acquisition are disclosed in the announcement of the Company dated 20 February 2024 (the “**Announcement**”) and in the letter from the Board (the “**Letter from the Board**”) set out on pages 6 to 15 of the circular of the Company dated 17 June 2024 (the “**Circular**”) to its shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 20 February 2024 (after trading hours), Reform Base, Ms. Chen and Modern Vision entered into the Agreement pursuant to which Reform Base has agreed to transfer the Rights to Modern Vision at the Consideration of HK\$500 million (subject to the Adjustment).

Pursuant to the Agreement, Reform Base has also granted Modern Vision the option to require Reform Base, anytime after Completion, to sell all its shareholding interest in Over Profit to Modern Vision for HK\$1.00 (i.e. the Call Option). If Modern Vision exercises its right with respect to the Call Option, it will comply with all applicable laws and regulations, including those in Macau, if necessary, with respect to the acquisition of such shares. As a result of the grant of the Call Option by Reform Base to Modern Vision, the Reform Base Call Option will be terminated on Completion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest applicable percentage ratio regarding the transaction contemplated by the Agreement exceeds 5% but is lower than 25%, the transaction contemplated under the Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Reform Base is wholly-owned by Ms. Chen, a Director and a Controlling Shareholder, the entering into of the Agreement and the transaction contemplated thereunder also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the Agreement and the transaction contemplated thereunder is subject to, among other things, the approval of the Independent Shareholders at the SGM.

The SGM will be held for the Independent Shareholders to consider and, if thought fit, to approve the Acquisition. As at the Latest Practicable Date, Ms. Chen and her associates were beneficially interested in an aggregate of 1,640,375,595 Shares, representing approximately 67.56% of the total number of Shares in issue, and shall abstain from voting at the SGM in respect of the resolution to approve the Agreement and the transaction contemplated thereunder. Save for aforementioned, no other Shareholders are materially interested in the Acquisition and are required to abstain from voting at the SGM on the resolution approving the Agreement and the transaction contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander, has been established to advise the Independent Shareholders as to whether the terms of the Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and as to voting in respect thereof at the SGM. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, we were not aware of any relationships or interests between Astrum Capital Management Limited, the Company, Modern Vision, Ms. Chen, Reform Base, Over Profit, Splendid and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. In the last two years, save for the appointment as the independent financial adviser of the Company in respect of further extension of the final repayment date of the Loan (details of which were set out in the circular of the Company dated 26 August 2022), there was no other engagement between the Group and Astrum Capital Management Limited. Apart from the normal advisory fees payable to us for the relevant engagement in relation to the Acquisition, no other arrangement exists whereby we will receive any fees and/or benefits from the Group. Accordingly, Astrum Capital Management Limited is independent as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Acquisition.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the Circular, the Agreement, the Loan Agreement, the annual report of the Company for the two years ended 31 December 2022 and 31 December 2023 (the “**2022 Annual Report**” and the “**2023 Annual Report**”, respectively). We have also reviewed certain information provided by the management of the Company (the “**Management**”) relating to the operations and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussion with the Management regarding the Acquisition, the businesses and future prospects of the Group. In addition, we have reviewed the valuation report (the “**JLL Valuation Report**”) prepared by an independent professional valuer, namely Jones Lang LaSalle Limited (“**JLL**”), in respect of the valuation of the gross development value (“**GDV**”) of the Development Project (as defined below) as at 31 December 2023 (the “**JLL Valuation**”), including the methodology of, and the bases and assumptions adopted for, the JLL Valuation. Based on the foregoing steps, we consider that we have taken all the reasonable endeavors, which are applicable to the Acquisition, as referred to and required under Rule 13.80(2)(b) of the Listing Rules (including its annex notes) in forming our opinion. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Announcement and the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Announcement and the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters not contained in the Announcement and the Circular, the omission of which would make any statement herein or in the Announcement and the Circular misleading. We consider that we have performed all necessary steps to enable us to reach an informed view regarding the terms of, and the reasons for entering into, the Agreement and to justify our reliance on the information provided so as to provide a reasonable basis of opinion. We have no reasons to suspect that any material information has been withheld by the Directors or the Management, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, as at the Latest Practicable Date. This letter is issued to provide the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition. Except for the inclusion in the Circular, this letter shall not be quoted or referred to, in whole or in part, nor shall it be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the entering into of the Agreement, we have taken into account the following principal factors and reasons:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

I. Information of the Group

A. Principal business of the Group

According to the Letter from the Board, the Company is an investment holding company and the Group is principally engaged in (i) investment, production, distribution and licensing of films and television drama series and provision of artist management services (the “**Film Business**”); (ii) properties development and investment and building management services (the “**Property Business**”); and (iii) development, promotion and operation in multi-channel e-commerce platform (the “**E-commerce Business**”).

B. Financial information of the Group

Set forth below are the audited consolidated financial information of the Group for the three years ended 31 December 2021, 31 December 2022 and 31 December 2023 (“**FY2021**”, “**FY2022**” and “**FY2023**”, respectively) as extracted from the 2022 Annual Report and the 2023 Annual Report:

Table 1: Financial information of the Group

| | FY2021 | FY2022 | FY2023 |
|--|------------------|------------------|------------------|
| | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| | <i>(audited)</i> | <i>(audited)</i> | <i>(audited)</i> |
| Revenue from continuing operations | 3,717 | 3,879 | 206,168 |
| – Film Business | 3,717 | 3,879 | 4,435 |
| – Property Business | – | – | 148,230 |
| – E-commerce Business | – | – | 53,503 |
| (Loss) for the year | | | |
| – from continuing operations | (148,649) | (94,120) | (289,508) |
| – from discontinued operations <i>(Note)</i> | (7,866) | – | – |
| | (156,515) | (94,120) | (289,508) |
| | (156,515) | (94,120) | (289,508) |
| (Loss) for the year attributable to owners of the Company | | | |
| – from continuing operations | (148,630) | (94,101) | (289,477) |
| – from discontinued operations <i>(Note)</i> | (7,866) | – | – |
| | (156,496) | (94,101) | (289,477) |
| | (156,496) | (94,101) | (289,477) |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | As at 31 December | | |
|---|-------------------------------------|-------------------------------------|-------------------------------------|
| | 2021 | 2022 | 2023 |
| | <i>HK\$'000</i> <i>(audited)</i> | <i>HK\$'000</i> <i>(audited)</i> | <i>HK\$'000</i> <i>(audited)</i> |
| Non-current assets | 214,382 | 694,674 | 271,172 |
| Current assets | 5,071,527 | 4,553,183 | 4,913,424 |
| Current (liabilities) | (2,221,933) | (743,399) | (1,080,061) |
| Net current assets | 2,849,594 | 3,809,784 | 3,833,363 |
| Non-current (liabilities) | – | (1,554,706) | (1,444,052) |
| Equity attributable to the owners of the Company | 3,064,638 | 2,950,433 | 2,661,142 |

Sources: the 2022 Annual Report and the 2023 Annual Report

Note: According to the 2022 Annual Report, the Group ceased its restaurant operations (the “Restaurant Business”) in September 2021 due to unsatisfactory performance. Accordingly, the results of the Restaurant Business have been presented as discontinued operations in the consolidated financial statements for FY2021.

(i) For the year ended 31 December 2022 (i.e. FY2022)

In FY2022, revenue from the continuing operations of the Group (which was solely derived from the Film Business) amounted to approximately HK\$3.9 million in FY2022, representing a year-on-year increase of approximately 4.4% as compared to approximately HK\$3.7 million in FY2021. During FY2022, the Group concentrated on pre-production stage of film production (such as preparation of story board) and did not start any new film production. Revenue recorded in FY2022 was mainly derived from distribution of films in film library, sub-distribution fees and artist management service fees.

According to the 2022 Annual Report, the Group held two property projects in Macau (i.e. the Property and a residential and commercial real estate project (namely, Tiffany House)) as at 31 December 2022. During FY2022, the development of the Property was still subject to the approval to be granted by the Macau Government while the construction of Tiffany House was completed and the sales of Tiffany House was launched in October 2022. However, the sales of Tiffany House slowed down due to the spread of novel coronavirus (“COVID-19”) in China and Macau in November and December 2022. The sale of property, in general, is required to take around three months to complete, and thus no sales of residential unit of Tiffany House was completed during FY2022. Therefore, no revenue was recorded from the Property Business in FY2022 (FY2021: nil).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In FY2022, the Group recorded loss attributable to owners of the Company of approximately HK\$94.1 million, representing a significant decrease of approximately 39.9% as compared to approximately HK\$156.5 million in FY2021. Such decrease was mainly attributable to (i) the substantial decrease in loss arising on change in fair value of financial assets at fair value through profit or loss of approximately HK\$127.2 million; (ii) the absence of loss derived from the Restaurant Business, which was terminated in September 2021 (FY2021: approximately HK\$7.9 million); and (iii) the decrease in other operating expenses of approximately HK\$4.4 million, which was partially offset by (i) the decrease in loan interest income of approximately HK\$40.0 million; (ii) the absence of gain recognised in disposal of property, plant and equipment (FY2021: approximately HK\$13.4 million); (iii) the increase in administrative expenses of approximately HK\$13.1 million; and (iv) the increase in marketing and distribution expenses of approximately HK\$11.0 million.

As at 31 December 2022, the Group's total assets and total liabilities amounted to approximately HK\$5,247.9 million and approximately HK\$2,298.1 million, respectively. Equity attributable to owners of the Company decreased from approximately HK\$3,064.6 million as at 31 December 2021 to approximately HK\$2,950.4 million as at 31 December 2022. The decrease in equity attributable to owners of the Company was mainly due to (i) loss attributable to owners of the Company of approximately HK\$94.1 million recorded in FY2022; and (ii) repurchase and cancellation of Shares of approximately HK\$20.0 million in FY2022.

(ii) For the year ended 31 December 2023 (i.e. FY2023)

According to the 2023 Annual Report, the Group has launched the sale of Tiffany House in October 2022 and completed its first sale of the residential unit in January 2023. In FY2023, the Group also tapped into the E-commerce Business by establishing a wholly-owned subsidiary, namely 杭州英明向太多媒體有限公司 (Hangzhou Yingming Xiangtai Media Co., Ltd.*, "YMXT") in the PRC. The principal activities of YMXT are multi-media and entertainment business operations (including development, promotion and operation of livestreaming e-commerce in multi-channel network e-commerce platform).

In FY2023, the Group recorded total revenue of approximately HK\$206.2 million, representing a significant increase of approximately 52.1 times as compared to approximately HK\$3.9 million in FY2022. Such increase was mainly attributable to (i) the recognition of revenue generated from the Property Business of approximately HK\$148.2 million (FY2022: nil); and (ii) the recognition of revenue generated from the newly-established E-commerce Business of approximately HK\$53.5 million (FY2022: nil).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In FY2023, the Group recorded loss attributable to owners of the Company of approximately HK\$289.5 million, representing an increase of approximately 2.1 times as compared to approximately HK\$94.1 million in FY2022. Such deterioration was mainly attributable to (i) the increase in finance costs of approximately HK\$140.6 million; (ii) the increase in marketing, selling and distribution expenses of approximately HK\$68.0 million; (iii) the increase in other operating expenses of approximately HK\$33.2 million; (iv) the decrease in loan interest income of approximately HK\$10.9 million; and (v) the increase in administrative expenses of approximately HK\$7.2 million, which was partially offset by the increase in gross profit of approximately HK\$65.9 million.

As at 31 December 2023, the Group's total assets and total liabilities amounted to approximately HK\$5,184.6 million and approximately HK\$2,524.1 million, respectively. Equity attributable to owners of the Company decreased from approximately HK\$2,950.4 million as at 31 December 2022 to approximately HK\$2,661.1 million as at 31 December 2023. The decrease in equity attributable to owners of the Company was mainly due to the loss attributable to owners of the Company of approximately HK\$289.5 million recorded in FY2023.

II. Information on the Property and Chronology of Development Approval

According to the Letter from the Board, the Property is a lot of land granted by the land lease concession (the "**Land Grant**") to Splendid under the Dispatch No. 69/2001 of Secretary for Transport and Public Works of Macau published in the Macau Government Gazette No. 34 dated 22 August 2001, with the area of 4,669 square meters, named "Lote 7 da Zona C do Plano de Urbanização da Zona da Baía da Praia Grande", located at Avenida Doutor Stanley Ho S/N and is registered with the Macau Land and Real Estate Registry under No. 23070.

According to the Land Grant, the Property is leased to Splendid for a term of 25 years commencing on 22 August 2001, i.e. until 21 August 2026, and subject to the completion of the development, shall be automatically renewable for successive periods of 10 years until 19 December 2049 in accordance with the legislation in force in Macau. Under an initial proposal to the Land Grant, the Property was to be developed into a building under strata title, for residential, commercial and parking, with the gross floor areas (in square meters): (i) residential 25,832; (ii) commercial 215; and (iii) parking 3,930. The development of the Property should have been completed within a term of 60 months commencing on 22 August 2001, i.e. until 21 August 2006 (the "**Development Period**"). Due to the pending of the finalization by the Macau Government of the master plan for the development of the Nam Van District, of which the Property comprises a portion, the Land and Urban Construction Bureau of Macau ("**DSSCU**", formerly known as the Land, Public Works and Transport Bureau of Macau (DSSOPT)) had not granted a permit for the development of the Property. In September 2006, Splendid received a proposed draft contract of amendment to the Land Grant with the gross floor areas (in square meters): (i) residential 59,160; (ii) commercial 1,700; and (iii) private parking 12,966; (iv) public parking 9,821; (v) free area with equipment 428; and (vi) free area without equipment 2,308. In June 2009, Splendid received a letter from DSSCU that informing it that the proposed draft contract of amendment to the Land Grant was rejected. On 15 September 2016, according to the Urban Conditions Plan (the "**UCP**") issued

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by DSSCU, Splendid was informed that the maximum allowed height of the building to be built on the Property is 34.5 meters above sea level with a maximum utilization rate of 5.58 (parking not included). As a result, a new development plan was submitted to the DSSCU for approval in December 2017. Furthermore, an application was made in August 2019 for an extension to the Development Period. Following further negotiations with the DSSCU, a further revised development plan was submitted to the DSSCU in September 2019.

Between May and July 2023, a new UCP was issued by DSSCU with a maximum allowed height of the building to be built on the Property at 46.7 meters above sea level and the approval for the Development Period was extended to 21 August 2026. In around July 2023, a new revised development plan was submitted to the DSSCU for approval. The development plan submitted to the DSSCU for approval indicated that the Property will be developed into a thirteen storey building and one basement and will have a gross floor area (in square meters): (i) residential 25,832; (ii) commercial 215; and (iii) parking 3,930, which is the same as the initial Land Grant. It will provide 345 residential units, a commercial unit, and 147 carparks and 29 motorcycle parking spaces at the underground level (the “**Development Project**”). On 5 October 2023, the development plan was conditionally approved by DSSCU and the construction permit for the foundations and retaining works of the Property was issued on 5 December 2023 with construction commencing on 14 December 2023.

III. Background of, reasons for and benefits of the entering into of the Agreement

According to the Letter from the Board, the Company is an investment holding company and the Group is principally engaged in (i) investment, production, distribution and licensing of films and television drama series and provision of artist management services (i.e. the Film Business); (ii) properties development and investment and building management services (i.e. the Property Business); and (iii) development, promotion and operation in multi-channel network e-commerce platform (i.e. the E-commerce Business).

As mentioned in the 2017 Circular, on 29 November 2016, Best Combo (a wholly-owned subsidiary of the Company) as lender entered into the Loan Agreement (as supplemented by a deed of variation dated 5 December 2016) with Ms. Chen as borrower, pursuant to which Best Combo has agreed to grant to Ms. Chen a term loan in the principal amount of HK\$500 million (i.e. the Loan), subject to adjustment, with the final repayment date falling on the expiry of 60 months from the drawdown date of the Loan (the “**Drawdown Date**”), being 5 April 2022. Furthermore, pursuant to the Loan Agreement, Ms. Chen has agreed to grant the Reform Base Call Option to Best Combo which allows Best Combo to require Ms. Chen to sell the Call Option Shares to it at a price equal to the principal amount of the Loan (subject to adjustment, the “**Original Call Option Price**”) at any time within the date falling on the expiry of 60 months from the Drawdown Date. In the event that Best Combo exercises the Reform Base Call Option to acquire the Call Option Shares, and on the basis that the Loan has been drawn down by Ms. Chen, Best Combo shall net-off the Original Call Option Price payable to Ms. Chen from the outstanding principal amount of the Loan. The transactions contemplated under the Loan Agreement were approved by the then independent Shareholders at the special general meeting of the Company held on 31 March 2017, and the Loan in an amount of HK\$500 million has been drawn down by Ms. Chen on 6 April 2017 (i.e. the Drawdown Date).

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In view of the facts that (i) the original final repayment date of the Loan and the original exercisable period of the Reform Base Call Option were due to expire; and (ii) the Company was still in discussions with the DSSCU regarding the future development of the Property and no approval has been obtained under the Land Grant, on 28 January 2022 and 11 February 2022 (after trading hours), Best Combo and Ms. Chen entered into the second deed of variation and the side letter, pursuant to which Best Combo (as lender) and Ms. Chen (as borrower) have agreed to (i) conditional upon the Company having obtained approval from the then independent Shareholders, extend the final repayment date of the Loan to the date falling on the expiry of 69 months from the Drawdown Date, i.e. 5 January 2023; and (ii) extend the exercisable period of the Reform Base Call Option to any time within the date falling on the expiry of 69 months from the Drawdown Date, i.e. 5 January 2023.

Nevertheless, due to the outbreak of COVID-19 in Macau in early 2020 and the corresponding social distancing and preventative measures in the city, it was unclear as to when the negotiation between the Company and DSSCU regarding the future development of the Property can be concluded. In light of the above, on 24 June 2022 (after trading hours), Best Combo and Ms. Chen entered into the third deed of variation (the “**Third Deed of Variation**”), pursuant to which Best Combo and Ms. Chen have agreed to (i) conditional upon the Company having obtained approval from the independent Shareholders, further extend the final repayment date of the Loan to the date falling on the expiry of 81 months from the Drawdown Date, i.e. 5 January 2024; and (ii) extend the exercisable period of the Reform Base Call Option to any time within the date falling on the expiry of 81 months from the Drawdown Date, i.e. 5 January 2024. The transactions contemplated under the Third Deed of Variation were approved by the then independent Shareholders at the special general meeting of the Company held on 14 September 2022.

At the time of the entering into of the Loan Agreement, it was the intention of the Company to exercise the Reform Base Call Option after the approval of the gross construction floor areas of the Property is obtained from DSSCU. Such relevant development plan was eventually approved by DSSCU on 5 October 2023 as mentioned in the section headed “II. Information on the Property and Chronology of Development Approval” above. As advised by the Management, the Company’s intention to acquire further interest in Over Profit by way of exercising the Reform Base Call Option (which will be substituted by the Call Option upon Completion pursuant to the Agreement) remains unchanged. However, according to the legal advice obtained by the Company from its Macau legal advisers, pursuant to Article 145 of the Land Law of Macau (No. 10/2013), when there is a replacement of the party or the transmission of situations resulting from the concession (including but not limited to the transfer on one or more occasions in accumulation, of more than 50% of its share capital of a company which holds a land granted by the Macau Government or the share capital of its controlling partner), it is necessary to obtain prior authorization from the Macau Government. Should Modern Vision exercise its right with respect to the Reform Base Call Option, there is no assurance that the Macau Government will not consider this operation as one which falls under the provision of Article 145 of the Land Law of Macau (No. 10/2013) as mentioned above, and there is no information as to how long the application, if necessary, will take to be processed. In view of the above, the Directors consider that the transfer of the Call Option Shares by exercising the Reform Base Call Option pursuant to the Loan Agreement may only be completed through burdensome and lengthy administrative procedures and therefore may hinder the development of the Property. The Directors consider, and we concur with their view, that the Acquisition would (i) allow the Group, through Modern Vision, to have *de facto* full board control and receive all the financial benefits of Reform Base in Over Profit, without prior authorization from the Macau government;

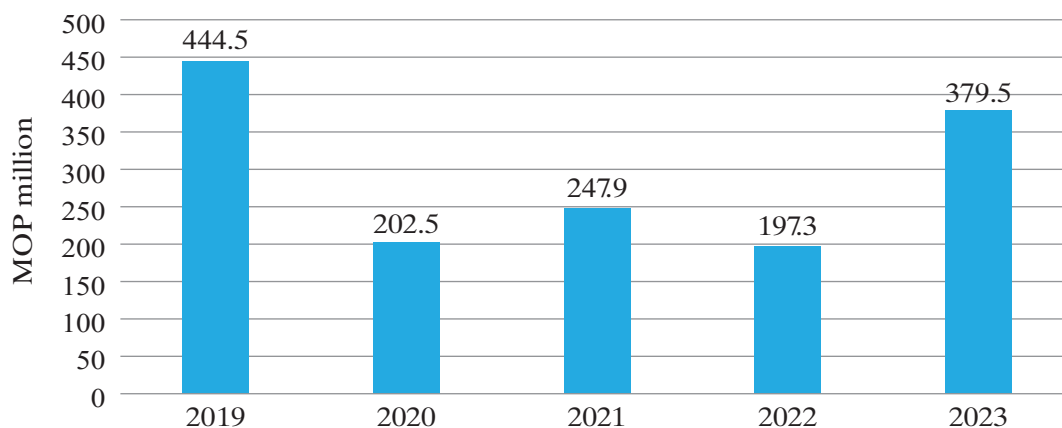
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) facilitate the development of the Property in terms of financing and resources allocation of the Company; (iii) enable the Company to have *de facto* controlling interest in the Property and thus, implement the decision in an efficient manner; and (iv) enable the Company to fully utilize its existing property development capabilities and speed up the development and construction of the Property.

According to the Letter from the Board, the Property is located at the Nam Van Lake in the Macau Peninsula and could enjoy the display of the Macau International Fireworks Display Contest, which holds in September and October every year. With its superb location and spectacular view overlooking the Macau Peninsula and the Cotai Island, the Company intends to develop the Property into high-end residential apartments for sale. As at the Latest Practicable Date, the Group also held another residential and commercial real estate project (namely, Tiffany House), which is positioned as high-end residential apartments and is targeted at high-net-worth individuals. As at the Latest Practicable Date, over 40% of the residential units of Tower 1 of Tiffany House have been sold. We concur with the Management's view that the Acquisition will facilitate the development and financing of the Property and maximise the Group's investment return in the Property, which will have a positive impact on the Group's long-term profitability.

In addition, we have conducted independent research from the public domain in respect of the future prospect of the residential property market in Macau, in which the Property is located. Set out below is the diagram showing the gross domestic product ("GDP") of Macau from 2019 to 2023:

Chart 1: GDP of Macau



Source: the website of the Statistics and Census Service of Macau Government ("DSEC")

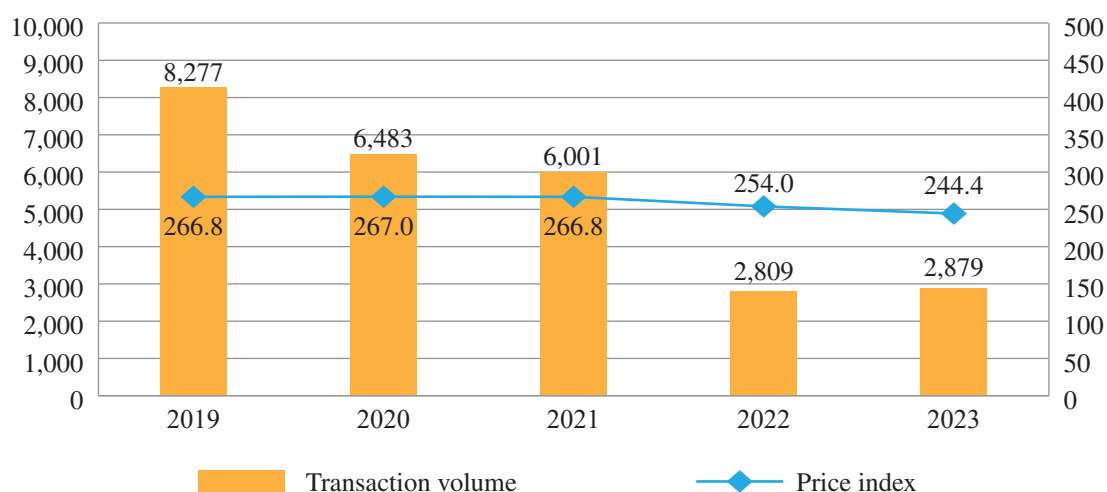
Gaming and tourism industries are predominant pillars in Macau. The gaming and tourism industries, in aggregate, contributed to over 70% of Macau's GDP in 2019. Since the outbreak of COVID-19 in early 2020, the gaming industry in Macau was heavily destroyed, with total receipt tumbling by approximately 78.4% in 2020 to approximately MOP63.9 billion, as compared to that in 2019. Macau's tourism industry also collapsed as a result of the implementation of the COVID-19 related precautionary measures by the Macau Government (including but not limited to various travel restrictions and quarantine measures), leading to a sharp decline in number of tourists from approximately 39.4 million in 2019 to approximately 5.9 million in 2020. Accordingly, Macau's GDP recorded a substantial decrease of approximately 54.5% from approximately MOP444.5 billion in 2019 (i.e. pre-COVID-19

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level) to approximately MOP202.5 billion in 2020. Macau's GDP remained at a relatively low level in 2021 and 2022 amid the prolonged outbreak of COVID-19. Following the control of the pandemic and the full release of travel restriction in the first quarter of 2023, Macau's GDP recorded a significant increase of approximately 92.3% from approximately MOP197.3 billion in 2022 to approximately MOP379.5 billion in 2023, resuming to approximately 85.4% of the pre-COVID-19 level. The Macau gaming industry has witnessed an impressive start to 2024, with its gross gaming revenue ("GGR") rising by approximately 65.5% for the three months ended 31 March 2024 as compared to the corresponding period in 2023, driven by the strong influx of mainland Chinese visitors during the Lunar New Year. Fitch Ratings Inc. (a leading provider of credit ratings, commentary and research for global capital markets), expects the mass-market segment will continue to drive GGR recovery on buoyant tourist inflows. The Macau Government estimated that Macau's GDP in 2024 will further resume to 94.5% of the pre-COVID-19 level.

Over the past few years, there has been a slight retreat in property prices in Macau owing to global and local factors, in particular, the interest rate hike and the outbreak of COVID-19. Set out below is the diagram showing the price index and transaction volume of the residential property in Macau from 2019 to 2023:

Chart 2: Price index and transaction volume of Macau's residential property



Source: the website of DSEC

Note: The base year for the above price index compiled by DSEC is 2011 (price index = 100).

As shown in Chart 2 above, the Macau residential property price index remained stable at around 267 from 2019 to 2021, then decreased to 254.0 in 2022 and further to 244.4 in 2023, while the total transaction volume dropped significantly from 8,277 units in 2019 to 2,879 units in 2023. During the period from March 2022 to July 2023, the United States Federal Reserve increased interest rates for eleven times in order to continually curb inflation in the United States of America, and the federal funds target rate range was raised from 0.00% – 0.25% to 5.25% – 5.50%. The Bank of China, one of the major commercial banks in Macau, also increased the prime rate of Macau from 5.250% in July 2022 to 6.125% in July 2023. The interest rate hike, coupled with the economic contraction caused by the adverse effects from COVID-19, directly impacted the residents' ability to purchase properties or repay mortgages and, in turn, affected the overall performance of the Macau property market.

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In view of the shrinkage of the property market, in November 2023, the Macau Government announced adjustments to the demand-side management measures for residential property (which have become effective from 1 January 2024). In particular, the acquisition of a second residential property by Macau residents will no longer be subject to stamp duty of five per cent of the purchase price, and the mortgage loan-to-value ratios for Macau residents on residential property with the purchase price over MOP8 million will be relaxed to 70%. According to the press conference held by the Financial Services Bureau of the Macau Government in November 2023, out of approximately 230,000 Macau residents who own at least one residential property in Macau, only approximately 14.3% of them have more than one residential property. In April 2024, the Macau Government revoked all major property cooling measures in Macau, including (i) special stamp duty payable by the seller on properties (including residential, commercial properties, office and parking spaces) disposed of within 24 months from the date of acquisition; (ii) buyer stamp duty payable by non-Macau residents, legal persons or individual entrepreneurs (natural person) on the acquisition of residential properties; and (iii) additional stamp duty payable by the owners who own two or more residential properties on the date of acquisition of additional residential properties (collectively, the “**Stamp Duty Relaxation**”). Moreover, Monetary Authority of Macau also relaxed the maximum mortgage loan-to-value ratio for both of Macau residents and non-Macau residents on residential properties at 70%, and suspended the stress test requirement for property mortgage lending that assumes a two percentage point rise in mortgage interest rates (collectively, the “**Mortgage Relaxation**”). It is expected that the demand for the property market from both local buyers and foreign investors will be increased in the coming future, while the Stamp Duty Relaxation and the Mortgage Relaxation could effectively improve the sentiment of the luxury property market. On the other hand, it is expected by the market that the United States Federal Reserve will start to cut interest rates in the coming future, which will lower the finance cost of property purchase and may revitalize the demand for residential properties in Macau in the long run.

Notwithstanding that Macau’s residential property market was subdued by the interest rate hike and the outbreak of COVID-19 in the last few years, having taken into account the facts that (i) at the time of the entering into of the Loan Agreement, it was the intention of the Company to exercise the Reform Base Call Option after the approval of the gross construction floor areas of the Property is obtained from DSSCU; (ii) the Company’s intention to acquire further interest in Over Profit by way of exercising the Reform Base Call Option (which will be substituted by the Call Option upon Completion pursuant to the Agreement) remains unchanged; (iii) should Modern Vision exercise its right with respect to the Reform Base Call Option, there is no assurance that the Macau Government will not consider this operation as one which falls under the provision of Article 145 of the Land Law of Macau (No. 10/2023), and there is no information as to how long the application, if necessary, will take to be processed; (iv) the transfer of the Call Option Shares by exercising the Reform Base Call Option pursuant to the Loan Agreement may only be completed through burdensome and lengthy administrative procedures and therefore may hinder the development of the Property; (v) the Acquisition would (a) allow the Group, through Modern Vision, to have *de facto* full board control and receive all the financial benefits of Reform Base in Over Profit, without prior authorization from the Macau government; (b) facilitate the development of the Property in terms of financing and resources allocation of the Company; (c) enable the Company to have *de facto* controlling interest in the Property and thus, implement the decision in an efficient manner; (d) enable the Company to fully utilize its existing property development capabilities and speed up the development and construction of the Property; and (e) facilitate the development and financing of the Property and maximise the Group’s investment return in the Property, which will have a

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positive impact on the Group's long-term profitability; (vi) it is expected by the market that the United States Federal Reserve will start to cut interest rates in the coming future, which will lower the finance cost of property purchase and may revitalize the demand for the residential properties in Macau in a long run; and (vii) the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned (please refer to our analysis as detailed in the section headed "IV. Principal terms of the Agreement" below), we concur with the Directors' view that the Acquisition is in the interests of the Company and the Shareholders as a whole.

IV. Principal terms of the Agreement

| | |
|--------------------------------|---|
| Date | : 20 February 2024 |
| Purchaser | : Modern Vision, an indirect wholly-owned subsidiary of the Company |
| Vendor | : Reform Base |
| Guarantor of the Vendor | : Ms. Chen |
| Subject Matter | : Pursuant to the Agreement, Modern Vision has agreed to acquire the Rights from Reform Base. |

The Rights comprises the following:

- (A) the right of Modern Vision to make recommendations to Reform Base on the management and operations of Over Profit upon which Reform Base shall adhere to such recommendations;
 - (B) the right of Modern Vision to make recommendations of such persons as Modern Vision may elect to be directors of Over Profit and upon which Reform Base shall adhere to such appointment; and
 - (C) the right for Modern Vision to receive dividends and other distribution of Over Profit payable or due to Reform Base
- | | |
|--------------------|---|
| Call Option | : Reform Base has granted Modern Vision the option to require Reform Base, anytime after Completion, to sell all its shareholding interest in Over Profit to Modern Vision for HK\$1.00. If Modern Vision exercises its right with respect to the Call Option, it will comply with all applicable laws and regulations, including those in Macau, if necessary, with respect to the acquisition of such shares. As a result of this grant of the Call Option by Reform Base to Modern Vision, the Reform Base Call Option will be terminated on Completion. |
|--------------------|---|

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The Consideration is HK\$500 million (subject to the Adjustment (as detailed below)), which shall be satisfied by setting-off such amount from the amount outstanding under the Loan. As at the Latest Practicable Date, the outstanding principal amount of the Loan was HK\$500 million.

The Adjustment is made by reference to the gross construction floor area of the Property approved by the DSSCU (the “**Approved Figures**”) and calculated as follows:

$$\text{Adjustment} = \frac{\text{HK\$500 million}}{\text{Prelim Figures}} \times (\text{Prelim Figures} - \text{Approved Figures})$$

where:

Prelim Figures = the gross construction floor area of the Property of (a) residential 26,047 square meters and (b) parking 5,200 square meters, compiled in accordance with the parameters of the UCP on 15 September 2016 of the Property

Approved Figures = the gross construction floor areas of the Property of (a) residential 25,832 square metres; (b) commercial 215 square metres; and (c) parking 3,930 square metres approved by DSSCU

Based on the above calculation, the amount of the Adjustment is approximately HK\$20,322,000. Payment of the Adjustment by Ms. Chen to Modern Vision shall be made between 6 and 12 months from the date of Completion. Accordingly, the Consideration actually payable for the Rights is HK\$479,678,000.

According to the Letter from the Board, the Consideration was determined after arm’s length negotiations between Reform Base and Modern Vision on a “willing buyer – willing seller” basis having regards to (i) the UCP issued by DSSCU; (ii) the Prelim Figures of (a) residential of 26,047 square meters and (b) parking of 5,200 square meters, which are compiled in accordance with the parameters of the UCP; (iii) Modern Vision’s 50% indirect interest in the Property; and (iv) the property valuation of HK\$2,000 million at 28 February 2017 conducted by Roma Appraisals Limited, an independent valuer appointed by the Company, based on the Prelim Figures. The valuation of the Property was based on market approach by making reference to comparable sales transactions as available in the relevant market. When determining the Consideration in or around December 2023 to January 2024, the Company had always intended to acquire, Ms. Chen had always intended to sell, the additional indirect 25% interest in the Property at the consideration of HK\$500 million (subject to adjustment) (the “**Original Consideration**”), which is equivalent to the Consideration, as disclosed in the 2017 Circular when entering into the Loan Agreement. The major concern of the Company had always been to determine what the gross construction areas of the Property would be as it had not yet been approved by DSSCU. As the Original Consideration had already built in an adjustment mechanism to take into account the gross development value of the Property, it is appropriate to continue to use the same valuation as disclosed in the 2017 Circular as a factor in determining the Consideration.

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According to the 2017 Circular, on 29 November 2016, Best Combo and Ms. Chen entered into a conditional sale and purchase agreement (the “**C7 Agreement**”) pursuant to which Best Combo has agreed to purchase and Ms. Chen has agreed to sell the entire issued share capital of Modern Vision and the sale loan due by Modern Vision to Ms. Chen upon completion at a purchase price of HK\$1,000 million (subject to adjustment), which was determined between Best Combo and Ms. Chen having regards to, among others, the market value of the Property of HK\$2,000 million (the “**2017 Fair Value**”) as at 28 February 2017 based on the preliminary property valuation conducted by Roma Appraisals Limited, the independent valuer appointed by the Company, based on the Prelim Figures (please refer to the valuation report dated 10 March 2017 (the “**2017 Valuation Report**”) as contained in Appendix II to the Circular for further details). The major asset of Modern Vision is its 50% equity interest in Over Profit, the market value of which was HK\$1,000 million based on the 2017 Fair Value.

On the even date of the entering into of the C7 Agreement, Best Combo and Ms. Chen entered into the Loan Agreement, pursuant to which (i) Best Combo has agreed to grant to Ms. Chen a fixed term loan in the principal amount of HK\$500 million (i.e. the Loan), subject to adjustment; and (ii) Ms. Chen has agreed to grant the Reform Base Call Option to Best Combo which allows Best Combo to require Ms. Chen to sell the Call Option Shares to it at the Original Call Option Price (i.e. HK\$500 million, subject to adjustment) at any time within the date falling on the expiry of 60 months from the Drawdown Date. As advised by the Management, the major asset of Reform Base is its 25% equity interest in Over Profit, the market value of which was HK\$500 million based on the 2017 Fair Value.

As mentioned in the paragraph headed “III. Background of, reasons for and benefits of the entering into of the Agreement” above, in view of the restriction of the transfer on one or more occasions in accumulation of more than 50% of its share capital of a company which holds a land granted by the Macau Government or the share capital of its controlling partner, the Directors consider that the transfer of the Call Option Shares by exercising the Reform Base Call Option pursuant to the Loan Agreement may only be completed through burdensome and lengthy administrative procedures and therefore may hinder the development of the Property. Given that the Company has the right to exercise the Call Option at the exercise price of HK\$1.00 to acquire the Call Option Shares from Reform Base pursuant to the Agreement, we consider it reasonable to determine the Consideration with reference to (i) the Original Call Option Price as agreed between Best Combo and Ms. Chen at the time of the entering into of the Loan Agreement; and (ii) the fair value of the entire interest of Reform Base, which indirectly holds 25% interest of the Property.

We were given to understand that the Company has appointed JLL to prepare the JLL Valuation Report for the accounting purpose in preparation of the financial results of the Company for FY2023. Having considered that (i) the development plan was conditionally approved by DSSCU and the construction permit for the foundations and retaining works of the Property was issued on 5 December 2023 with construction commencing on 14 December 2023; and (ii) the JLL Valuation Report could provide a more up-to-date information regarding the market value of the Property as compared to the 2017 Valuation Report (which was prepared based on the Prelim Figures), we consider that it is more prudent to make use of the JLL Valuation Report, rather than the 2017 Valuation Report, in assessing the fairness and reasonableness of the Consideration.

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A. Valuation

In assessing the fairness and reasonableness of the JLL Valuation, we have reviewed the JLL Valuation Report and discussed with JLL in relation to (i) the methodology and assumptions used in performing the JLL Valuation; (ii) their scope of work for conducting the JLL Valuation; and (iii) their relevant professional qualifications as a property valuer.

(i) *Valuation methodology*

We noted from the JLL Valuation Report that the JLL Valuation has been carried out by using the direct comparison method with reference to the recent sales of comparable properties (the “**Comparable Properties**”) to assess the GDV of the Development Project. Comparable Properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each Comparable Property in order to arrive at fair comparison of values.

As advised by JLL, the direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently been subject to transfer of legal ownership. Given the differences between individual real estate properties, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration. The GDV assessment is the aggregate capital value of the Development Project assuming sale on unit by unit basis. In this regard, we have reviewed similar property valuations conducted by other listed companies on the Stock Exchange, and noted that such approach is commonly adopted valuation methodology in valuing properties.

We have obtained from, and discussed with, JLL the details of the Comparable Properties selected (including but not limited to location, flooring, building age and transaction date). We understood from JLL that in conducting the JLL Valuation, they have divided the Development Project into several parts, namely (a) residential units; (b) villas; (c) retail units; and (d) parking spaces (including private car parking spaces and motorcycle parking spaces). The Comparable Properties were selected based on the following selection criteria:

- (i) nature: Comparable Properties with the rights for designated use (i.e. residential, retail and parking) are selected;
- (ii) location: Comparable Properties situated within close proximity to the Property are selected. The Comparable Properties regarding residential units, retail units and parking spaces are situated within 2 kilometers away from the Property while the Comparable Properties regarding villas are situated in Macau, in which the Property is located; and

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- (iii) transaction date: The transactions with transaction date close to the valuation date are selected in order to reflect the latest market price. Given (i) the information of property transactions in Macau is limited; (ii) most of them are not publicly available; and (iii) the transactions of retail units, parking spaces and villas are rare in the locality, JLL selected the most recent transactions as the Comparable Properties for each type of properties to provide the sufficient sample size for analysis purpose.

Table 2: Detail of the selection criteria adopted by JLL

| | Residential units | Villas | Retail units | Parking spaces |
|-------------------------|---|---|---|---|
| Nature | Residential use | Residential use | Retail use | Parking |
| Location | Within two kilometers away from the Property | In Macau | Within two kilometers away from the Property | Within two kilometers away from the Property |
| Transaction date | January 2022 to December 2023 (being 2-year period prior to the valuation date) | January 2019 to December 2023 (being 5-year period prior to the valuation date) | January 2018 to December 2023 (being 6-year period prior to the valuation date) | January 2021 to December 2023 (being 3-year period prior to the valuation date) |

We have discussed with JLL in respect of the reasons for the application of each selection criterion. In respect of nature, taking into account the designated land use of the Property, we consider it appropriate for JLL to select comparables with the rights for specific uses. Regarding location, we noted that save for the Villa Comparables (as defined below), all other comparables selected were situated within two kilometers away from the Property. As location is one of the material factors to affect the market value of a property, we concur with JLL's view that it is necessary to apply a selection criterion regarding location in order to truly reflect market value of the Property. In relation to time, depending on the available information, we were given to understand that JLL has selected most recent comparable transactions. Due to the limited public information of the comparable villas and parking spaces, JLL has selected (i) four most recent available villa transactions (the "**Villa Comparables**") with considerable distance, all of which were situated in Macau; and (ii) four most recent available parking space transactions (the "**Parking Comparables**"), which are close to the Property. In view of the above, we consider that the above selection criteria adopted by JLL are reasonable and sufficient for the purpose of selecting comparable transactions.

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Adjustments on the transaction price of the Comparable Properties were made after taking into account certain factors (including but not limited to transaction date, location, flooring, size and building age (collectively, the “**JLL Valuation Adjustment Factors**”)) in order to arrive at a fair comparison of values. We have reviewed and enquired with JLL regarding the JLL Valuation Adjustment Factors and the rationale behind, and were given to understand that adjustments were made in respect of (i) time of the underlying property transactions completed to reflect the change in market price; (ii) location of the underlying property to reflect the potential discount applied to the unit rate of property located in more remote area; (iii) floor of the underlying property to reflect the potential discount applied to the unit rate of property located in lower floor; (iv) size of the underlying property to reflect the potential discount applied to the unit rate of property with larger size; and (v) building age of the underlying properties to reflect the potential discount applied to the unit rate of properties with higher building age in view of depreciation, and vice versa.

To the best of their knowledge, JLL has identified an exhaustive list of (i) five residential unit comparables (the “**Residential Comparables**”); (ii) four Villa Comparables; (iii) three retail unit comparables (the “**Retail Comparables**”); and (iv) four Parking Comparables which met the selection criteria. The following tables set forth the relevant details of the Comparable Properties:

Table 3: Details of the Residential Comparables

| | Residential units of the Property | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 |
|--|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------------------|
| Usage | Residential | Residential | Residential | Residential | Residential | Residential |
| Location (<i>distance from the Property</i>) | Sé, Macau | Sé, Macau (0.6 km) | Sé, Macau (0.6 km) | Sé, Macau (0.6 km) | Sé, Macau (1.5 km) | Santo António, Macau (0.4 km) |
| Reference date | December 2023 | May 2023 | January 2023 | June 2023 | February 2023 | November 2022 |
| Transaction price (<i>HK\$'000</i>) | - | 6,929 | 3,900 | 4,650 | 6,000 | 12,758 |
| Gross floor area (<i>sq.ft.</i>) | 300-1200 | 599 | 411 | 368 | 656 | 1,214 |
| Unit price (<i>HK\$/sq.ft.</i>) | - | 11,600 | 9,500 | 12,600 | 9,200 | 10,500 |
| Flooring | 3/F – 13/F | 8/F | 3/F | 11/F | 12/F | 13/F |
| Building age (<i>years</i>) | - | 10 | 10 | 10 | 9 | 5 |
| Adjustment rate (%) | - | -2.0% | 1.0% | -2.0% | 7.5% | -7.5% |
| Adjusted rate price (<i>HK\$/sq. ft.</i>) | - | 11,300 | 9,600 | 12,400 | 9,800 | 9,700 |
| Adopted unit rate (<i>HK\$/sq. ft.</i>) | 10,500 | | | | | |

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Table 4: Details of the Villa Comparables

| | Villas of the Property | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|---|-------------------------------|-------------------------------|---------------------|---------------------|--------------------------------------|
| Usage | Residential | Residential | Residential | Residential | Residential |
| Location (<i>distance from the Property</i>) | Sé, Macau | Santo António, Macau (0.4 km) | Sé, Macau (2.8 km) | Sé, Macau (2.8 km) | São Francisco Xavier, Macau (8.4 km) |
| Reference date | December 2023 | December 2020 | October 2019 | October 2019 | May 2020 |
| Transaction price (HK\$'000) | – | 79,500 | 89,913 | 89,913 | 22,180 |
| Gross floor area (sq.ft.) | 3,500-4,500 | 6,258 | 5,717 | 5,717 | 2,153 |
| Unit price (HK\$/sq.ft.) | – | 12,700 | 15,700 | 15,700 | 10,300 |
| Building age (years) | – | Not available | 22 | 22 | 31 |
| Adjustment rate (%) | – | –5.0% | 11.5% | 11.5% | 16.0% |
| Adjusted unit rate (HK\$/sq. ft.) | – | 12,100 | 17,500 | 17,500 | 12,000 |
| Adopted unit rate (HK\$/sq. ft.) | 14,800 | | | | |

Table 5: Details of the Retail Comparables

| | Retail unit of the Property | Comparable 1 | Comparable 2 | Comparable 3 |
|---|------------------------------------|-------------------------------|---------------------|-------------------------------|
| Usage | Retail | Retail | Retail | Retail |
| Location (<i>distance from the Property</i>) | Sé, Macau | Santo António, Macau (0.7 km) | Sé, Macau (0.6 km) | Santo António, Macau (0.7 km) |
| Reference date | December 2023 | April 2022 | November 2021 | May 2021 |
| Transaction price (HK\$'000) | – | 13,880 | 10,490 | 12,800 |
| Gross floor area (sq.ft.) | 298 | 318 | 531 | 1,439 |
| Unit price (HK\$/sq.ft.) | – | 43,600 | 19,800 | 8,900 |
| Building age (year) | – | 52 | 20 | 3 |
| Adjustment rate (%) | – | –80.0% | –77.2% | –46.2% |
| Adjusted unit rate (HK\$/sq. ft.) | – | 8,700 | 4,500 | 4,800 |
| Adopted unit rate (HK\$/sq. ft.) | 6,000 | | | |

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Table 6: Details of the Parking Comparables

| | Parking space of the Property | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|--|--------------------------------------|-------------------------------|-------------------------------|---------------------|---------------------|
| Usage | Private car & Motorcycle | Private car | Private car | Motorcycle | Motorcycle |
| Location (<i>distance from the Property</i>) | Sé, Macau | Santo António, Macau (0.5 km) | Santo António, Macau (0.5 km) | Sé, Macau (0.6 km) | Sé, Macau (0.6 km) |
| Reference date | December 2023 | February 2018 | March 2022 | May 2021 | May 2021 |
| Transaction price (<i>HK\$'000</i>) | – | 2,263 | 2,020 | 290 | 290 |
| Adjustment rate (%) | – | –10% | 0% | –50% | –50% |
| Adjusted unit price (<i>HK\$'000/parking space</i>) | – | 2,040 | 2,020 | 150 | 150 |
| Adopted unit price (<i>HK\$'000/parking space</i>) | | | | | |
| – Private car | 2,000 | | | | |
| – Motorcycle | 150 | | | | |

In view of the discrepancy between the Property and the Comparable Properties in terms of the JLL Valuation Adjustment Factors as set out in Tables 3, 4, 5 and 6 above, we concur with JLL's view that it is necessary to apply adjustments on the unit price/rate of the Comparable Properties in order to arrive at a fair comparison of values. In addition, JLL has also confirmed that all of the adjustments applied conform to the market practice. Based on the above, we are of the view that the relevant adjustments applied during the JLL Valuation are fair and reasonable.

In light of the above, and taking into account the JLL Valuation Adjustment Factors and their effects on the price adjustment of the Comparable Properties, we are of the view that the Comparable Properties are appropriate for the JLL Valuation, and we concur with JLL's view that the direct comparison method is appropriate and common to determine the GDV.

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Table 7: Calculation of GDV

| Type | Gross floor area | Parking space | Adopted unit rate | GDV |
|------------------|------------------|-----------------|---------------------------|------------------------|
| | <i>(sq.ft.)</i> | <i>(Number)</i> | <i>(HK\$ per sq.ft.)</i> | <i>(HK\$' million)</i> |
| Residential unit | 239,400 | | 10,500 | 2,514 |
| Villa | 60,245 | | 14,800 | 892 |
| Retail | 3,207 | | 6,000 | 19 |
| | | | Adopted unit price | |
| | | | <i>(HK\$)</i> | |
| Parking space | | | | |
| – Private car | | 147 | 2,000,000 | 294 |
| – Motorcycle | | 29 | 150,000 | 4 |
| | | | | 3,723 |

Note: Any discrepancies in the tables above between totals and sums of amounts set out in it are due to rounding.

According to the JLL Valuation Report, GDV of the Property was approximately HK\$3,723 million as at 31 December 2023.

(ii) Valuation assumptions

According to the JLL Valuation Report, JLL has adopted the following assumptions in arriving at the JLL Valuation:

1. good and marketable title, and no encumbrance on the property's title which could materially affect its value;
2. no encroachment by or on the property;
3. no major environmental factor (including contamination) affects the Property;
4. no deficiencies in the structural integrity of the Property and other improvements;
5. the Property is not affected or required for any public purposes or is to be acquired for a public purpose;
6. there are no outstanding statutory orders on the Property or the likely possibility of future orders being made by a regulatory authority;

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7. body corporate records and finances are in a satisfactory order and there are no major financial commitments, orders or levies in respect of any major rectifications, remedial or other works to be undertaken by the body corporate above normal maintenance;
8. no material litigation pending relating to the Property;
9. that the Property (and any works thereto) comply with all relevant statutory regulations, including enactments relating to fire regulations;
10. no deleterious materials (including by way of example asbestos and calcium chloride);
11. ground conditions and services are suitable and no extraordinary expenses or delays will be incurred due to archaeological, ecological or environmental matters; and
12. applied the definition of market value to each unit independently. We have not allowed for any quantum discount or premium which may arise when the Property is sold as a single property interest at any one time.

Based on our discussions with JLL, we understand that all the assumptions in the JLL Valuation are generally adopted in other valuations of similar properties, and are necessary for JLL to arrive at a reasonable estimated reference value of the Development Project. Accordingly, we consider that the adoption of the assumptions in the JLL Valuation is fair and reasonable.

(iii) Scope of work and competence of JLL

In respect of the scope of work and competence of JLL, we have reviewed the engagement letter between the Company and JLL in respect of the JLL Valuation, and are satisfied that the terms of the engagement letter between the Company and JLL are appropriate to the opinion that JLL is required to provide. We have discussed with JLL in relation to their experiences and were given to understand that Mr. Alkan Au, the person-in-charge of the JLL Valuation, is a senior director of the Value and Risk Advisory in JLL supervising a team of valuers. He is a member of the Hong Kong Institute of Surveyors, a member of the Royal Institution of Chartered Surveyors and a Registered Professional Surveyor (General Practice Division) with over 30 years' and 20 years' experience in asset valuations in the property field in Hong Kong and Macau, respectively. JLL has also confirmed that they are independent to the Company, Ms. Chen, Modern Vision, Reform Base and/or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates. We are of the view that JLL possesses sufficient professional qualifications and independence required to perform the JLL Valuation.

Having considered the above, we are of the view that the JLL Valuation conducted by JLL is fair and reasonable.

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B. the Consideration

In assessing the fairness and reasonableness of the Consideration of approximately HK\$479.7 million (after the Adjustment), we calculated the estimated profit on the Acquisition after the completion of, and the sale on, the Development Project (the “**Estimated Profit**”) based on the JLL Valuation. According to the JLL Valuation, as at 31 December 2023, the GDV amounted to HK\$3,723.0 million. As advised by the Management, the construction cost of the Development Project is expected to be approximately HK\$1,076.5 million (the “**Construction Cost**”), which is calculated based on the agreements entered into between the Company and relevant construction-related parties (such as contractors and consultants) and the estimated soft costs (such as finance costs). The Estimated Profit is calculated as follows:

Table 8: Calculation of the Estimated Profit

| | <i>HK\$ million</i> |
|--|----------------------------|
| GDV | 3,723.0 |
| Less: Construction Cost | <u>(1,076.5)</u> |
| | <u>2,646.5</u> |
| 25% interest owned by Reform Base | 661.6 |
| Less: Consideration | <u>479.7</u> |
| Estimated Profit | <u><u>181.9</u></u> |

As set out in Table 8 above, the aggregate investment cost payable by the Company for the proportionate interest of Reform Base in the Development Project would be approximately HK\$748.8 million (the “**Estimated Investment Cost**”) (being the sum of the Consideration of approximately HK\$479.7 million and 25% of the Construction Cost of approximately HK\$269.1 million). As advised by the Company, based on the latest development plan of the Company, it is expected that the construction of the Development Project will be completed in the fourth quarter of 2025, and the sales of the Development Project will be launched in July 2024 (subject to the consent to be granted by the Macau Government for the pre-sale of the Development Project). Assuming that (i) Completion will take place on 30 June 2024; (ii) the sales of the Development Project will be completed by end of 2026 (i.e. 2.5 years from the date of Completion); and (iii) based on the Estimated Investment Cost of approximately HK\$748.8 million and the Estimated Profit of approximately HK\$181.9 million, the estimated annual rate of return of the Development Project (“**ROR**”) would be approximately 9.1%. Having considered that (i) the Consideration shall be satisfied by setting-off such amount from the amount outstanding under the Loan which only bears interest of 5.0% per annum; (ii) as advised by the Company, the Property was the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

only property development project available to the Company for investment as at the Latest Practicable Date; (iii) the prime rate for Hong Kong dollars per annum as quoted by the Hongkong and Shanghai Banking Corporation Limited was 5.875% (the “**Prime Rate**”) as at the Latest Practicable Date; and (iv) ROR of approximately 9.1% is higher than the interest rate of the Loan of 5.0% and the Prime Rate of 5.875%, we consider that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

OPINION

Having taken into account the above principal factors and reasons, we are of the view that notwithstanding that the entering into of the Agreement and the Acquisition are not in the ordinary and usual course of business of the Group, the terms of the Agreement are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolution at the SGM to approve the Agreement and the transactions contemplated thereunder (including the Acquisition).

Yours faithfully,

For and on behalf of

Astrum Capital Management Limited

Hidulf Kwan

Managing Director

Joseph Chu

Director

Note: Mr. Hidulf Kwan is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 25 years of experience in the corporate finance industry.

Mr. Joseph Chu is a responsible officer to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and he has over 9 years of experience in the corporate finance industry.

* *for illustration purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the shares, underlying shares or debentures of the Company

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") were as follows:

(i) Long positions in the Shares of the Company

| Name of Director | Capacity/ nature of interest | Number of Shares held | Approximate percentage of shareholding as at the Latest Practicable Date |
|----------------------------|------------------------------------|--------------------------|--|
| Mr. Heung Wah Keung | Interest in controlled corporation | 1,640,375,595* | 67.56% |
| Ms. Chen Ming Yin, Tiffany | Interest in controlled corporation | 1,640,375,595* | 67.56% |

* These shares are held by Heung Wah Keung Family Endowment Limited which is beneficially owned as to 50% by Mr. Heung Wah Keung and as to 50% by Ms. Chen.

(ii) Long positions in the Shares in associated corporations of the Company

As at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interests and short positions of the substantial shareholders in the Shares and underlying Shares of our Company

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

| Name of substantial Shareholders | Capacity/ nature of interest | Number of Shares held | Approximate percentage of Shareholding as at the Latest Practicable Date |
|---|---|----------------------------------|---|
| Heung Wah Keung Family Endowment Limited | Beneficial owner (Note) | 1,640,375,595 | 67.56% |

Note:

The interest stated above represents long position.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. DIRECTORS' INTERESTS

(a) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(b) Interests in assets

None of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

6. EXPERT'S QUALIFICATION AND CONSENT

The following are the qualifications of the expert(s) who have provided their opinions or advice, which are contained in this circular.

| Name | Qualification |
|-----------------------------------|--|
| Astrum Capital Management Limited | A licensed corporation to carry out Type 1 (dealing on securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO |
| Roma Appraisals Limited | Independent property valuer |
| Jones Lang LaSalle Limited | Independent property valuer |

The above expert(s) have given and have not withdrawn their written consent(s) to the issue of this circular with the inclusion herein of their statements and/or references to their name(s) in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert(s) were not beneficially interested in the share capital of any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

The letter from the Independent Financial Adviser is given by Astrum Capital Management Limited as at the date of this circular for incorporation herein.

7. DOCUMENTS ON DISPLAY

Electronic copies of the following documents will be available on display on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.chinastar.com.hk) for a period of not less than 14 days from the date of this circular:

- (a) the Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in page 16 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in pages 17 to 40 of this circular; and
- (d) the written consents from the experts referred to in the paragraph headed "6. Expert's Qualification and Consent" in this appendix.

The following is the text of a report prepared for the purpose of incorporation in the 2017 Circular received from Roma Appraisals Limited, an independent valuer, in connection with their opinion of the value of the Property as at 28 February 2017.



Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel: (852) 2529 6878 Fax: (852) 2529 6806
E-mail: info@romagroup.com
<http://www.romagroup.com>

10 March 2017

China Star Entertainment Limited

Unit 3409,
Shun Tak Centre, West Tower,
168-200 Connaught Road Central,
Hong Kong

Dear Sir/Madam,

Re: Property Valuation of a parcel of land situated at Lote 7 da Zona C do Plano de Urbanização da Zona da Baía da Praia Grande, Nam Van Lakes Zone, Avenida Doutor Stanley Ho, Macau

In accordance with your instruction for us to value the property intended to be acquired by China Star Entertainment Limited (the “**Company**”) and/or its subsidiaries’ (together with the Company referred to as the “**Group**”) in Macau, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property as at 28 February 2017 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company dated 10 March 2017.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property on the basis that the property will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development

proposals have been obtained without onerous conditions or delays. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account of the handover date of the property. Appropriate adjustments and analysis are considered to the differences in location, size and other characteristics between the comparable properties and the subject property.

3. TITLE INVESTIGATION

For the property in Macau, we have carried out land search at the Conservatória do Registo Predial in Macau. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the advice and information given by the Group regarding the title of the property. All documents have been used for reference only.

We have also relied on the advice given by the Group's Macanese legal advisor – Leong Hon Man, Advogado and the Group that the current owner has valid and enforceable title to the property which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land use premium/purchase condition payable have been fully settled except that land use premium for changing use will be paid by the Vendor.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, floor areas, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain property. No structural survey has been made in respect of the property. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site areas of the property under consideration but we have assumed that the site areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificate is based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property are free from encumbrances, restrictions and outgoing of an onerous nature which could affect its value.

Our valuation are prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in Hong Kong Dollars (HK\$).

Our Valuation Certificate is attached.

Yours faithfully,

For and on behalf of

Roma Appraisals Limited

Dr. Alan W K Lee

BCom (Property) MFin PhD (BA)

MHKIS RPS (GP) AAPI CPV CPV (Business)

Director

Note: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 13 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

VALUATION CERTIFICATE

Property intended to be acquired by the Group for future development in Macau

| Property | Description and Tenure | Particulars of Occupancy | Market Value in Existing State as at 28 February 2017 |
|--|--|------------------------------|---|
| A parcel of land situated at Lote 7 da Zone C do Plano de Urbanização da Zone da Baía da Praia Grande, Nam Van Lakes Zone, Avenida Doutor Stanley Ho, Macau. | The property comprises a site with a site area of approximately, 4,669.00 sq.m. (or about 50,257.12 sq.ft.) As advised by the Group, the site is planned to be developed into a multi-storey residential development with car parking provisions with the total Gross Floor Area (“GFA”) of approximately 31,247.00 sq.m., scheduled to be completed in February 2023. Details of which are as follows: | The property is a bare site. | HK\$2,000,000,000 |
| | | GFA (sq.m) | |
| | Residential | 26,047.00 | |
| | Car Park | <u>5,200.00</u> | |
| | Total: | <u>31,247.00</u> | |

According to the Urbanistic Conditions Plan (“UCP”) of the property issued by the DSSOPT on 15 September 2016, the property shall be developed for residential and parking purposes, with the maximum allowed building height of 34.5 meters above sea level and maximum utilization rate of 5.58 (car parking excluded).

The property is held under a Macau land lease concession for a term of 25 years commencing on 22 August 2001. Subject to the completion of the development, it shall be automatically renewable for periods of 10 years until 19 December 2049 in accordance with the legislation in force in Macau. The Government rent of the property during the development period is MOP140,040.00 per annum. After completion of the construction, the Government rent are as follows:

| | |
|--------------------------|---------------------------|
| Residential and car park | MOP10.00 per sq.m. of GFA |
| Commercial | MOP15.00 per sq.m. of GFA |

Notes:

1. Pursuant to a Certidão do Registo Predial (物業登記證明) issued by the Conservatória do Registo Predial (物業登記局), the registered owner of the property is Splendid- Construção E Investimento Imobiliário, Limitada (“**Splendid**”) (澳豪建築置業投資有限公司).
2. The property was granted by the land lease concession (“**the Land Grant**”) under Dispatch No. 69/2001 of Secretary for Transport and Public Works of Macau which is published in the Macau SAR Government Gazette No. 34 dated 22 August 2001, with the site area of 4,669 sq.m., registered with the Macau Land and Real Estate Registry under No. 23070.
3. Development Schedule stipulated in the Land Grant are extracted as follows:

| | | | |
|-------|--------------------|---|---|
| (i) | Site Area | : | 4,669.00 sq.m. |
| (ii) | Uses | : | Construction of a building under strata title commercial/residential with car parking provisions |
| (iii) | Lease Term | : | 25 years commencing on 22 August 2001. Subject to the completion of the development, it shall be automatically renewable for periods of 10 years until 19 December 2049 in accordance with the legislation in force in Macau |
| (iv) | GFA | : | Residential : 25,832 sq.m. |
| | | | Commercial : 215 sq.m. |
| | | | Car Parking : <u>3,930 sq.m.</u> |
| | | | Total : <u><u>29,977 sq.m.</u></u> |
| (v) | Development period | : | 60 months from 22 August 2001 |
4. As the proposed development plan given by the Group is different from the Land Grant in terms of gross floor areas and purposes and the development period of 60 months has been expired, a new amendment to the Land Grant in respect of the development plan and an application for extending the development period or obtaining a new development period of the period is required to be submitted to Land, Public Works and Transport Bureau of Macau (“**DSSOPT**”) for approval.
5. We have been provided with a legal opinion on the title to the property issued by the Group’s Macanese legal advisor, which contains, inter-alia, the following information:
 - a. Splendid has the legal rights to develop the site in accordance with the provisions of the Land Grant, and to dispose of the individual units upon completion of the development;
 - b. The non-development of the site in the contracted period may be regarded as a default of Splendid under the provisions of the Land Grant and a revocation of the Land Grant can be declared by the Macau SAR Government. In the event that Splendid timely submits an application to the DSSOPT and is willing to pay the penalty, there should be no legal impediment for Splendid to obtain the approval for the extension or a new development period;
 - c. Subject to the extension or a new development period is granted by the Macau SAR Government, there should be no legal impediment for Splendid to proceed the amendment and revision to the Land Grant based on the new development plan is accepted by DSSOPT; and
 - d. Save and except for the expiry of the development period of the site, there is nothing in the documents analyzed by the Group’s Macanese legal advisor that may constitute concern in regard to the rights of Splendid to hold the site under the Land Grant and to proceed with its development.
6. The property was booked at cost in the Accountant’s Report of the Target Group of about HK\$480,238,000 as at 30 September 2016. The land cost is about HK\$472,650,700 and the remaining costs of about HK\$7,587,300 comprise professional fees of initial site investigation, design and planning, taxes, licences and property registration fees.
7. Our inspection was performed by Dr. Alan W K Lee in December 2016.

Supplementary Notes

We have valued the property on the basis that the property will be developed and completed in accordance with the latest development proposals provided to us. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account of the handover date of the property.

For the valuation, we have identified and considered the following residential development with similar quality and same locality comparing to the subject property as at the Date of Valuation (28 February 2017):

- Torre Lago Panoramico located in the core of Praia Grande with convenient transportation and beautiful view which provides 896 (from 1,200 sq.ft. to 4,000 sq.ft.) residential units, completed in 2010. The unit rate is from HKD7,500 to HKD9,000.
- La Bahia No. 1 located in the Avenida da Praia Grande with convenient transportation and beautiful view which provides 352 (from 419 sq.ft. to 1,074 sq.ft.) residential units, completed in 2014. The unit rate is from HKD8,500 to HKD12,000.
- One Central located in the Zona Nova de Aterros do Porto Exterior with beautiful view and multiple ancillary facilities which provides 796 (from 654 sq.ft. to 3,006 sq.ft.) residential units, completed in 2009. The unit rate is from HKD8,000 to HKD11,200.

In view of the high similarity of the comparable properties, which are exhaustive, in term of location (all of them are in the vicinity to the subject property), accessibility (the regions in which the comparable properties are located are well served by transportation infrastructures and highway networks), residential complex features and permitted use, we have taken the average of their adjusted unit rate of HKD9,500/sq.ft. to come up with the Gross Development Value (GDV) of the property.

We have also assumed that all necessary approvals for the proposal have been obtained from the relevant government authorities without onerous conditions or restrictions and have taken into account the development costs to complete the development.

The market value of the land is based on a deduction of the costs of development, development profit, and financial cost from the GDV. The details of the valuation as follow:

| | HKD (Rounded) |
|--|---------------|
| GDV (Adopted Unit Rate HKD9,500/sq.ft. x Proposed Gross Floor Area (GFA) 336,340 sq.ft.) | 3,195,230,000 |
| Less Construction Cost (HKD2,050/sq.ft. x Proposed GFA 336,340 sq.ft.) | 689,497,000 |
| Less Development Profit (15% ^{Note} of GDV) | 479,284,500 |
| | <hr/> |
| Land Value | 2,026,448,500 |
| Land Value (Round) | 2,000,000,000 |

Note: It is our common practice to set the estimate percentage in the range of 10-25%.

The following is the text of a report prepared for the purpose of annual audit purpose of the Company received from Jones Lang LaSalle Limited, an independent valuer, in connection with their opinion of the value of the Property as at 31 December 2023 and is included in this circular for reference only.

27 March 2024

China Star Entertainment Limited

Unit 3409, Shun Tak Centre,
West Tower, 168-200 Connaught Road Central,
Hong Kong

Dear Sir/Madam,

Re: Property valuation of a proposed development site located at Terreno junto à Avenida Doutor Stanley Ho Baía da Praia Grande, Zona C, Lote C7, Macau

1.0 INTRODUCTION

Instructions

We refer to the instruction from China Star Entertainment Limited (the “**Company**”) for us to prepare a current market valuation of a development site located at Terreno junto à Avenida Doutor Stanley Ho Baía da Praia Grande, Zona C, Lote C7, Macau (the “**Property**”) subject to a proposed development scheme (“**Proposed Development**”) as provided by the Company as at 31 December 2023 (the “**Date of Valuation**”) for accounting purpose.

We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing the Company with our opinion of the market value of the unencumbered leasehold interest of the Property, as at the Date of Valuation.

Basis of Valuation

We have valued the Property subject to the following basis and special assumptions:

1. As instructed by the Company, we have assessed the market value of the Property assuming on “as-is” basis, subject to vacant possession as at the Date of Valuation and the development scheme of the Proposed Development.
2. We have assessed the gross development value (“**GDV**”) of the Proposed Development assuming building completion as at the Date of Valuation.

3. We have assumed the parameters provided in the development scheme of the Proposed Development e.g. site area, plot ratio, users, gross floor area, no. of car parking space, etc. had been approved by the government as at the Date of Valuation.
4. We have assumed that the estimated construction cost and development program as advised by the Company are reasonable.

All work is carried out in accordance with the “HKIS Valuation Standards 2020” published by The Hong Kong Institute of Surveyors (“HKIS”), the “International Valuation Standards” published by the International Valuation Standards Council (“IVSC”) and the “RICS Valuation – Global Standards” published by the Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law. Unless otherwise stated, our valuation is undertaken as External Valuers as defined in the relevant Valuation Standards.

Compliance with the RICS standards may be subject to monitoring under the RICS’ conduct and disciplinary regulations.

Our valuation is made on the basis of Market Value as defined by IVSC and adopted by HKIS and RICS, set out as:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation presented in this report represents 100% interest of the Property and not the shareholdings of the company holding the property interest hereof.

Our valuation services have been executed in accordance with our Quality Assurance System, accredited by HKQAA via ISO 9001:2015 and our report has been prepared with reference to the assumptions, definitions and limiting conditions as set out in our General Principles of Valuation.

Valuation Assumptions

Our valuation has been made on the assumption that the owner sells the Property on the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the Property.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free of legal complications and encumbrances, restrictions, outgoings of an onerous nature that could affect its value.

We have assumed that the owner of the Property has free and uninterrupted rights to use and assign the Property for the whole of the unexpired land lease term as granted. Unless otherwise stated, we have valued the Property on the assumption that it is freely disposable and transferable for the existing use without payment of any premium to the relevant authorities.

Source of Information

We have relied to a considerable extent on the information provided by the Company and we have accepted advice in relation to tenure, particulars of occupancy and development parameters, and all other relevant matters. The dimensions, measurements and areas included in the report are based on information contained in copies of documents made available to us and thus are approximations. We have not carried out on site measurements to verify the correctness of the floor areas of the Property.

We have no reason to doubt the truth and accuracy of the information provided to us. The Company also advised that no material facts have been omitted from the information supplied and we have no reason to suspect that material information has been withheld.

Our valuation is totally dependent on the adequacy and accuracy of the information supplied and/or the assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the value reported herein.

All measurements are carried out in accordance with the “Code of Measuring Practice” booklet published by the HKIS. Unless otherwise stated, we do not physically measure the actual property or verify the floor area provided to us, unless we specifically agree in writing to do so, although we make reference to the registered floor plans if available. To suit the local legislation and/or client’s request or agreement, we declare our departure from the “RICS property measurement” published by RICS.

Title Investigation

We have caused search on the Property conducted in the Conservatoria do Registo Predial of Macau on 29 February 2024 (“**Land Search Record**”). However, we have not searched the original documents to verify the ownership or to ascertain the existence of any lease amendments, which may not appear on the land search records. All documents have been used for reference only. We have not seen original planning consents and have assumed that the Property had been erected, being occupied and used in accordance with such consents and that there are no outstanding statutory notices.

Valuation Method

We have adopted the Direct Comparison Method to assess the GDV of the Proposed Development and the market value of the Property.

The Direct Comparison Method is based on comparing the property to be valued directly with other comparable properties, which have recently been subject to transfer of legal ownership. However, given the differences between individual real estate properties, appropriate adjustments are required to allow for any qualitative and quantitative differences that may affect the price likely to be achieved by the property under consideration.

Property Inspection and Site Investigation

We inspected the general location and environment of the Property by our Mark Wong, Director on 29 February 2024. We have not carried out site measurements to verify the correctness of the site areas of the Property. We have assumed that the site areas and the identification of the Property as shown on the documents as provided by the Company are correct.

We were not instructed to carry out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development, nor did we undertake archaeological, ecological or environmental surveys. Our valuation is on the basis that these aspects are satisfactory and that where development is contemplated, no extraordinary expenses or delays will be incurred during the construction period due to these, or to archaeological or ecological matters. In the course of our assessment, we have assumed that no contamination or settlement affecting the Property or the neighboring land. However, should it be established subsequently that contamination or settlement exists at the Property or any neighboring land, or that the premise has been or is being put to any contaminative use, we reserve the right to adjust the value reported herein.

Foreign Exchange

We have valued the Property in Hong Kong Dollars (“**HKD**”).

Report

Neither the whole nor any part of this report nor any reference thereto may be included in any document, circular or statement without our written approval of the form and context in which it will appear.

Finally and in accordance with our standard practice, we must state that this report is for the use of the Company for the stated use and no responsibility is accepted to any third party for the whole or any part of its contents.

The valuation certificate is attached hereto.

Yours faithfully

For and on behalf of

Jones Lang LaSalle Limited

Au Kin Keung, Alkan

BA (Hons), MHKIS, MRICS, RPS (GP)

Senior Director

Licence No.: E-181955

2.0 VALUATION CERTIFICATE

| Property | Description, age and tenure | Particulars of occupancy | Market value as at 31 December 2023 | | | | | | | | | | | | | | | | |
|---|--|---|---|---------------------------------------|-------|--------------------------------------|----------|-------------|-----|--------------------------|-----|---------------------|---|---------------------------|-----|----------------------------------|----|--|--|
| Avenida Doutor Stanley Ho Baía da Praia Grande, Zona C, Lote C7, Macau (the “Property”) | The Property is a development site known as Lote C7 bounded by Avenida Panorâmica do Lago Nam Van (南灣湖景大馬路) and Avenida Doutor Stanley Ho Baía da Praia Grande (何鴻燊博士大馬路) in Macau Peninsula. | As per our external inspection, the Property was under construction for the foundation works. | HKD1,710,000,000 (Hong Kong Dollars One Billion Seven Hundred and Ten Million) (Please see Note (4) for special assumptions) | | | | | | | | | | | | | | | | |
| Property Reference N°. 23070 | As per the Land Search Record, the site area of the Property is about 50,257 ft ² (4,669m ²). As advised by the Company, the Proposed Development comprises a 13-storey plus ground level and a level of basement residential project with a total gross floor area (“GFA”) of about 322,669 ft ² (29,977m ²). We have summarized the salient development parameters as follows: <table border="0" style="margin-left: 40px;"> <tr> <td>Building Height (m):</td> <td>39.4</td> </tr> <tr> <td>Original Site Area (m²):</td> <td>4,669</td> </tr> <tr> <td>Covered Site Area (m²):</td> <td>3,828.86</td> </tr> <tr> <td>Plot Ratio:</td> <td>5.8</td> </tr> <tr> <td>No. of Residential Unit:</td> <td>345</td> </tr> <tr> <td>No. of Retail Unit:</td> <td>1</td> </tr> <tr> <td>No. of Car Parking Space:</td> <td>147</td> </tr> <tr> <td>No. of Motorcycle Parking Space:</td> <td>29</td> </tr> </table> | Building Height (m): | 39.4 | Original Site Area (m ²): | 4,669 | Covered Site Area (m ²): | 3,828.86 | Plot Ratio: | 5.8 | No. of Residential Unit: | 345 | No. of Retail Unit: | 1 | No. of Car Parking Space: | 147 | No. of Motorcycle Parking Space: | 29 | | |
| Building Height (m): | 39.4 | | | | | | | | | | | | | | | | | | |
| Original Site Area (m ²): | 4,669 | | | | | | | | | | | | | | | | | | |
| Covered Site Area (m ²): | 3,828.86 | | | | | | | | | | | | | | | | | | |
| Plot Ratio: | 5.8 | | | | | | | | | | | | | | | | | | |
| No. of Residential Unit: | 345 | | | | | | | | | | | | | | | | | | |
| No. of Retail Unit: | 1 | | | | | | | | | | | | | | | | | | |
| No. of Car Parking Space: | 147 | | | | | | | | | | | | | | | | | | |
| No. of Motorcycle Parking Space: | 29 | | | | | | | | | | | | | | | | | | |
| | The Property is held under Concessão por Arrendamento (政府租賃批地) for a term of 25 years commencing on 22 August 2001 (Note 4b). | | | | | | | | | | | | | | | | | | |

Notes:

- (1) As per the Land Search Record, the registered owner of the Property is Splendid-Construção e Investimento Imobiliário, Limitada.
- (2) As per the Land Search Record, there was no encumbrance registered against the Property.
- (3) The GDV of the Proposed Development assuming building completion as at the Date of Valuation is in the sum of HKD3,723,000,000.
- (4) We have valued the Property subject to the following basis and special assumptions:
 - a) We have not been provided with copy of government lease of the Property, if any. We have assumed that the government lease (if any) does not contain any onerous terms and conditions.
 - b) The subject land lease term of the Property will expire in August 2026. In the course of our valuation, we have assumed that the subject land lease term will be extended and renewable thereafter in accordance with the laws of Macau and will be subject to payment of applicable ground rent, and that the premium, if any, will not have a significant impact on the value of the Property.
 - c) As instructed by the Company, we have assessed the market value of the Property assuming on “as-is” basis, subject to vacant possession as at the Date of Valuation and the development scheme of the Proposed Development.
 - d) We have assumed the parameters provided in the development scheme of the Proposed Development e.g. site area, plot ratio, users, gross floor area, no. of car parking space, etc. had been approved by the government as at the Date of Valuation.
 - e) As provided by the Company, the estimated construction cost of the Proposed Development is about HKD1,076,475,244 inclusive of the professional fee and contingency cost. We have assumed that the estimated construction cost and development program as advised by the Company are reasonable.
 - f) We have assumed that the Property is free of encumbrance and can be freely assigned in the market and if any consent to sell/consent to assign is required, such consent is assumed to be available as at the Date of Valuation.
 - g) We have assumed that the Proposed Development will be finished to a standard commensurate with newly completed residential developments in the locality or comparable districts.
 - h) We have relied on the development scheme of the Proposed Development provided by the Company. We have assumed the development program is reasonable and the Proposed Development will be completed in time by August 2026. Should these prove to be incorrect or inadequate, we reserve the right to adjust the value reported herein.
 - i) Our valuation is totally dependent on the adequacy and accuracy of the information supplied and the above assumptions made. Should these prove to be incorrect or inadequate, the accuracy of our valuation may be affected and we reserve the right to adjust the value reported herein.

NOTICE OF SPECIAL GENERAL MEETING



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the special general meeting (the “SGM”) of China Star Entertainment Limited (the “Company”) will be held at Golden Restaurant, 1/F, East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Monday, 8 July 2024 at 4:00 p.m. for the following purposes:

ORDINARY RESOLUTION

To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution of the Company:

1. **“THAT**
 - (a) the entering into of the Agreement (as defined and described in the circular dated 17 June 2024) be and are hereby confirmed, ratified and approved and the transaction contemplated thereunder be and is hereby approved; and
 - (b) any one of the directors of the Company be and is hereby authorized to do all such acts as he/she may consider necessary, desirable or expedient for the purpose of giving effect to, or in connection with the implementation and completion of the Agreement and the transaction contemplated thereunder.”

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

Hong Kong, 17 June 2024

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal place of business in Hong Kong:
Unit 3409
Shun Tak Centre, West Tower
168-200 Connaught Road Central
Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Notes:

- (i) Any shareholder entitled to attend and vote at the SGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote in his stead. A proxy need not be a shareholder of the Company.
- (ii) In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time for holding the SGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person if he is subsequently able to be present.
- (iii) A form of proxy must be signed by you or your attorney duly authorized in writing or, in the case of a corporation, must be either executed under seal or under the hand of an officer or attorney duly authorized to sign the same.
- (iv) In the case of joint holders of any shares, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.
- (v) On a poll, every shareholder present at the SGM shall be entitled to one vote for every fully paid-up share of which he is the holder. The result of such poll shall be deemed to be the resolution of the SGM at which the poll was so required or demanded.
- (vi) For determining the entitlement to attend and vote at the SGM, the transfer books and register of members of the Company will be closed from Wednesday, 3 July 2024 to Monday, 8 July 2024, both days inclusive, during which period no share transfers can be registered. In order to qualify for attending and voting at the SGM, unregistered holders of shares of the Company should ensure that all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 2 July 2024.