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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

### **FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2022**

#### **FINAL RESULTS**

The board of directors (the “Board”) of China Star Entertainment Limited (the “Company”) presents the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st December 2022 together with the comparative figure for 2021 as follows:

#### **CONSOLIDATED INCOME STATEMENT**

*For the year ended 31st December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>			
Revenue	5	<b>3,879</b>	3,717
Cost of sales		<b>(466)</b>	(129)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>3,413</b>	3,588
Other revenue and other income	6	<b>48,933</b>	102,903
Administrative expenses		<b>(88,174)</b>	(75,063)
Marketing and distribution expenses		<b>(11,111)</b>	(158)
Loss arising on change in fair value of financial assets at fair value through profit or loss		<b>(25,257)</b>	(152,413)
Gain/(loss) arising on change in fair value of investment property		<b>1,531</b>	(694)
Other operating expenses		<b>(20,576)</b>	(24,977)
		<hr/>	<hr/>

## CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31st December 2022

	Notes	2022 HK\$'000	2021 HK\$'000
<b>Loss from operations</b>		<b>(91,241)</b>	(146,814)
Finance costs	7	(2,414)	(1,833)
Share of result of a joint venture		–	(2)
<b>Loss before tax from continuing operations</b>	8	<b>(93,655)</b>	(148,649)
Income tax expense	9	(465)	–
<b>Loss for the year from continuing operations</b>		<b>(94,120)</b>	(148,649)
<b>Discontinued operation</b>			
Loss for the year from discontinued operation		–	(7,866)
<b>Loss for the year</b>		<b>(94,120)</b>	(156,515)
<b>Loss for the year attributable to:</b>			
Owners of the Company			
– from continuing operations		(94,101)	(148,630)
– from discontinued operation		–	(7,866)
		<b>(94,101)</b>	(156,496)
Non-controlling interests			
– from continuing operations		(19)	(19)
– from discontinued operation		–	–
		<b>(19)</b>	(19)
		<b>(94,120)</b>	(156,515)
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>			
From continuing and discontinued operations			
– Basic and diluted	11	<b>(3.79)</b>	(6.24)
From continuing operations			
– Basic and diluted	11	<b>(3.79)</b>	(5.93)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(94,120)</u>	<u>(156,515)</u>
<b>Other comprehensive (loss)/income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(108)</u>	<u>215</u>
Other comprehensive (loss)/income for the year	<u>(108)</u>	<u>215</u>
<b>Total comprehensive loss for the year</b>	<u><u>(94,228)</u></u>	<u><u>(156,300)</u></u>
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company	(94,209)	(156,281)
Non-controlling interests	<u>(19)</u>	<u>(19)</u>
	<u><u>(94,228)</u></u>	<u><u>(156,300)</u></u>
<b>Total comprehensive loss for the year attributable to:</b>		
Owners of the Company		
– from continuing operations	(94,209)	(148,415)
– from discontinued operation	<u>–</u>	<u>(7,866)</u>
	<u><u>(94,209)</u></u>	<u><u>(156,281)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31st December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		55,921	52,206
Investment property		149,114	162,176
Interest in a joint venture		–	–
Loan to a director		489,639	–
		<b>694,674</b>	214,382
<b>Current assets</b>			
Stock of properties		3,702,028	3,555,091
Film rights		8,115	8,837
Films in progress		76,321	76,321
Investment in films		104,743	83,083
Loan to a director		–	481,606
Trade receivables	12	3,368	1,998
Deposits, prepayment and other receivables		511,399	669,331
Financial assets at fair value through profit or loss		71,385	92,915
Amount due from a joint venture		60	45
Time deposits		280	279
Cash and bank balances		75,484	102,021
		<b>4,553,183</b>	5,071,527
<b>Total assets</b>		<b>5,247,857</b>	5,285,909
<b>Capital and reserves</b>			
Share capital		24,608	24,858
Reserves		2,925,825	3,039,780
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests		(681)	(662)
<b>Total equity</b>		<b>2,949,752</b>	3,063,976

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

*At 31st December 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<b>4,256</b>	–
Bank borrowings		<b>1,550,000</b>	–
Deferred tax liabilities		<b>450</b>	–
		<hr/> <b>1,554,706</b> <hr/>	<hr/> – <hr/>
<b>Current liabilities</b>			
Trade payables	13	<b>10,253</b>	58,392
Deposits received, accruals and other payables		<b>89,889</b>	84,234
Lease liabilities		<b>3,243</b>	981
Bank borrowings		<b>50,000</b>	1,478,850
Financing note payables		<b>86,898</b>	96,360
Amounts due to non-controlling interests		<b>503,116</b>	503,116
		<hr/> <b>743,399</b> <hr/>	<hr/> 2,221,933 <hr/>
<b>Total liabilities</b>		<hr/> <b>2,298,105</b> <hr/>	<hr/> 2,221,933 <hr/>
<b>Total equity and liabilities</b>		<hr/> <b>5,247,857</b> <hr/>	<hr/> 5,285,909 <hr/>
<b>Net current assets</b>		<hr/> <b>3,809,784</b> <hr/>	<hr/> 2,849,594 <hr/>
<b>Total assets less current liabilities</b>		<hr/> <b>4,504,458</b> <hr/>	<hr/> 3,063,976 <hr/>

## **NOTES:**

### **1. GENERAL**

China Star Entertainment Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda and Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong respectively.

Its immediate and ultimate holding company is Heung Wah Keung Family Endowment Limited which is equally owned by Mr. Heung Wah Keung (“Mr. Heung”) and Ms. Chen Ming Yin, Tiffany, spouse of Mr. Heung.

The consolidated financial statements are presented in Hong Kong dollar (“HK\$”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (HK\$’000) except otherwise indicated.

The principal activities of the Group are investment, production, distribution and licensing of films and television drama series, provision of artist management services and properties development and investment.

The Group was also engaged in provision of catering services which was discontinued during the year ended 31st December 2021.

### **2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

#### **(a) Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1st January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30th June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

## 2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

### (a) Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

In addition, the Group applied the agenda decision(s) of the Committee of the International Accounting Standards Board (the “Committee”).

The application of the amendments to HKFRSs and the Committee’s agenda decision(s) in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### (b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-Current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1st January 2024.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The directors anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of presentation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the disclosure requirements of the Hong Kong Companies Ordinance.

### 4. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of monitoring segment performance and allocating resources between segments and that are used to make strategic decisions.

The Group has two reportable segments – film related business operations and property development and investment operations. The segmentations are based on the information about the operations of the Group that management uses to make decisions.

An operating segment regarding the restaurant operations was discontinued in the year ended 31st December 2021. The segment information reported below does not include any amounts for this discontinued operation.

The Group’s reportable segments are strategic business units that operate different activities. They are managed separately because each business has different markets and requires different marketing strategies.

Particulars of the Group’s reportable segments are summarised as follows:

Film related business operations	–	Investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services
Property development and investment operations	–	Investment and development of properties

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Continuing operations

Segment information about these operations is presented as below:

(a) *An analysis of the Group's revenue and results by operating segments*

	Segment revenue		Segment results	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>				
Film related business operations	3,879	3,717	(20,015)	(43,526)
Property development and investment operations	—	—	(34,066)	(38,441)
	<u>3,879</u>	<u>3,717</u>	<u>(54,081)</u>	<u>(81,967)</u>
<b>Reconciliation from segment results to loss before tax</b>				
Unallocated corporate income			46,324	117,580
Loss arising on change in fair value of financial assets at fair value through profit or loss ("FVTPL")			(21,530)	(120,197)
Share of result of a joint venture			—	(2)
Unallocated corporate expenses			<u>(64,368)</u>	<u>(64,063)</u>
Loss before tax			<u>(93,655)</u>	<u>(148,649)</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for both years.

Segment results represent the loss suffered by each segment without allocation of central administrative expenses, partial finance costs, and partial other operating expenses under the heading of "unallocated corporate expenses", partial other revenue and other income under the heading of "unallocated corporate income", partial loss arising on change in fair value of financial assets at FVTPL and share of result of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Continuing operations (Continued)

##### (b) An analysis of the Group's financial position by operating segments

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>ASSETS</b>		
Segment assets		
Continuing operations		
– Film related business operations	517,537	643,660
– Property development and investment operations	<u>3,926,568</u>	<u>3,807,808</u>
Total segment assets	4,444,105	4,451,468
Unallocated assets	<u>803,752</u>	<u>834,441</u>
	<u><u>5,247,857</u></u>	<u><u>5,285,909</u></u>
<b>LIABILITIES</b>		
Segment liabilities		
Continuing operations		
– Film related business operations	77,193	73,279
– Property development and investment operations	<u>2,201,208</u>	<u>2,134,484</u>
Total segment liabilities	2,278,401	2,207,763
Unallocated liabilities	<u>19,704</u>	<u>14,170</u>
	<u><u>2,298,105</u></u>	<u><u>2,221,933</u></u>

For the purposes of resource allocation and performance assessment between segments:

- all assets are allocated to reportable segments, other than loan to a director, partial deposits, prepayment and other receivables, partial financial assets at FVTPL, amount due from a joint venture, partial cash and bank balances and partial property, plant and equipment for central administrative purposes; and
- all liabilities are allocated to reportable segments, other than partial deposits received, accruals and other payables and partial lease liabilities.

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Continuing operations (Continued)

##### (c) Other segment information

	Film related		Property		Unallocated		Consolidated	
	business operations		development and					
	2022	2021	2022	2021	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Continuing operations</b>								
<b>Amounts included in the measure of segment results or segment assets:</b>								
Amortisation of film rights	466	129	-	-	-	-	466	129
Depreciation of property, plant and equipment	1	991	730	1,707	6,079	6,805	6,810	9,503
Impairment loss recognised in respect of film rights	256	2,862	-	-	-	-	256	2,862
Impairment loss recognised in respect of films in progress	-	1,313	-	-	-	-	-	1,313
Allowance for expected credit loss ("ECL") on trade receivables	4	46	-	-	-	-	4	46
Allowance for ECL on deposits and other receivables	6,887	3,339	-	-	383	17,417	7,270	20,756
Loss/(gain) on disposal of property, plant and equipment	-	-	-	16,550	-	(29,916)	-	(13,366)
Loss on written off of property, plant and equipment	-	62	-	-	16	79	16	141
Loss on derecognition of loan to a director	-	-	-	-	13,046	-	13,046	-
Loss arising on change in fair value of financial assets at FVTPL	3,727	32,216	-	-	21,530	120,197	25,257	152,413
(Gain)/loss arising on change in fair value of investment property	-	-	(1,531)	694	-	-	(1,531)	694
Additions to property, plant and equipment	-	-	646	538	9,925	260	10,571	798
<b>Amounts regularly provided to the CODM but not included in the measure of segment results or segment assets:</b>								
Bank interest income	140	643	1,363	170	121	14	1,624	827
Loan interest income	-	-	-	-	46,079	86,102	46,079	86,102
Finance costs	-	-	2,133	1,751	281	82	2,414	1,833
Share of result of a joint venture	-	-	-	-	-	2	-	2

#### 4. SEGMENT INFORMATION (CONTINUED)

##### Continuing operations (Continued)

##### (d) Information about major customers

###### Continuing operations

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group is as follows:

	2022 HK\$'000	2021 HK\$'000
<b>Film related business operations</b>		
Customer A	–	3,000
Customer B	1,626	–
Customer C	1,189	–
Customer D	799	N/A*
	<u>          </u>	<u>          </u>

Except disclosed above, no other customers contributed 10% or more to the Group's revenue for both years.

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

##### (e) Geographical information

The following table sets out information about geographical location of (i) revenue from external customers and (ii) non-current assets (excluded financial instruments). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of non-current assets is based on the physical location of the assets.

	Revenue from		Non-current assets	
	external customers		(excluded financial instruments)	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	4	15	54,918	51,089
Macau	–	–	828	754
Taiwan	–	–	149,289	162,539
The People's Republic of China excluded Hong Kong, Macau and Taiwan (the "PRC")	3,704	3,437	–	–
Others	171	265	–	–
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<b>3,879</b>	<b>3,717</b>	<b>205,035</b>	<b>214,382</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## 5. REVENUE

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
<b>Disaggregation of revenue from contracts with customers</b>		
Distribution fee income	2,991	3,093
Artist management service income	888	449
	<u>3,879</u>	<u>3,542</u>
<b>Revenue from other sources</b>		
Income from investment in films	–	175
	<u>3,879</u>	<u>3,717</u>
	<i>2022</i> <i>HK\$'000</i>	<i>2021</i> <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Timing of revenue recognition		
A point in time	<u>3,879</u>	<u>3,542</u>

## 6. OTHER REVENUE AND OTHER INCOME

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Dividend income	62	–
Bank interest income	1,624	827
Loan interest income	46,079	86,102
Government grants ( <i>Note</i> )	886	346
Gain on disposal of property, plant and equipment	–	13,366
Foreign exchange gain	–	2,243
Sundry income	282	19
	<u>48,933</u>	<u>102,903</u>

*Note:* During the year ended 31st December 2022, the Group recognised government grants of HK\$886,000 (2021: HK\$346,000) from continuing operations in respect of Covid-19 related subsidies provided by the government of Macau Special Administrative Region.

## 7. FINANCE COSTS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Continuing operations</b>		
Interests on bank borrowings	98,861	54,576
Interests on financing note payables	661	220
Bank guarantee charges	1,347	1,368
Interests on lease liabilities	281	82
Other finance costs	125	163
	<u>101,275</u>	<u>56,409</u>
Interests capitalised to stock of properties	<u>(98,861)</u>	<u>(54,576)</u>
	<u>2,414</u>	<u>1,833</u>

## 8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Amortisation of film rights (included in cost of sales)	466	129
Auditors' remuneration and other services:		
Auditors of the Company		
– audit services	800	800
– non-audit services	137	137
	937	937
Depreciation of property, plant and equipment	6,810	9,503
Employee benefit expenses	44,380	43,984
Expense relating to short-term leases	1,444	1,084
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	95	105
Allowance for ECL on trade receivables (including in other operating expenses)	4	46
Allowance for ECL on deposits and other receivables (included in other operating expenses)	7,270	20,756
(Gain)/loss arising on change in fair value of investment property	(1,531)	694
Impairment loss recognised in respect of film rights (included in other operating expenses)	256	2,862
Impairment loss recognised in respect of films in progress (included in other operating expenses)	–	1,313
Loss on derecognition of loan to a director (included in other operating expenses)	13,046	–
Loss on written off of property, plant and equipment	16	141
Loss arising on change in fair value of financial assets at FVTPL	25,257	152,413
Net foreign exchange loss/(gain)	13,527	(2,243)
	13,527	(2,243)

## 9. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Continuing operations</b>		
Deferred tax	<u>465</u>	<u>–</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made for the year ended 31st December 2022 and 2021 as the Group has no assessable profits arising in Hong Kong or taxable profits were wholly absorbed by estimated tax losses brought forward.

The PRC subsidiaries are subject to the PRC Enterprise Income Tax at 25% for both years. Macau subsidiaries are subject to Macau Complementary Tax at the maximum progressive rate of 12% on the estimated assessable profit for both years. Taiwan subsidiary is subject to Taiwan corporate tax, the first New Taiwan Dollar (“NT\$”) 120,000 taxable income of Taiwan subsidiary is exempted from corporate tax and taxable income above NT\$120,000 is taxed at 20%.

No provision for PRC Enterprise Income Tax, Macau Complementary Tax and Taiwan corporate tax has been made for both years as the Group has no assessable profits arising in the PRC, Macau and Taiwan.

## 10. DIVIDEND

No final dividend was paid or proposed during the year, nor any dividend has been proposed by the board of directors subsequent to the end of the reporting period (2021: nil).

## 11. LOSS PER SHARE

### From continuing and discontinued operations

The calculation of the basic and diluted loss per share from continuing and discontinued operations attributable to owners of the Company are based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(94,101)</u>	<u>(156,496)</u>
	2022 <i>'000</i>	2021 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>2,480,883</u>	<u>2,506,875</u>

Pursuant to the deed polls of the bonus convertible bonds (“Bonus CBs”), the Bonus CBs conferred the holders with the same economic interests attached to the shareholders of the Company. Accordingly, 1,060,317 (2021: 1,060,317) fully paid ordinary shares of HK\$0.01 each which shall be convertible from an aggregated amount of approximately HK\$265,000 (2021: HK\$265,000) outstanding Bonus CBs are included in the weighted average number of ordinary shares for calculating the basic loss per share.

No diluted loss per share were presented as there were no potential ordinary shares in issue for both years.

## 11. LOSS PER SHARE (CONTINUED)

### From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(94,101)</u>	<u>(148,630)</u>

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

### From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK0.31 cents per share for the year ended 31st December 2021, based on the loss for the period from the discontinued operation of HK\$7,866,000 and the denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

## 12. TRADE RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	4,058	2,684
Less: allowance for ECL	<u>(690)</u>	<u>(686)</u>
	<u>3,368</u>	<u>1,998</u>

The following is an aging analysis of trade receivables, presented based on the invoice dates, which approximates the respective revenue recognition dates and net of allowance for ECL:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	1,544	38
31 to 60 days	–	1,463
61 to 90 days	29	175
Over 90 days	<u>1,795</u>	<u>322</u>
	<u>3,368</u>	<u>1,998</u>

The average credit period granted to customers ranges from 30 to 90 days.

## 12. TRADE RECEIVABLES (CONTINUED)

The movement in the allowance for ECL in respect of trade receivables under simplified approach during the year is as follows:

	Lifetime ECL (not credit- impaired) <i>HK\$'000</i>	Lifetime ECL (credit- impaired) <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 2021	–	640	640
Allowance for ECL for the year	46	–	46
At 31st December 2021 and at 1st January 2022	46	640	686
Allowance for ECL for the year	4	–	4
<b>At 31st December 2022</b>	<b>50</b>	<b>640</b>	<b>690</b>

## 13. TRADE PAYABLES

The following is an aging analysis of trade payables, based on the invoice dates:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	2,552	48,144
31 to 60 days	283	3,232
61 to 90 days	1,784	–
Over 90 days	5,634	7,016
	<b>10,253</b>	<b>58,392</b>

The average credit period granted by suppliers ranges from 30 to 90 days.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

For the year ended 31st December 2022, the Group recorded revenue from continuing operations of HK\$3,879,000, representing an increase of 4% from HK\$3,717,000 for the year ended 31st December 2021.

Loss for the year amounted to HK\$94,120,000, representing a decrease of 40% from HK\$156,515,000 for the year ended 31st December 2021. Loss for the year mainly included recognition of loss arising on change in fair value of financial assets at fair value through profit or loss of HK\$25,257,000 (2021: HK\$152,413,000), other operating expenses of HK\$20,576,000 (2021: HK\$24,977,000), administrative expenses of HK\$88,174,000 (2021: HK\$75,063,000) and marketing and distribution expenses of HK\$11,111,000 (2021: HK\$158,000) and partially offset by other revenue and other income of HK\$48,933,000 (2021: HK\$102,903,000). The decrease in loss is mainly attributable to the substantial decrease in recognition of loss arising on change in fair value of financial assets at fair value through profit or loss which mainly represented financial assets stated at fair values held by the Group included equity securities listed in Hong Kong, call option embedded in loan to a director and investment in films.

Loss attributable to owners of the Company from continuing operations for the year ended 31st December 2022 amounted to HK\$94,101,000, representing a decrease of 37% from HK\$148,630,000 in the previous year.

Loss attributable to owners of the Company from discontinued operation for the year ended 31st December 2021 amounted to HK\$7,866,000.

### **DIVIDEND**

The directors do not recommend the payment of a final dividend for the year ended 31st December 2022 (2021: nil).

### **BUSINESS REVIEW**

#### **Continuing Operations**

The Group has two continuing reportable segments - (1) film related business operations; and (2) property development and investment operations.

Of the total revenue for the year, HK\$3,879,000 or 100% was generated from film related business operations and no revenue was generated from property development and investment operations.

### ***Film Related Business Operations***

Film related business operations included investment, production, distribution and licensing of films and television drama series and provision of other film related services including artist management services.

The Group has been engaging in the film business for more than 20 years. Film production normally involves three stages including pre-production, production or shooting and post-production. From the pre-production stage to theatrical release of Chinese film in Hong Kong, it normally takes more than one year and sometimes several years to complete. The majority of revenue in film will record within the following two years after the film is released. As such, it is the characteristic of film production and distribution that revenue is not recognised evenly with time. The Group also has investment in production of film which is co-financing with other production companies and will shared revenue from the invested film according to the investment percentage in the relevant agreement. The Group takes a passive role in this kind of co-production arrangement but needs to contribute less human resource. Besides our own productions, the Group also distributes film titles on behalf of other film owners in order to obtain distribution fees.

In year 2022, revenue from film related business operations amounted to HK\$3,879,000 (2021: HK\$3,717,000) and its segment loss amounted to HK\$20,015,000 (2021: HK\$43,526,000). The Group did not start new production during the year. The revenue mainly arised from distribution of films in film library, sub-distribution fees and artist management service fees. In recent years, China is the major revenue contributor in film distribution. The repeat of Coronavirus Disease 2019 (“Covid-19”) in year 2022 causing the operating rate of theaters to fall to the bottom since the outbreak. The total China box office in 2022 is about 29.7 billion yuan, which is far from the total China box office in 2021 of 47 billion yuan. Facing the low operating rate of theaters, some films were worried about the poor feedback from the China box office market, so they temporarily withdraw their films, thus creating a vicious circle of “audiences don’t want to watch movies-movies don’t want to be released”. As such, we concentrate to pre-production stage of film production such as preparation of story board during this year. The segment loss mainly included impairment loss recognised in respect of films in progress and film rights of HK\$nil (2021: HK\$1,313,000) and HK\$256,000 (2021: HK\$2,862,000) respectively and loss arising on change in fair value of investment in films of HK\$3,727,000 (2021: HK\$32,216,000) and allowance for expected credit loss (“ECL”) on deposits and other receivables for film related business of HK\$6,887,000 (2021: HK\$3,339,000). As at 31st December 2022, no film or television drama series of the Group are in shooting stage and one film classified as investment in films is in post-production stage.

### ***Property Development and Investment Operations***

Property development and investment operations mainly included two projects under development in Macau, namely (i) Lot C7 do Plano de Urbanizacao da Baia de Praia Grande, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070 (the “Property C7”); and (ii) Tiffany House located at Rua De Luis Gonzaga Gomes and Rua De Xiamen, Macau.

Under the Urbanistic Conditions Plan, the Property C7 which is a lot of land with the site area of 4,669 square meters with the maximum allowed height of the building of 34.5 meters above sea level and maximum utilization rate of 5.58 (parking not included). The Group has submitted a development plan of the Property C7 to the Land, Public Works and Transport Bureau of Macau (“DSSOPT”), pursuant to which the Property C7 shall be developed into two residential buildings, comprising an eight-storey building and a nine-storey building, with two basement levels of parking area underneath both buildings. The further development of Property C7 and its development plan is awaiting response or further instructions from DSSOPT.

The Group is currently indirectly interested in 50% of the Property C7. Ms. Chen Ming Yin Tiffany (“Ms. Chen”) had granted a call option (the “Call Option”) to Best Combo Limited, a wholly owned subsidiary of the Company (“Best Combo”) which allowed Best Combo to require Ms. Chen to sell the entire issued share capital of Reform Base Holdings Limited that indirectly held 25% of the Property C7 at consideration of HK\$500,000,000 (subject to adjustment) during the exercise period falling on the expiry of 60 months from 6th April 2017 (the “Exercisable Period”) and Best Combo had granted a fixed term loan at principal amount of HK\$500,000,000 (subject to adjustment) (the “Loan”), interest bearing at 5% per annum and repayable on the date falling 60 months from 6th April 2017 (“Final Repayment Date”). On 28th January 2022 and 11th February 2022, Best Combo and Ms. Chen entered into a second deed of variation and a side letter respectively, pursuant to which Best Combo and Ms. Chen have agreed to (i) conditional upon the Company having obtained approval from the independent shareholders of the Company, extend the Final Repayment Date to the date falling on the expiry of 69 months from the drawdown date, i.e., 5th January 2023; and (ii) extend the Exercisable Period to any time within the date falling on the expiry of 69 months from the drawdown date, i.e., 5th January 2023. On 24th June 2022, Best Combo and Ms. Chen entered into 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 of the Company, extend the Final Repayment Date to the date falling on the expiry of 81 months from the drawdown date, i.e., 5th January 2024; and (ii) extend the Exercisable Period to any time within the date falling on the expiry of 81 months from the drawdown date, i.e., 5th January 2024. The third deed of variation superseded and replaced the second deed of variation and the side letter. As the extension of the Exercisable Period is unconditional, the Exercisable Period is extended accordingly. Details of the third deed of variation were set out in the Company’s circular

dated 26th August 2022. The transaction contemplated in the third deed of variation constitutes a major transaction of the Company under Chapter 14 of the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). As Ms. Chen is an executive director and a controlling shareholder of the Company, the transaction also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and were approved by the independent shareholders in a special general meeting of the Company held on 14th September 2022. Accordingly, the Final Repayment Date was extended to 5th January 2024.

Tiffany House is located adjacent to Macao Polytechnic Institute and next to Golden Lotus Square, and is a couple of blocks away from Macau Fisherman’s Wharf and Sands Casino. Tiffany House has a gross floor area of (a) residential – 31,192 square meters, including approximately 1,900 square meters for clubhouse, (b) commercial – 3,716 square meters and (c) parking – 11,250 square meters. It provides 230 residential units in two towers, with units ranging from studio flats to four-bedroom apartments as well as special units and 272 carparks and 75 motorcycle parks in three underground levels. A prestigious clubhouse designed by Mr. William Chang, a famous art director and star designer in Hong Kong which provides a wide range of facilities including swimming pool, gym room, well equipped kitchen, yoga and dance room, etc. Tiffany House has obtained its occupational permit in December 2019. Tiffany House will be managed by a supreme management service team formed by the Group itself. With the success history of managing Hotel Lan Kwai Fong Macau, the Group is confident that the management services in Tiffany House will be a milestone in Macau and will benefit the sales of Tiffany House. In order to increase the marketability of Tiffany House, the Group decided to set up a sales gallery in Hong Kong so as to absorb potential buyers outside Macau. Both Hong Kong and Macau sales galleries are in service in the beginning of year 2022. Due to the influence of the Covid-19 and the social distancing and preventive measures in China, Hong Kong and Macau, the launch for sales of Tiffany House delayed to October 2022. However, the sales of Tiffany House slowed down again because Covid-19 widely spread in China and Macau in November and December 2022. The first sale of the residential unit in Tiffany House completed in January 2023. Therefore, no revenue and income were recorded for the year ended 31st December 2022. With the gradual lifting of anti-epidemic measures and release of inbound control measures in China, Hong Kong and Macau, the sales of Tiffany House has resumed after the 2023 Chinese new year. Sales started at Tower 1 of Tiffany House. Tower 2 which facing Golden Lotus Square and Guia Hill are expected to have higher unit price will start sales later. The Group is temporarily not intended to start sales of the commercial units and will consider to change them for rental purpose.

The Group's luxury residential apartment with two car parking spaces in Taiwan (the "Taiwan Property") which is held as an investment property for long term capital growth. It has finished its renovation in year 2022 and is ready for rent.

No revenue was recorded from property development and investment operations for the years ended 31st December 2022 and 31st December 2021 and its segment loss amounted to HK\$34,066,000 (2021: HK\$38,441,000). The segment loss mainly included marketing, operational and administrative expenses incurred in Tiffany House.

## **Discontinued Operation in Year 2021**

### ***Restaurant Operations***

The Group's restaurant "Obba Bar" served various high-ended international cuisine and was located in the Group's property in Sheung Wan, Hong Kong.

In year 2021, revenue from restaurant operations amounted to HK\$1,595,000 and its segment loss amounted to HK\$7,866,000. The Group had worked on every effort to improve the performance of the operation of Obba Bar and its revenue showed slight improvement. However, after careful consideration, the Group considered that the location of the restaurant was a fatal factor for its unsatisfactory performance. Therefore, Obba Bar ceased its operation at end of September 2021 and the owned property in Sheung Wan, Hong Kong was disposed by the Group.

## **Geographical Segments**

For the geographical segments, revenue of HK\$4,000 or 0% (2021: HK\$15,000 or 0%) was sourced from Hong Kong, HK\$3,704,000 or 96% (2021: HK\$3,437,000 or 93%) was sourced from China and HK\$171,000 or 4% (2021: HK\$265,000 or 7%) was sourced from other territories.

## **Administrative Expenses**

For the year ended 31st December 2022, administrative expenses from continuing operations amounted to HK\$88,174,000 (2021: HK\$75,063,000), representing an increase of 17%. The increase mainly represented 1% increase in employee benefit expenses which amounted to HK\$44,380,000 (2021: HK\$43,984,000), net foreign exchange loss of HK\$13,527,000 (2021: gain of HK\$2,243,000) and generally increase in maintenance and operation expenses incurred in Tiffany House.

## **Marketing and Distribution Expenses**

For the year ended 31st December 2022, marketing and distribution expenses from continuing operations amounted to HK\$11,111,000 (2021: HK\$158,000). The increase was mainly due to marketing expenses of Tiffany House which included advertisement in TV, newspapers and billboards and printing costs in promotional materials.

## Finance Costs

For the year ended 31st December 2022, finance costs amounted to HK\$2,414,000 (2021: HK\$1,833,000) were charged to the consolidated income statement and interests financing construction costs of Tiffany House amounted to HK\$98,861,000 (2021: HK\$54,576,000) were capitalised to stock of properties.

## LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31st December 2022, the Group had total assets of HK\$5,247,857,000 (2021: HK\$5,285,909,000) and a net current assets of HK\$3,809,784,000 (2021: HK\$2,849,594,000), representing a current ratio of 6.1 (2021: 2.3). The Group had cash and bank balances and time deposits of HK\$75,764,000 (2021: HK\$102,300,000).

As at 31st December 2022, the Group had total borrowing of HK\$1,694,397,000 (2021: HK\$1,576,191,000) which comprised a secured bank term loan (the “Term Loan”) of HK\$1,600,000,000 (2021: HK\$1,478,850,000), a loan note (the “Note Payable”) of HK\$86,898,000 (2021: HK\$96,360,000) and lease liabilities of HK\$7,499,000 (2021: HK\$981,000). The purpose of the Term Loan is to finance the construction costs and any other soft costs in relation to Tiffany House and secured by first legal mortgage over properties of Tiffany House with carrying amount as stock of properties of HK\$2,306,108,000 (2021: HK\$2,159,307,000), interest bearing at Hong Kong Interbank Offered Rate (“HIBOR”) for three or six month period selected by the borrower plus margin of 3% (2021: 3.35%) per annum for each interest period and repayable on 13th September 2020. The maturity date of the Term Loan was extended to 15th September 2022 and further extended to 15th December 2022. By a second supplementary agreement on 13th December 2022 (the “Second Deed”), the Term Loan was restructured with facility amount increased from HK\$1,600,000,000 to HK\$1,700,000,000 and the purpose of the additional HK\$100,000,000 is to finance the finance costs for the Term Loan. The interest rate of the Term Loan is at HIBOR for three or six month period selected by the borrower plus margin of 3% per annum for each interest period and its repayment schedules are as follows:

<b>Instalments</b>	<b>Repayment Date (counting from date of Second Deed)</b>	<b>Repayment Amount (HK\$)</b>
1	12 months	50,000,000
2	18 months	160,000,000
3	24 months	160,000,000
4	30 months	160,000,000
5	36 months	160,000,000
6	42 months	160,000,000
7	48 months (final maturity)	850,000,000

The Note Payable is interest bearing at interest rate ranging from 1.25% to 1.5% per annum for variable periods and has renewed up to 13th January 2023. Investment property in carrying amount of HK\$149,114,000 has been pledged to a bank for obtaining its guarantee for the Note Payable issued by the Group that was used to finance the operation in Taiwan. The Group can apply for renewal of the Note Payable for variable periods and the bank guarantee can renew annually until 24th January 2051 or upon early termination.

As at 31st December 2022, the Group had banking facilities amounting to HK\$1,700,000,000 which were utilized to the extent of HK\$1,600,000,000. The Group's gearing was acceptable during the year with total debts of HK\$1,694,397,000 (2021: HK\$1,576,191,000) against owners' equity of HK\$2,950,433,000 (2021: HK\$3,064,638,000). This represents a gearing ratio, calculated in the basis of the Group's total borrowings over owners' equity of 57% (2021: 51%).

The net proceeds from the allotment and issue of 1,807,406,986 rights shares at the subscription price of HK\$0.25 per share on 6th August 2018 of approximately HK\$448,850,000, of which HK\$98,850,000 was used to fund the film and television drama series related business operations as intended during the years ended 31st December 2018 and 31st December 2019; and HK\$350,000,000 was originally intended to be applied to finance the business operations of the property development and investment. On 27th January 2021, the Group utilized proceeds of approximately HK\$160,365,000 for completion of the acquisition of the Taiwan Property. For the year ended 31st December 2021, HK\$60,000,000 and HK\$68,580,000 were utilized for the marketing and promotion of Tiffany House and advance payment of construction costs for Tiffany House respectively with remaining proceeds of HK\$61,055,000 was unused. For the year ended 31st December 2022, the remaining proceeds were fully utilized for the marketing and promotion and construction costs of Tiffany House. As such, the proceeds from the rights issue were fully utilized as intended.

As at the date of approving these annual results and as at 31st December 2022, the fair value of the Group's equity securities listed in Hong Kong held at 31st December 2022 was approximately HK\$48,054,000 (excluded fair value of equity security at HK\$18,405,000 as at 31st December 2022 which was privatized in March 2023 with net proceeds of HK\$19,316,000) and HK\$69,378,000 respectively. During the year ended 31st December 2022, the Group did not acquired or disposed any equity securities listed in Hong Kong. The loss arising on change in fair value of financial assets at fair value through profit and loss of HK\$18,153,000 was resulted from change in fair values of equity securities listed in Hong Kong between the year ended 31st December 2022 and 31st December 2021. As at 31st December 2022, no single equity security's fair value held by the Group accounted for 5% or more of the total assets of the Group.

During the year, the Company repurchased a total of 25,000,000 ordinary shares of the Company at an aggregate price of HK\$19,905,000 on the Stock Exchange. 25,000,000 ordinary shares were cancelled on 20th October 2022. The total number of issued shares of the Company after its cancellation as at 31st December 2022 was reduced to 2,460,850,479 (31st December 2021: 2,485,850,479) and its issued share capital was HK\$24,608,000 (31st December 2021: HK\$24,858,000).

During the year ended 31st December 2022, no share options of the Company were outstanding, granted, exercised, lapsed, expired or cancelled.

### **PLEDGE OF ASSETS**

As at 31st December 2022, stock of properties in amount of HK\$2,306,108,000 and quota capital of China Star Creative Development Limited, a wholly owned subsidiary of the Company which is engaged in the business of property development and investment had been pledged for banking facilities of HK\$1,700,000,000 granted to the Group, and time deposit in amount of HK\$249,000 had been pledged as guarantee to Macau government for deposits in the development of stock of properties in Macau; and investment property in carrying amount of HK\$149,114,000 has been pledged to a bank for obtaining its guarantee for the Note Payable issued by the Group.

### **EXCHANGE RISK AND HEDGING**

The majority of the Group's transactions, assets and liabilities are denominated in Hong Kong Dollar, Macau Pataca, United States Dollar, New Taiwan Dollar and Renminbi. The exposure to fluctuation in exchange rates in Renminbi mainly arises from receipts and expenditure incurred in film investment, production and distribution. The Group has closely monitors its exposure to this fluctuation and consider appropriate hedging activities if necessary. The exposure to fluctuation in other currencies is considered to be minimal and no hedge activity is considered necessary.

### **COMMITMENTS**

As at 31st December 2022, outstanding commitments by the Group amounted to HK\$134,923,000 (2021: HK\$194,512,000), of which HK\$117,616,000 (2021: HK\$171,981,000) as development expenditure for stock of properties in Macau and HK\$17,307,000 (2021: HK\$22,531,000) for film rights, films in progress and film deposits.

### **CONTINGENT LIABILITIES**

As at 31st December 2022, the Group had no material contingent liability.

### **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS**

There were no significant investments, material acquisitions or disposals during the year.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31st December 2022, the Group employed 81 staff (2021: 66 staff) with employee benefit expenses (included directors' remuneration) of HK\$44,380,000 (2021: HK\$43,984,000) from the continuing operations, after deducting government grants of HK\$864,000 (2021: HK\$nil) related to Employment Support Scheme provided by the Hong Kong Government, an increase of 1%. The increase in headcount are mainly staff who are responsible for preparation for sales and property management services of Tiffany House in Macau. The directors believe that the quality of its employees is the single most important factor in sustaining the Group's reputation and improving its profitability. The staff are remunerated based on their work performance, professional experience and prevailing industry practices. Apart from basic salaries, pension fund, housing allowances, meal allowances, medical schemes and discretionary bonuses, share options are awarded to certain staff according to the assessment of individual performance.

## **EVENT AFTER THE REPORTING DATE**

There is no significant event took place subsequent to end of the reporting date.

## **PROSPECT**

Regarding the outlook for the property development and investment operations, the property market in Macau shrunk for many reasons including consecutive interest rate hikes, the ongoing Russia-Ukraine war, a stock market crash, the suspension of satellite casino operations, rising unemployment rates, and repeated Covid-19 outbreaks. However, we expect the forthcoming recovery in the tourism and gaming industries will lead to a rebound in the housing market in the second quarter of 2023, in the wake of progressive relaxations of pandemic prevention policies and a gradual resumption of economic activity. Despite these environmental factors, year 2023 is expected to be a fruitful year of the Group as Tiffany House will start to record revenue and income. Both cash flow and revenue are expected to improve in the coming year.

Regarding the outlook for film market in 2023, the Group still cannot be too optimistic, but there will definitely be more and more blockbuster films willing to be released, and the audience's willingness to watch movies will gradually increase. The Group expects film market should be able to have a comparative great recovery in the coming summer. Because on the one hand, the toxicity of the virus in summer is relatively weak, and on the other hand, students are on summer vacation and watching movies in summer vacation has always been an important option. The Group will monitor the development of the film industry and gradually start film production upon suitable story board.

Looking forward, the Group will continue to strive to achieve healthy and stable growth by enhancing profitability, maximize its investment return and position to appropriate business opportunity.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st December 2022, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Month of Repurchase	Number of ordinary shares	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
September 2022	10,000,000	0.80	0.75	7,983,500
October 2022	15,000,000	0.80	0.78	11,921,600
	<u>25,000,000</u>			<u>19,905,100</u>

25,000,000 ordinary shares were cancelled on 20th October 2022.

The directors considered that the Company's shares were trading at a discount to the net asset value per share, the repurchases would increase the net asset value per share of the Company.

Other than as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December 2022.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices. The Company has applied the principles and complied with all the applicable code provisions laid down in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "Code") for the year ended 31st December 2022.

## AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

As at the date of this announcement, the audit committee of the Company comprises Messrs. Hung Cho Sing, Ho Wai Chi, Paul and Tai Kwok Leung, Alexander, all being independent non-executive directors. Mr. Ho Wai Chi, Paul is the chairman of the audit committee.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control, risk management and financial reporting matters including the review of the Group's consolidated financial statements for the year ended 31st December 2022.

## **ADOPTION OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the “Model Code”) as set out in Appendix 10 to the Listing Rules for securities transactions by directors of the Company. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code throughout the year ended 31st December 2022. The Model Code also applies to other specified senior management of the Group.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group’s consolidated results for the year ended 31st December 2022 as set out in this announcement have been agreed by the Company’s auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Company’s audited consolidated financial statements for the year ended 31st December 2022. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

## **PUBLICATION OF ANNUAL REPORT**

The Company’s 2022 annual report will be despatched to the shareholders of the Company on or before 30th April 2023 and will be published on the website of Stock ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.chinastar.com.hk](http://www.chinastar.com.hk) or [www.irasia.com/listco/hk/chinastar](http://www.irasia.com/listco/hk/chinastar)).

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

Hong Kong, 30th March 2023

*As at the date of this announcement, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive directors of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander.*