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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

### **PROPOSED GRANT AND ISSUE OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME**

On 29 May 2023, the Board resolved to conditionally grant 164,000,000 Awarded Shares to Ms. Chen Ming Yin, Tiffany, an executive Director, pursuant to the Share Award Scheme. The Grant shall be satisfied by the allotment and issue of new Shares under the Scheme Mandate Limit.

A circular containing, among other things, (i) further details in respect of the Grant; and (ii) the notice of the AGM will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

On 29 May 2023, the Board resolved to conditionally grant 164,000,000 Awarded Shares to Ms. Chen Ming Yin, Tiffany, an executive Director, pursuant to the Share Award Scheme.

Details of the Grant are as follows:

<b>Name of Grantee</b>	<b>Position held at the Company</b>	<b>Number of Awarded Shares</b>
Ms. Chen Ming Yin, Tiffany	Vice chairman and executive Director	164,000,000

The key terms of the Grant are set out below:

Date of the Grant: As soon as possible upon the Shareholders' approval on the adoption of the Share Award Scheme and the Grant in the AGM

Total number of Awarded Shares to be issued under the Grant: 164,000,000 Awarded Shares

Market price of the Shares on the date of Grant: The Company will announce the market price of the Shares on the date of the Grant as soon as possible upon approval of the Grant in the AGM

Consideration for the Award: There is no amount payable on acceptance of the Award

Vesting Date: The Vesting Date shall be the business day immediately after the date of satisfaction of the relevant vesting conditions

<b>Vesting Conditions and the number of relevant Shares vesting upon satisfaction:</b>	<b>Condition</b>	<b>Number of Shares vesting</b>
	<b>The GMV from the Influencer Business based on the statements provided by all legal sales channel, including but not limited to Douyin</b>	
	(i) for the financial year ending 31 December 2023, being not less than HK\$1,000,000,000	7,000,000 Shares
	(ii) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$1,000,000,000	7,000,000 Shares
	(iii) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the statements as stated in (i) and (ii) above,	
	(a) being equal to or more than HK\$3,000,000,000 but less than HK\$4,500,000,000	7,000,000 Shares
	(b) being equal to or more than HK\$4,500,000,000 but less than HK\$6,000,000,000	17,000,000 Shares
	(c) being equal to or more than HK\$6,000,000,000	27,000,000 Shares

Condition	Number of Shares vesting
<b>The total revenue derived from the Influencer Business based on the unaudited management accounts of the Influencer Subsidiary</b>	
(iv) for the financial year ending 31 December 2023, being not less than HK\$200,000,000	7,000,000 Shares
(v) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$200,000,000	7,000,000 Shares
(vi) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the accounts as stated in (iv) and (v) above,	
(a) being equal to or more than HK\$600,000,000 but less than HK\$900,000,000	7,000,000 Shares
(b) being equal to or more than HK\$900,000,000 but less than HK\$1,200,000,000	17,000,000 Shares
(c) being equal to or more than HK\$1,200,000,000	27,000,000 Shares

**The unaudited net profit derived from the Influencer Business based on the unaudited management accounts of the Influencer Subsidiary**

(vii) for the financial year ending 31 December 2023, being not less than HK\$100,000,000	14,000,000 Shares
(viii) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$100,000,000	14,000,000 Shares
(ix) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the accounts as stated in (vii) and (viii) above,	
(a) being equal to or more than HK\$300,000,000 but less than HK\$450,000,000	14,000,000 Shares
(b) being equal to or more than HK\$450,000,000 but less than HK\$600,000,000	34,000,000 Shares
(c) being equal to or more than HK\$600,000,000	54,000,000 Shares

Rights of Awarded Shares upon vesting:

The Grantee shall have no right, benefit or interest in any Awarded Shares unless and until the Trustee has vested the legal and beneficial ownership of such Awarded Shares in the Grantee. The Awarded Shares shall rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Awarded Shares.

Clawback mechanism:

None

Upon vesting, the Grantee will have an unconditional right to obtain the Awarded Shares.

Pursuant to the rules of the Share Award Scheme, the new Shares to be allotted and issued to satisfy the Grant shall be held on trust by the Trustee for the Grantee until such Awarded Shares are vested with the Grantee in accordance with the rules of the Share Award Scheme and the Trust Deed. As such, no funds will be raised by the Company as a result of the allotment and issue of the new Shares. Pursuant to the rules of the Share Award Scheme, the Trustee shall not exercise any voting rights attached to the Awarded Shares held by it. The Trustee will be (a) a third party independent of the Company and not connected with any of its connected persons (as defined under the Listing Rules) or (b) a committee comprising a majority of the independent non-executive Directors.

Pursuant to Rule 17.04(1) of the Amended Rules, the grant of Awards by the Company to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Directors who are the grantees of the Awards). On 29 May 2023, the independent non-executive Directors approved the Grant to Ms. Chen Ming Yin, Tiffany.

### **The Awarded Shares**

The new Shares to be allotted and issued by the Company to the Trustee to satisfy the Grant of 164,000,000 Awarded Shares to Ms. Chen Ming Yin, Tiffany represent approximately 6.67% and 6.25% of the total issued share capital of the Company (i) as at the date of this announcement; and (ii) as enlarged by the allotment and issue of such new Shares (assuming that there is no share option being exercised and there is no other change to the share capital and shareholding structure of the Company from the date of this announcement up to the proposed date for allotment and issue of such new Shares), respectively.

Based on the closing price of HK\$0.70 per Share of the Company as quoted on the Stock Exchange as at the date of this announcement, the market value of the 164,000,000 Awarded Shares to be allotted and issued to Ms. Chen Ming Yin, Tiffany is HK\$114,800,000.

### **Conditions precedent**

The proposed allotment and issue of new Shares to the Trustee to satisfy the Grant shall be conditional upon (i) the Shareholders having passed all necessary resolution(s) at the AGM approving the adoption of the Share Award Scheme; and (ii) the Independent Shareholders having passed all necessary resolutions at the AGM approving the Grant.

## **Scheme Mandate Limit**

Pursuant to the Scheme Mandate Limit to be approved by the Shareholders at the AGM of the Company to be held on 29 June 2023, the Company is authorised to allot and issue up to 246,085,047 Shares for the purpose of the Share Award Scheme and the Share Option Scheme and any other share scheme(s) of the Company. As at the date of this announcement, no Shares have been allotted and issued under the Scheme Mandate Limit. The Scheme Mandate Limit will be sufficient for the allotment and issue of new Shares to the Trustee to satisfy the Grant. After the Grant under the Share Award Scheme, the number of Shares available for future allotment and issue for the purpose of the Share Award Scheme and the Share Option Scheme and any other share scheme(s) of the Company is 82,085,047 Shares, representing approximately 3.34% of the total issued Shares as at the date of this announcement.

## **REASONS FOR THE GRANT**

The Company is an investment holding company. The Group is principally engaged in (i) film-related business operations; (ii) property development and investment and (iii) multi-media and entertainment businesses.

The purposes and objectives of the Share Award Scheme is, through an award of Shares, to (i) recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Board considers that the Grant will enable the Company (i) to recognise the contributions made by the Grantee in advancing the continual business operation and development of the Group; and (ii) to give incentives thereto in order to retain her for further development of the Group.

The Grantee has performed essential duties and responsibilities in and for the Group over the years. The Company established its indirect wholly-owned subsidiary, 杭州英明向太多媒體有限公司, and started its Influencer Business on 7 May 2023 and has, in this first run, generated GMV of approximately RMB80 million and Ms. Chen Ming Yin, Tiffany was the anchor for this inaugural livestream. The Company is of the view that Ms. Chen Ming Yin, Tiffany, being an internet celebrity and the network anchor, will be the essential factor in the success of our Influencer Business. Having considered (i) the Grantee's pivotal role as the Company's vice chairman as well as her critical responsibility for the Group's corporate strategy formulation and overall management are crucial to the future development of the Group; (ii) the Grantee's current and future contribution to the Group's multi-media and entertainment businesses including the Influencer Business and the raising of the Group's branding and awareness as a result; (iii) the expected financial contribution to be derived from the Influencer Business to the Group led by the Grantee; and (iv) her serving the Group with dedication and commitment for over 25 years, the Board is of the view that the Grant is the proper and appropriate way to recognise the Grantee's past and future contributions to the Group and to motivate her further in applying her expertise, experience and leadership to the development of the Group in the future, in particular, in the area of multi-media and internet marketing.

As the Grant will be satisfied by the allotment and issue of new Shares, there will not be any material cash outflow by the Group under the Grant. In light of the above, the Directors consider that the number of Awarded Shares, the terms and conditions of the Grant as well as the allotment and issue of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS**

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

Pursuant to Rule 17.04(1) of the Amended Rules, any grant of Awards to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, under the Share Award Scheme must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the Awards). On 29 May 2023, the independent non-executive Directors approved the Grant to Ms. Chen Ming Yin, Tiffany.

Pursuant to Rule 17.04(2) of the Amended Rules, where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive director) or chief executive of the issuer, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Award Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting whereby such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

As the number of Shares to be issued in respect of the Award conditionally granted to the Grantee would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, the Grant is subject to the approval by the Independent Shareholders, where the Grantee, her associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution(s) at the AGM pursuant to the Listing Rules and the Amended Rules.

The AGM will be convened and held to consider, and if thought fit, approve, among other things, the Grant and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details in respect of the Grant; and (ii) the notice of the AGM will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

Ms. Chen Ming Yin, Tiffany and Mr. Heung Wah Keung have abstained from approving the relevant board resolution on the Grant under the Share Award Scheme. Save as disclosed, none of the other Directors had any interest in the Grant and therefore no other Directors abstained from voting on the relevant resolution of the Board in respect of the Grant.

## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened on 29 June, 2023 to consider and, if thought fit, approve, among other things, the Grant
“Amended Rules”	the amendments to Chapter 17 of the Listing Rules relating to share schemes of listed issuers, which took effect on 1 January 2023
“associate(s)”	shall bear the meaning as defined in the Listing Rules
“Award”	an award of Awarded Shares to Selected Employee pursuant to the Share Award Scheme
“Awarded Shares”	the Shares to be awarded to the Selected Employee under the Share Award Scheme
“Board”	the board of Directors
“chief executive”	shall bear the meaning as defined in the Listing Rules
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 326)
“core connected person(s)”	shall bear the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Douyin”	a short-form video hosting service which allows users to create and share short videos with various visual effects, filters, music and other creative tools and is owned by ByteDance Ltd., a Chinese technology company headquartered in Beijing
“GMV”	the gross merchandise value generated through the Influencer Business

“Grant”	the grant of 164,000,000 Awarded Shares to the Grantee pursuant to the Share Award Scheme
“Grantee”	Ms. Chen Ming Yin, Tiffany, vice chairman and executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than the Grantee and her associates
“Influencer Business”	the development, promotion and operation of internet platforms for the Group which uses the Grantee’s social influence, social followers and opinion as a key opinion leader for marketing, endorsement and product placements of products and services for generating revenue, profit, branding and awareness for the Group
“Influencer Subsidiary”	杭州英明向太多媒體有限公司, a company established in The People’s Republic of China with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in the Influencer Business
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“RMB”	Renminbi, the lawful currency of The People’s Republic of China
“Scheme Mandate Limit”	the total number of Shares which may be issued in respect of all options and Awards to be granted under the Share Option Scheme, the Share Award Scheme and any other schemes of the Group and shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme, the Share Award Scheme and any other schemes of the Group
“Selected Employee(s)”	employee(s) selected by the Board for participation in the Share Award Scheme in respect of the award of the Awarded Shares

“Share(s)”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Share Award Scheme”	the share award scheme to be approved and adopted by the Company at the AGM
“Share Option Scheme”	the amended share option scheme to be approved and adopted by the Company at the AGM
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	shall bear the meaning as defined in the Listing Rules
“substantial shareholder(s)”	shall bear the meaning as defined in the Listing Rules
“Trust Deed”	a trust deed to be entered into between the Company and the Trustee (as restated, supplemented and amended from time to time)
“Trustee”	such trustee or trustees (if any) as shall be from time to time appointed by the Company for the administration of Shares and other trust assets to be held by the Trustee for the implementation of the Share Award Scheme pursuant to and in accordance with the terms of the Trust Deed and to the extent that the trustee is a committee, it must comprise a majority of the independent non-executive Directors
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Participant pursuant to an Award
“%”	per cent

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

Hong Kong, 29 May 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.*