



ASX RELEASE

Thursday, 29 March 2018

EXPANDED STRATEGIC PARTNERSHIP, EQUITY PLACEMENT AND NEW DIVIDEND POLICY

The Star Entertainment Group Limited (**The Star**) (ASX:SGR) is pleased to announce that it has expanded its strategic partnership with Chow Tai Fook Enterprises Limited (**CTF**) and Far East Consortium International Limited (**FEC**) to enhance the long-term value of The Star's properties and core businesses.

Highlights

- **Expanded strategic partnership accelerates and de-risks The Star's existing capital-light strategy of investing in its core business through joint venture developments with partners who have complementary skills and businesses**
- **The operational and financial arrangements of the expanded strategic partnership comprise:**
 1. **Commitment by the parties to jointly pursue and participate¹ in significant growth developments at or adjacent to The Star's properties to increase their appeal as large-scale, destination integrated resorts to locals and visitors**
 2. **Establishment of a marketing alliance to drive incremental high-value tourism to The Star's properties**
 3. **Equity investment by CTF and FEC in The Star via a \$490 million placement², to underpin the strategic partnership and further align the interests of CTF and FEC with the long-term growth and financial performance of The Star**
- **These arrangements underscore CTF and FEC's common vision to enhance the value of The Star's assets and bring the total planned investment by CTF and FEC in The Star's existing properties and growth developments to over \$3 billion³ (with the potential to further increase significantly under the expanded strategic partnership)**
- **The Star's strong financial outlook and enhanced capital-light growth strategy enables The Star Board to increase the target dividend payout ratio from 50% of statutory net profit after tax to a minimum of 70% of normalised net profit after tax, commencing from FY2018 final dividend**

Note: The strategic partnership is in the nature of a long-term strategic relationship, comprised of the agreements referred to in this announcement. It is not a legal-form partnership.

¹ Subject to commercial terms and all approvals, including regulatory and by The Star's Board, CTF and FEC.

² Placement of 91,650,000 new fully paid ordinary shares at \$5.35 per share with the placement share price based on the 5-day volume weighted average price (VWAP) of The Star shares to close of business on 28 March 2018.

³ Including the Queen's Wharf Brisbane integrated resort and apartments, the planned first joint venture tower at The Star Gold Coast (subject to funding and board approvals) and The Ritz-Carlton development at The Star Sydney (subject to all approvals).

The Star Entertainment Group Chairman John O’Neill AO said: “The Board welcomes Chow Tai Fook and Far East Consortium as shareholders in The Star. Our expanded strategic partnership recognises the strength of our relationships built over the last four years and the shared vision of investing in properties with valuable long-term licences in sought after destinations.

“The complementary skills and businesses possessed by each partner have contributed over the past four years to creating long-term value for all shareholders, commencing with Queen’s Wharf Brisbane. More recently, The Star, Chow Tai Fook and Far East Consortium have jointly participated in the acquisition of the Sheraton Grand Mirage Gold Coast and plans to develop the first joint venture tower as part of The Star Gold Coast masterplan.

“This deal ensures a greater strategic and economic alignment of our collective interests, and continues The Star’s commitment to deliver growth investments through a capital efficient structure. In light of the group’s strong financial outlook, the Board has also increased the target dividend payout ratio to a minimum of 70% of normalised net profit after tax, commencing from FY2018 final dividend.”

David Chiu, Chairman of FEC, said: “Strengthening the partnership with The Star and Chow Tai Fook further leverages our considerable complementary capabilities and helps to maximise the long-term value of The Star’s properties in Sydney and South-East Queensland.”

Patrick Tsang, Chief Executive Officer of Chow Tai Fook Enterprises Limited, said: “We welcome this further confirmation of the strength and strategic direction of our relationship with The Star and Far East Consortium. This investment in the relationship reflects our confidence in the creation of long-term value in destinations that have significant tourism appeal.”

Strategic Alliance

In addition to existing agreements, The Star, CTF and FEC have entered into a Strategic Alliance Agreement, which provides a framework for the three parties to work together further to grow The Star’s properties and businesses, collaborate on potential mutually beneficial development opportunities and establish a marketing alliance.

1. **Developments:** Under these agreements, the partners have an in-principle commitment to pursue the following development projects⁴:

- a. The Star Gold Coast Precinct Masterplan: Up to five joint venture towers with potential for hotel and residential developments as well as expanded entertainment, tourism and retail developments (site plan included as Appendix B).
 - The Star received endorsement for the masterplan from the Gold Coast City Council on 23 March 2018 and is expecting to receive final approvals for the masterplan from the Queensland Government in 2H FY2018. The approval will permit the development of up to 2,200 apartments on The Star Gold Coast site in addition to hotel, retail and other development.
 - Apartment pre-sales for the first tower (for which planning approvals are held) have progressed to plan, with the development on track for construction to begin in mid-2018, subject to funding and Board approvals. The timing and development of future stages remain subject to market and competitive conditions.
- b. Sydney: Further developments at The Star Sydney, including:
 - The Ritz-Carlton Tower development currently in planning approval process.
 - Potential development of a station in Pyrmont as part of the proposed Metro West project, in potential partnership with the NSW Government and other stakeholders, with other development opportunities to grow The Star Sydney as part of that project.

⁴ Subject to commercial terms and all approvals, including regulatory and by The Star’s Board, CTF and FEC.

- c. The Spit, Gold Coast: Further developments at the Sheraton Grand Mirage Gold Coast and other opportunities that may arise following the completion of the Queensland Government's Precinct Masterplan for The Spit.

The developments⁵ will enhance the positioning of The Star's properties as regionally competitive, large-scale, destinational integrated resorts with broad appeal to locals and tourists. The network of sought after resorts along the east coast of Australia, together with CTF and FEC's understanding of the Asian consumer, distribution networks and other relevant businesses, positions The Star to benefit from the significant tourism growth opportunity.

2. **Marketing Alliance**: A commitment to form a marketing alliance which leverages CTF and FEC's expertise, networks, customer bases and loyalty programs to drive International VIP and Premium Mass guests, as well as high net worth international tourists, to The Star's properties.

The Strategic Alliance Agreement also provides exclusivity arrangements for The Star on any new Australian or New Zealand casino or gaming developments pursued by CTF or FEC and a framework for the parties to collaborate on potential future mutually beneficial developments. The term of the Strategic Alliance Agreement is evergreen, subject to certain termination rights.

There is no change to the joint venture terms of Queen's Wharf Brisbane. As announced at the 1H FY2018 results, the Queen's Wharf Brisbane development approval received in December 2017 provides flexibility for the partners to enlarge the gross floor area of the integrated resort to optimise returns of the resort over the longer term.

Equity Placement

Together with the Strategic Alliance Agreement, The Star has entered into a subscription agreement with CTF and FEC (**Subscription Agreement**), under which the respective nominated entities of each of CTF and FEC separately acquire 45.8 million new fully paid ordinary shares in The Star (equivalent to a 4.99% stake each) at \$5.35 per share⁶, for a total consideration of \$245 million each. This equity placement underpins the strategic partnership and better aligns the interests of The Star's strategic joint venture partners with the long-term growth and financial performance of The Star.

Under the Subscription Agreement, CTF and FEC will be subject to a standstill, where CTF and FEC will, in aggregate, be prohibited from increasing their voting power in The Star above 19.9%, subject to certain exceptions. Each of CTF and FEC will also be restricted from disposing of shares acquired under the Subscription Agreement at any time to any person carrying on a business in the casino or gaming venue industries in Australia or internationally, without prior written approval from The Star.

CTF and FEC have informed The Star that they intend to submit applications to the NSW Independent Liquor and Gaming Authority (**ILGA**) and the Queensland Office of Liquor and Gaming Regulation (**OLGR**) to have the right to increase, in aggregate, their shareholding in The Star to over 10%.

There is no change to The Star Board as a result of the equity placement. The Subscription Agreement provides that if CTF and FEC increase their shareholding to specified levels, The Star will consider the appointment of up to two nominee Directors to the Board, subject to compliance with all legal and regulatory requirements. The Subscription Agreement which gives effect to the equity placement is attached as Appendix C.

New shares will be issued under The Star's existing placement capacity, with proceeds expected to be received by The Star on 16 April 2018, and new shares issued under the Subscription Agreement expected to commence trading shortly thereafter.

Following the completion of the \$490m equity placement, The Star's gearing of 2.1x Net Debt⁷/ Actual 12 month trailing EBITDA at 31 December 2017 will reduce to 1.2x Net Debt/ Actual 12 month trailing

⁵ Subject to commercial terms and all approvals, including regulatory and by The Star's Board, CTF and FEC.

⁶ Placement share price based on the 5-day VWAP of The Star shares to close of business on 28 March 2018.

⁷ Net debt is shown as interest bearing liabilities less cash and cash equivalents less net position of derivative financial instruments. Derivative financial instruments reflect the position of currency swaps entered for the USPP debt and interest rate hedges.

EBITDA at 31 December 2017 on a pro-forma basis. This will provide The Star with enhanced financial flexibility to fund any expanded scope of Queen’s Wharf Brisbane development, the developments listed above and other growth projects. The Star applies strict financial discipline to all its investments and will only invest in new developments on the basis that the company’s return hurdles are expected to be met or exceeded.

New Dividend Policy

Given The Star’s strong financial outlook and extension of the capital-light growth strategy which will see The Star expand each of its properties through mixed use joint venture development with CTF and FEC⁸, and having regard to The Star’s strong franking credit generation, the Board has resolved to adopt a new dividend policy. The new policy reflects an intention to pay dividends to a minimum of 70% of normalised net profit after tax, commencing from the final dividend for FY2018.

This new dividend policy provides for materially increased cash dividend returns to all shareholders on a fully franked basis.

Trading Update

The trading trends outlined at the 1H FY2018 results have continued. Normalised group gross revenue for the period from 1 January to 25 March 2018 is up 18.8%, driven by continuing growth from the International VIP Rebate business and The Star Gold Coast. Performance of The Star Sydney is improving but remains mixed over 1H FY2018 to date. Brisbane’s return to growth in 2Q FY2018 has continued in 1H FY2018 to date.

Actual group gross revenue for the period 1 January to 25 March 2018 is flat, with a win rate of 1.11% in the International VIP Rebate business below the theoretical rate of 1.35% in 2H FY2018 year to date.

Conference Call

The Star will host a conference call at 10 am AEDT today for investors and analysts. Dial-in details for the call are below. Participants will be asked to provide their full name and passcode when joining the call.

Passcode	3859359		
Australia Dial-In	1800 148 258 or +61 2 8038 5271		
Australia Mobile Dial-In	1300157230		
International Dial-In			
Belgium	080071572	Netherlands	0800229451
Canada	18668374489	New Zealand	0800667018
China	108006110127/ 108003610079	Norway	80010112
France	0800908221	Philippines	180016120005
Germany	08001814827	Singapore	8006162170
Hong Kong	800965808	Sweden	020799376
India	0008001007048	Switzerland	0800561529
Indonesia	0018030612145	Taiwan	00801232398
Ireland	1800720011	Thailand	0018006121124
Italy	800788772	United Kingdom	08000569662
Korea (South)	007986121097	United States	18665862813
Malaysia	1800180708		

⁸ Subject to all approvals, including regulatory and by The Star’s Board, CTF and FEC.

For further information:

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	Harry Theodore Head of Strategy, Investor Relations and Treasury	Tel: + 61 2 9657 8040
	Danny Huang General Manager, Strategy and Investor Relations	Tel: + 61 7 3306 8556
Media	Peter Jenkins General Manager, Media & Communications	Tel: + 61 2 9657 9288

APPENDIX A: Overview of Chow Tai Fook Enterprises and Far East Consortium

Chow Tai Fook Enterprises Limited

Chow Tai Fook Enterprises Limited (**CTF**) is a private Hong Kong-based holding company owned and controlled by Dato' Dr. Cheng Yu Tung's family (**Cheng Family**). The Cheng Family has a diversified business and investment portfolio extending over Asia, Australia, Europe and The Americas, among which the core activities comprise property development and investment, hospitality services, infrastructure, energy, aircraft leasing, department stores, jewellery and other consumer and retail businesses.

Across the broad spectrum of businesses, the Cheng Family's interests in development and infrastructure, retail and hospitality and Australian investments include the following:

- Development and Infrastructure

The Cheng Family controls New World Development Company Limited (**NWD**), a listed conglomerate on The Stock Exchange of Hong Kong Limited (HKSE:0017). In addition to being a premium brand, the NWD group is infused with a unique personality and has considerable and widely-recognised capabilities in, among others, property development, infrastructure and services, and department store businesses. NWD has a market capitalisation of approximately HK\$114.3 billion. As at 30 June 2017, NWD achieved a total asset value of HK\$437.1 billion.

NWS Holdings Limited (**NWS**), the infrastructure and service flagship of NWD, is a listed company on The Stock Exchange of Hong Kong Limited (HKSE:659). As a leading infrastructure player in Mainland China, NWS possesses extensive business network and expertise in managing and operating 94 projects covering roads, environment-related projects, logistics and aviation as at 30 June 2017. NWS also provides dedicated facilities management and operation services, as well as construction and transport services with its transport network servicing approximately 1.1 million patrons daily in FY2017.

- Retail and Hospitality

The Cheng Family controls Chow Tai Fook Jewellery Group Limited (**CTFJ**), a leader in the jewellery industry listed on The Stock Exchange of Hong Kong Limited (HKSE:1929). The CTFJ group boasts an extensive retail network comprising more than 2,300 points of sales spanning over 500 cities in Asia and the United States, as well as a fast-growing digital network offering a holistic jewellery retail solution on a global scale. CTFJ has a market capitalisation of approximately HK\$90.3 billion. As at 31 March 2017, CTFJ achieved a total asset value of HK\$49.4 billion.

The Chow Tai Fook / NWD group operates loyalty programs that have attracted approximately 6 million members, complementing the group's extensive network and presence in the retail arena.

In addition, the Chow Tai Fook Group commands extensive expertise in hospitality and owns the Rosewood Hotel Group which manages approximately 60 hotels in 20 countries across multiple brands. The owned hotel portfolio comprises some of the world's most iconic hotel properties including Beverly Wilshire, The Carlyle and Rosewood London.

- Australian Investments

In addition to the various investments in joint venture with The Star, recent significant investments in Australia include the acquisition of (a) 100% of the shares of Alinta Energy, a leading energy utility in Australia, in 2017, and (b) the Loy Yang B Power Station in Victoria, which supplies nearly 20 percent of Victoria's energy needs, in 2018.

Far East Consortium International Limited

Far East Consortium International Limited (**FEC**, HKSE:35), majority owned by the Chiu family, is a leading regional conglomerate with property development, hospitality and car parking businesses in Mainland China, Hong Kong, Malaysia, Singapore, Australia, New Zealand, the United Kingdom and Europe. Founded in 1960, FEC is one of Asia's largest property developers and is a public company listed on the Stock Exchange of Hong Kong.

- Hospitality
FEC has operations in Mainland China, Hong Kong, Singapore, Malaysia, and the United Kingdom. Dorsett Hospitality Group, which FEC owns 100% of, has plans to own and/or manage over 35 hotels with in excess of 10,000 rooms globally within the next 5 years.
- Car parking
FEC is a leading car park operator throughout Australia, New Zealand, Malaysia, the United Kingdom and Europe, managing over 400 car parks throughout these countries, comprising more than 80,000 parking bays, with a focus on growing this business to include airport car parks and shopping malls in addition to residential buildings, retail and commercial services, all of which will benefit from FEC's extensive property development experience.
- FEC Australia
FEC Australia first commenced operations in Australia in 1994, and has completed over \$2.5 billion of property projects including Melbourne landmarks such as Regency Towers, Royal Domain Tower, Northbank Place, Flinders Wharf and Upper West Side.

FEC Australia has a significant pipeline of mixed-use projects including West Side Place in Melbourne, Queen's Wharf Brisbane, The Towers at Elizabeth Quay and Perth Hub in Perth, and The Star Residences in both the Gold Coast and Sydney.

APPENDIX B: The Star Gold Coast Masterplan site plan

The Star received endorsement for the masterplan from The Gold Coast City Council on 23 March 2018 and is expecting Queensland Government approval to be received in 2H FY2018. The approval will permit the development of up to 2,200 apartments on The Star Gold Coast site, with no limit on hotel or other integrated resort related development.



APPENDIX C: Equity Placement Subscription Agreement

Subscription Agreement

Dated 28 March 2018

The Star Entertainment Group Limited (“**Company**”)

Chow Tai Fook Enterprises Limited (“**CTF**”)

Far East Consortium International Limited (“**FEC**”)

King & Wood Mallesons

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Waterfront Place

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Contents

Details	1
General terms	3
1 Interpretation	3
1.1 Definitions	3
1.2 References to certain general terms	8
1.3 Next day	9
1.4 Next Business Day	10
1.5 Headings	10
2 Subscription	10
2.1 Issue and subscription	10
2.2 Use of subscription proceeds	10
3 Nominee	10
3.1 Subscriber may nominate	10
3.2 Subscriber remains personally liable	10
3.3 Proposed Nominee	11
4 Completion	11
4.1 Time and place of Completion	11
4.2 Subscribers' obligations at Completion	11
4.3 Company's obligations at Completion	11
4.4 Company's obligations after Completion	12
4.5 Substantial Holder Notices	12
4.6 Simultaneous actions at Completion	12
4.7 Share moratorium	13
4.8 Notification to Subscribers	13
5 Warranties	13
5.1 Accuracy	13
5.2 Separate Warranties	13
5.3 Company's disclaimer	13
5.4 Warranty cap	13
5.5 Time limit on claims	14
5.6 Notification to Subscribers	14
6 Subscriber's warranties	14
7 Dealings with Shares	16
7.1 Standstill	16
7.2 Standstill exceptions	16
7.3 Disposal restrictions	17
7.4 Exceptions to Disposal restrictions	17
7.5 Hedging and Encumbrances	17
7.6 Compliance with applicable laws	18
8 Board representation	18
8.1 Board representation	18

8.2	Board to consider appointment	18
8.3	Terms of appointment	18
8.4	Termination of nomination right	19
8.5	Requisitions	19
9	Top-Up Right	19
9.1	Top-Up Right	19
9.2	ASX waiver	19
9.3	Termination of Top-Up Right	19
9.4	Continuing obligations	20
10	Subscriber Control Transactions	20
11	Third Party Control Transaction	21
11.1	Participation rights in Third Party Control Transaction	21
11.2	Participation obligations in Third Party Control Transactions	21
11.3	Limitation on Subscriber participation obligations	22
12	No insider trading	22
13	Termination	23
13.1	Termination of agreement	23
13.2	Effect of termination	23
13.3	Survival of termination	23
14	Confidentiality	23
14.1	Disclosure of Confidential Information	23
14.2	Use of Confidential Information	24
14.3	Excluded Information	24
14.4	Return of Confidential Information	24
14.5	Retention of Confidential Information	24
15	Announcements	24
15.1	Public announcements	24
15.2	Public announcements required by law	24
16	Costs	25
16.1	Costs	25
16.2	Stamp duty	25
17	Notices and other communications	25
17.1	Form - all communications	25
17.2	Form - communications sent by email	25
17.3	Delivery	25
17.4	When effective	26
17.5	When taken to be received	26
17.6	Receipt outside business hours	26
18	Miscellaneous	26
18.1	Severability	26
18.2	Discretion in exercising rights	27
18.3	Partial exercising of rights	27
18.4	No liability for Loss	27

18.5	Approvals and consents	27
18.6	Conflict of interest	27
18.7	Remedies cumulative	27
18.8	Rights and obligations are unaffected	27
18.9	Variation and waiver	27
18.10	No merger	27
18.11	No assignment	27
18.12	Further steps	28
18.13	Entire agreement	28
18.14	Construction	28
18.15	Inconsistent agreements	28
<hr/>		
19	Governing law and jurisdiction	28
<hr/>		
20	Counterparts	28
	Schedule 1 - Application for Subscription Shares (clause 4.2)	29
	Schedule 2 - Warranties	30
	Signing page	33
	Annexure A (clause 4.5)	34

Subscription Agreement

Details

Parties	Company, CTF and FEC	
Company	Name	The Star Entertainment Group Limited
	ACN	149 629 023
	Address	Level 3, 159 William Street, Brisbane QLD 4000
	Fax	+61 7 3228 0099
	Email	pm.martin@star.com.au
	Attention	Ms Paula Martin
CTF	Name	Chow Tai Fook Enterprises Limited
	Address	32/F New World Tower, 16-18 Queen's Road Central, Hong Kong
	Fax	+852 2524 3168
	Email	pt@chowtaifook.com jacoble@chowtaifook.com
	Attention	Mr Patrick Tsang and Mr Jacob Lee
FEC	Name	Far East Consortium International Limited
	Address	16/F Far East Consortium Building, 121 Des Voeux Road Central, Hong Kong
	Fax	+852 2815 0412
	Email	chris.hoong@fecil.com.hk
	Attention	Mr Chris Hoong
Recitals	A	The Company has entered into (or proposes to enter into) a Strategic Alliance with the Subscribers to govern the relationship between the parties for mutual business growth.
	B	As part of the Strategic Alliance, the Company has agreed to issue the Subscription Shares to the Subscribers and the Subscribers have agreed to subscribe for the Subscription Shares and pay the Subscription Price to the Company on the terms of this agreement.

Governing law Queensland

Date of agreement See signing page

Subscription Agreement

General terms

1 Interpretation

1.1 Definitions

These meanings apply unless the contrary intention appears:

Affiliate means, in respect of a person (the primary person) a person:

- (a) Controlled directly or indirectly by the primary person;
- (b) Controlling directly or indirectly the primary person;
- (c) who is Controlled, directly or indirectly, by a person or persons who Control the primary person; or
- (d) directly or indirectly under the common Control of the primary person and another person or persons.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the securities exchange operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX, as may be amended, varied or waived from time to time.

ASX Operating Rules means the operating rules of ASX, as may be amended, varied or waived from time to time.

Authorised Officer means a director or secretary of a party or any other person appointed by a party to act as an Authorised Officer for the purposes of this agreement.

Board means the board of directors of the Company.

Business Day means a day on which banks are open for business in Brisbane, Queensland, Sydney, New South Wales and Hong Kong, other than a Saturday, Sunday or public holiday in any of those cities.

Completion means the completion of the issue and allotment of the Subscription Shares in accordance with this agreement and **Complete** has a corresponding meaning.

Completion Date means 16 April 2018 or any other date agreed by the Company and the Subscribers in writing.

Confidential Information means all Information exchanged between the parties before, on or after the date of this agreement for the purposes of this agreement, the Strategic Alliance and any transactions contemplated by this agreement and

the Strategic Alliance (and any other document nominated as a transaction document under the Strategic Alliance), including:

- (a) information which, either orally or in writing is designated or indicated as being the proprietary or confidential information of a party or any of its Related Bodies Corporate (or, in the case of a Subscriber, its Affiliates);
- (b) information derived or produced partly or wholly from the Information including any calculation, conclusion, summary or computer modelling;
- (c) trade secrets or information which is capable of protection at law or equity as confidential information,

whether the Information was disclosed:

- (d) orally, in writing or in electronic or machine readable form;
- (e) before, on or after the date of this agreement;
- (f) as a result of discussions between the parties concerning or arising out of the subscription for the Subscription Shares or the Strategic Alliance;
or
- (g) by a party or any of its Representatives, any of its Related Bodies Corporate (or, in the case of a Subscriber, its Affiliates), any Representatives of its Related Bodies Corporate (or, in the case of a Subscriber, its Affiliates) or by any third person.

Constitution means the constitution of the Company.

Control means, with respect to any person (other than an individual), the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person whether through the ownership of voting securities, by agreement or otherwise.

Controller has the meaning given in the Corporations Act.

Convertible Securities has the meaning given to that term in the ASX Listing Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Details means the section of this agreement headed "Details".

Dispose, in respect of a security, means sell, transfer, create a trust or option over, alienate the right to exercise the vote attached to or decrease any economic interest in and **Disposal** has a corresponding meaning.

Encumbrance means:

- (a) a security interest, as that term is defined in the *Personal Property Securities Act 2009* (Cth);
- (b) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, title retention or flawed deposit arrangement;
- (c) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off;

- (d) right that a person (other than the owner) has to remove something from land (known as a profit à prendre), easement, public right of way, restrictive or positive covenant, lease or licence to use or occupy; or
- (e) third party right or interest or any right arising as consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist.

Equity Raising means any equity raising by way of the issue of any Equity Securities including, but not limited to, a placement, entitlement issue or share purchase plan but excluding an issue of any Equity Securities:

- (a) under a dividend or distribution plan (as defined in the ASX Listing Rules);
- (b) under an employee incentive scheme (as defined in the ASX Listing Rules), including on the conversion of any Convertible Securities issued under any such employee incentive scheme;
- (c) pursuant to any takeover bid (as defined in the Corporations Act) made by the Company or any of its Related Bodies Corporate or any scheme of arrangement; or
- (d) as consideration for the acquisition of an asset by the Company or any of its Related Bodies Corporate.

Equity Security has the meaning given to that term in the ASX Listing Rules.

Excluded Information means Confidential Information which:

- (a) is in or becomes part of the public domain other than through breach of this agreement or an obligation of confidence owed to a party or any Related Body Corporate (or, in the case of a Subscriber, any Affiliate) of a party;
- (b) the party receiving the Confidential Information can prove by contemporaneous written documentation that such Confidential Information was already known to it at the time of disclosure by a party or its Related Bodies Corporate (or, in the case of a Subscriber, any Affiliate) or Representatives (unless such knowledge arose from disclosure of information in breach of an obligation of confidentiality);
- (c) the party receiving the Confidential Information acquires from a source other than the party disclosing the Confidential Information or any Related Body Corporate (or, in the case of a Subscriber, any Affiliate) or Representative of that party where such source is entitled to disclose it; or
- (d) is independently developed by the party receiving Confidential Information without violating this agreement.

Government Agency means any government, governmental, semi-governmental, administrative, fiscal, judicial or quasi judicial body, department, commission, authority, tribunal, agency or entity.

Group Company means the Company and each of its subsidiaries (as that term is defined in the Corporations Act).

Information means all information, regardless of its material form, relating to or developed in connection with:

- (a) the business, technology or other affairs of a party or any Related Body Corporate (or, in the case of a Subscriber, any Affiliate) of a party; or
- (b) any systems, technology, ideas, concepts, know-how, techniques, designs, specifications, blueprints, tracings, diagrams, models, functions, capabilities and designs (including computer software, manufacturing processes or other information embodied in drawings or specifications), intellectual property or any other information which is marked “confidential” or is otherwise indicated to be subject to an obligation of confidence owned or used by or licensed to a party or a Related Body Corporate (or, in the case of a Subscriber, any Affiliate) of a party.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act); or
- (b) is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property; or
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties to this agreement); or
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above; or
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand; or
- (f) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject); or
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Loss includes any losses, liabilities, damages, costs, charges or expenses (including lawyers' fees and expenses on a full indemnity basis), fines and penalties, however arising.

Official Quotation means quotation by ASX.

Re-sale Notice means a notice in relation to the Subscription Shares issued in accordance with section 708A(5)(e) of the Corporations Act which complies with section 708A(6) of the Corporations Act.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act.

Representative of a party includes:

- (a) an employee, agent, officer, director, auditor, adviser, partner, associate, consultant, joint-venturer, contractor or sub-contractor of that party or of a

Related Body Corporate (or, in the case of a Subscriber, any Affiliate) of that party;

- (b) a legal advisor, a financial advisor, a bank or other financial institution of that party or of a Related Body Corporate (or, in the case of a Subscriber, any Affiliate) of that party; or
- (c) such other person as may be designated by a party as its Representative with the consent in writing of the other parties.

Restricted Person means:

- (a) a person whose main undertaking is the operation of a casino or similar gaming venue, other than on-line gaming or virtual casino operations (wherever located);
- (b) a Related Body Corporate or Affiliate of a person referred to in (a);
- (c) any person acting as nominee, custodian, bare trustee or similar for or for the account or benefit of a person referred to in (a) or (b) in relation to any Shares; and
- (d) a person who would, as a result of the relevant Disposal, have an Interest (as that term is defined in the Constitution) in the Company in excess of the limit specified in the Constitution, unless the person has the necessary consents required to exceed that limit.

Shares means fully paid ordinary shares in the Company.

Standstill Limit has the meaning given in clause 7.1.

Strategic Alliance means the strategic alliance agreed between the parties in writing.

Subscriber Control Transaction means:

- (a) a takeover offer under Chapter 6 of the Corporations Act for 50% or more of the issued ordinary shares of the Company made by a Subscriber or an Affiliate of a Subscriber;
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act with the Company's shareholders whereby a Subscriber or one of its Affiliates would acquire 50% or more of the issued ordinary shares in the Company; or
- (c) any other control transaction made by a Subscriber or one of its Affiliates which would have the result on implementation of providing the Subscriber (or its Affiliate) with a holding that is 50% or more of all Shares or Control of the Board,

and, for the avoidance of doubt, includes any takeover offer, scheme of arrangement or other control transaction made or undertaken either individually by a Subscriber (or its Affiliates) or jointly by the Subscribers (or their Affiliates).

Subscribers means CTF and FEC and **Subscriber** means any one of them (as the context requires).

Subscription Price means, for each Subscription Share, the average VWAP for the 5 Trading Days up to and including the date of this agreement, being \$5.35 per Subscription Share.

Subscription Shares means:

- (a) in respect of CTF, 45,825,000 Shares; and
- (b) in respect of FEC, 45,825,000 Shares.

Tax means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.

Third Party means a person other than a Subscriber or an Affiliate of a Subscriber.

Third Party Control Transaction means:

- (a) a takeover offer under Chapter 6 of the Corporations Act for 20% or more of all Shares made by a Third Party;
- (b) a scheme of arrangement under Part 5.1 of the Corporations Act with the Company's shareholders whereby a Third Party would acquire 20% or more of all Shares; or
- (c) any other transaction made, announced or proposed by a Third Party which would have the result on implementation of providing the Third Party with:
 - (i) a holding that is 20% or more of all Shares; or
 - (ii) the capacity to influence the outcome of decisions about the Company's financial and operating policies (having regard to the practical influence the Third Party can exert, rather than the rights it can enforce), including as a result of an appointment to the Board of one or more directors nominated by the Third Party (or its Associates).

Title Warranty means any of Warranties 1.1, 1.2, 2.1 and 4.1.

Trading Day has the meaning given in the ASX Listing Rules.

Voting Power has the meaning given in the Corporations Act.

VWAP means the daily volume weighted average sale price per Share of Shares sold on ASX in the ordinary course of trading on ASX (including the closing single price auction), but excluding any transaction defined in the ASX Operating Rules as special crossings prior to the commencement of the open session state, crossings during overnight trading (ie following the closing single price auction), any overseas trades or trades pursuant to the exercise of options over Shares and any other sales which the Company considers may not be fairly reflective of natural supply and demand.

Warranties means the warranties, undertakings and representations set out in Schedule 2 and **Warranty** has a corresponding meaning.

1.2 References to certain general terms

Unless the contrary intention appears, a reference in this agreement to:

- (a) **(variations or replacement)** a document (including this agreement) includes any variation or replacement of it;

- (b) **(clauses, annexures and schedules)** a clause, annexure or schedule is a reference to a clause in or annexure or schedule to this agreement;
- (c) **(reference to statutes)** a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) **(law)** law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- (e) **(singular includes plural)** the singular includes the plural and vice versa;
- (f) **(person)** the word "person" includes an individual, a firm, a body corporate, a partnership, joint venture, an unincorporated body or association or any Government Agency;
- (g) **(executors, administrators, successors)** a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) **(two or more persons)** an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (i) **(individual and several liability)** an agreement, representation or warranty by two or more persons binds them individually only. For the avoidance of doubt, where this agreement states that an obligation is to be provided by "the Subscribers", that obligation is to be provided by each Subscriber individually and severally, and not jointly or jointly and severally;
- (j) **(calculation of time)** a period of time dating from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (k) **(reference to a day)** a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (l) **(reference to a group of persons)** a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (m) **(meaning not limited)** the words "include", "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (n) **(reference to any thing)** any thing (including any amount) is a reference to the whole and each part of it; and
- (o) **(dollars)** Australian dollars, dollars, \$, A\$ or AUD is a reference to the lawful currency of Australia.

1.3 Next day

If an act under this agreement to be done by a party on or by a given day is done after 5.30pm on that day, it is taken to be done on the next day.

1.4 Next Business Day

If an event must occur on a stipulated day which is not a Business Day then the stipulated day will be taken to be the next Business Day.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this agreement.

2 Subscription

2.1 Issue and subscription

The Company agrees to issue and allot and each Subscriber agrees to subscribe for its Subscription Shares and pay the Company the Subscription Price for those Subscription Shares on the terms and conditions of this agreement.

2.2 Use of subscription proceeds

The aggregate Subscription Price will be used by the Company for general corporate purposes and to fund the Company's (and its Related Bodies Corporate's) development projects.

3 Nominee

3.1 Subscriber may nominate

Subject to clause 3.2, no less than 2 Business Days prior to the Completion Date, a Subscriber may nominate a trust, company or other legal entity which is Controlled by the Subscriber, or in which the Subscriber (or its Affiliate) has a majority beneficial interest, to complete all of that Subscriber's obligations under this agreement (including, but not limited to, nominating the actual acquiring entity(s) of its Subscription Shares) ("**Nominee**"), by giving written notice of that nomination to the Company.

3.2 Subscriber remains personally liable

If the Subscriber makes a nomination under clause 3.1, then:

- (a) the Nominee:
 - (i) is jointly and severally liable with the Subscriber for the performance of all of the Subscriber's obligations under this agreement;
 - (ii) will do all things necessary to fulfil the performance of the Subscriber's obligations under this agreement; and
 - (iii) will have the benefit of the provisions of this agreement that relate to the nomination;
- (b) references in this agreement to:
 - (i) a Subscriber's Relevant Interest will include the Relevant Interest held by that Subscriber's Nominee; and

- (ii) a Subscriber's Voting Power will include the Voting Power held by that Subscriber's Nominee;
- (c) the Subscriber remains personally liable for, and unconditionally and irrevocably guarantees, the performance of all obligations of it and its Nominee under this agreement; and
- (d) the Subscriber indemnifies the Company against, and must pay the Company on demand, an amount equal to any Losses arising directly or indirectly from or in connection with its Nominee not complying, or being unable to comply, with an obligation it has in connection with this agreement.

3.3 Proposed Nominee

- (a) CTF proposes to nominate Firmament Investment Pte. Ltd., a company incorporated in Singapore, to act as its Nominee.
- (b) FEC proposes to nominate FEC Overseas Investment (Singapore) Pte. Ltd., a company incorporated in Singapore, to act as its Nominee.
- (c) Despite clauses 3.3(a) and (b), each Subscriber will provide the Company with full details of its respective Nominee in accordance with clause 3.1.

4 Completion

4.1 Time and place of Completion

Completion will take place at 10.00am on the Completion Date at the Brisbane office of King & Wood Mallesons or any other time and place agreed by the Company and the Subscribers.

4.2 Subscribers' obligations at Completion

At Completion, each Subscriber will:

- (a) deliver to the Company an application for its Subscription Shares, duly completed and executed by the relevant Subscriber (or its Nominee, if applicable), in the form set out in Schedule 1; and
- (b) pay the Subscription Price for its Subscription Shares to the Company in immediately available funds.

4.3 Company's obligations at Completion

At Completion, the Company will:

- (a) issue and allot the relevant Subscription Shares to each Subscriber (or its Nominee, if applicable), and provide written confirmation of that issue and allotment to each Subscriber;
- (b) provide written confirmation to the Subscribers that the Company is not aware of any reason why it will not be able to comply with its obligations under clause 4.4; and
- (c) procure and ensure that each Subscriber (or its Nominee, if applicable) is registered as the holder of its Subscription Shares, and provide or

procure the provision of written confirmation of that registration to each Subscriber.

4.4 Company's obligations after Completion

As soon as practicable after Completion (which the parties acknowledge is intended to occur immediately after Completion and in any event shall occur within 1 Business Day after Completion), the Company must:

- (a) **(quotation)** apply at its own cost for and use its best endeavours to obtain Official Quotation of the Subscription Shares by ASX;
- (b) **(holding statement)** deliver (or procure the delivery of) holding statements for the Subscription Shares; and
- (c) **(Re-sale Notice)** provide ASX with a Re-sale Notice.

4.5 Substantial Holder Notices

- (a) As soon as practicable after Completion (and, in any event, within the time period required by section 671B(6) of the Corporations Act), each party (or its Nominee, if any) must give the information required by section 671B of the Corporations Act in each case substantially in the relevant form set out in Annexure A (each a "**Substantial Holder Notice**").
- (b) The parties acknowledge and agree that the Substantial Holder Notice to be given by each Subscriber (or its Nominee, if any) will be given on the basis that:
 - (i) as at the Completion Date, the Subscribers (and/or their Nominees, if any) will be Associates; and
 - (ii) as a result, each Subscriber (and/or its Nominee, if any) has a substantial holding in the Company calculated by reference to the Relevant Interest in the Shares held by that Subscriber (or its Nominee, if any) and the other Subscriber (or its Nominee, if any) and its respective Affiliates.
- (c) For the avoidance of doubt, nothing in clause 4.5(b) prohibits or restricts the ability for the Subscribers (and/or their Nominees, if any) to cease to be Associates at any other time.

4.6 Simultaneous actions at Completion

In respect of Completion:

- (a) the obligations of the parties under this agreement are interdependent; and
- (b) all actions required to be performed will be taken to have occurred simultaneously on the Completion Date,

provided that, if one Subscriber ("**Completing Subscriber**") complies with its obligations under clause 4.2 but the other Subscriber does not, the Company must satisfy its obligations under clause 4.3 in respect of the Completing Subscriber only. For the avoidance of doubt, the Completing Subscriber will not be required to fulfil the obligations of the non-Completing Subscriber, and will not be liable in any way in relation to the non-Completing Subscriber's obligations.

4.7 Share moratorium

The Company agrees that it will not issue new Shares between the date of this agreement and immediately prior to Completion.

4.8 Notification to Subscribers

- (a) If for any reason the Company is unable to provide the confirmation to the Subscribers under clause 4.3(b), then the Subscribers may elect to postpone Completion until the Company is able to either comply with its obligations:
- (i) under clause 4.4; or
 - (ii) under that clause other than its obligation under clause 4.4(c), and the Company lodges a transaction specific prospectus with ASIC pursuant to section 713 of the Corporations Act (rather than a Re-sale Notice) and Completion will occur after expiry of the exposure period, and no stop order is issued by ASIC, in relation to that prospectus.
- (b) The Company must notify the Subscribers as soon as the Company becomes aware that the Company is unable to comply with any of its obligations under clause 4.4.

5 Warranties

5.1 Accuracy

The Company represents and warrants to each Subscriber that each Warranty is true, accurate and not misleading in any material respect on the date of this agreement and will be true, accurate and not misleading in any material respect on the Completion Date as if made on and as of each of those dates by reference to the facts and circumstances then existing.

5.2 Separate Warranties

Each Warranty is to be treated as a separate representation and warranty. The interpretation of any statement made may not be restricted by reference to or inference from any other statement.

5.3 Company's disclaimer

Subject to any law to the contrary and except as provided in the Warranties, all terms, conditions, warranties and statements, whether express, implied, written, oral, collateral, statutory or otherwise, are excluded and the Company disclaims all liability in relation to these to the maximum extent permitted by law.

5.4 Warranty cap

If the Company breaches a Warranty subject to this clause 5, the Company will be liable for any resulting Loss actually incurred by the Subscribers (and their respective Nominees, if any) up to (and not exceeding):

- (a) in respect of a breach of Warranty other than Title Warranties, 75% of the aggregate Subscription Price; and
- (b) in respect of a breach of Title Warranty, 100% of the aggregate Subscription Price,

such that the aggregate amount payable by the Company for all claims shall be the amount set out in this clause 5.4.

For the avoidance of doubt, in respect of any breach of Warranty, Loss includes an amount that would be necessary to put the Subscribers (and their respective Nominees, if any) in the same position as if the Warranty had been true, accurate and not misleading in any material respect, subject to the limits set out in this clause.

5.5 Time limit on claims

The Subscribers may not make any claim for breach of Warranty unless full details of the claim have been notified to the Company within 21 months from the Completion Date. A claim is not enforceable against the Company and is taken to have been withdrawn unless any legal proceedings in connection with the claim are commenced within 9 months after written notice of the claim is served on the Company.

5.6 Notification to Subscribers

The Company must notify the Subscribers as soon as the Company becomes aware that any Warranty is untrue, inaccurate or misleading.

6 Subscriber's warranties

Each Subscriber severally represents and warrants to the Company (on behalf of both itself and its Nominee, if any) that each of the following statements is correct and not misleading in any material respect in respect of itself and its Nominee (if any) on the date of this agreement and will be correct and not misleading in any material respect as at the Completion Date as if made on each of those dates by reference to the facts and circumstances then existing:

- (a) **(incorporation)** it is validly incorporated, organised and subsisting in accordance with all applicable laws;
- (b) **(power)** it has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so;
- (c) **(binding obligation)** this agreement constitutes valid and binding obligations upon it enforceable in accordance with its terms by appropriate legal remedy;
- (d) **(no breach)** this agreement and Completion do not conflict with or result in a breach of any obligation (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of its constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which it is a party or is subject or by which it is bound;
- (e) **(solvency)** it is not Insolvent;
- (f) **(sophisticated investor)** it is a sophisticated investor within the ambit of section 708(8) of the Corporations Act or a professional investor within the ambit of section 708(11) of the Corporations Act;
- (g) **(no Relevant Interest)** it does not (and none of its Affiliates) have:
 - (i) a Relevant Interest in any Shares or other securities in the Company;

- (ii) Voting Power in the Company; or
 - (iii) any interest which would have the economic effect of being substantially equivalent to a Relevant Interest or Voting Power (including any cash-settled equity swap or contract for difference or other derivative);
- (h) **(purpose of issue not resale)** it is not acquiring the Subscription Shares for the purposes of it selling or transferring the Subscription Shares, or granting, issuing or transferring interests in, or options over, the Subscription Shares;
- (i) **(status and knowledge):**
- (i) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks (including for Tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in the Subscription Shares for itself;
 - (ii) it is financially able to bear the economic risk of an investment in the Subscription Shares and has adequate means to provide for its current needs and other contingencies to withstand the loss of the entire investment in the Subscription Shares and has no need for liquidity with respect to its investment in the Subscription Shares; and
 - (iii) it has determined that an investment in the Subscription Shares is suitable and appropriate for itself both in the nature and number of the Subscription Shares being acquired; and
- (j) **(no disclosure document)** it acknowledges that:
- (i) subject to clause 4.8(a)(ii), the offering and issuance of the Subscription Shares are being made without the preparation and delivery of a prospectus or other disclosure document under the Corporations Act;
 - (ii) as an Australian entity with ordinary shares quoted on ASX, the Company is subject to Australian disclosure requirements and laws, including the continuous disclosure requirements of the Corporations Act and ASX Listing Rules and that copies of reports and announcements made by the Company may be obtained from the ASX website; and
 - (iii) Australian disclosure requirements and standards may be different from those in other jurisdictions (including the jurisdiction in which the relevant Subscriber is incorporated).

For the avoidance of doubt, despite clause 6(h), on release of the Re-sale Notice or lodgement of the transaction specific prospectus following the issue of the Subscription Shares in accordance with this agreement, subject to the other terms of this agreement (including, without limitation, clause 7), the Subscribers will not be restricted from selling or transferring the Subscription Shares, or granting, issuing or transferring interests in, or options over, the Subscription Shares.

7 Dealings with Shares

7.1 Standstill

Subject to clauses 7.2 and 7.6, each Subscriber agrees that it will not, and must procure that its Affiliates (including any Nominee) do not, do any of the following if it would increase a Subscriber's Voting Power in the Company to more than 19.9% ("**Standstill Limit**"):

- (a) acquire, agree to acquire or make an invitation, offer or proposal to acquire:
 - (i) any Relevant Interest in the Company;
 - (ii) any rights or interests in relation to any Equity Securities (including direct and indirect interests, options and warrants or other legal or beneficial interest) in the Company; or
 - (iii) any interest which would have the economic effect of being substantially equivalent to acquiring, holding or disposing of any interest described in clauses 7.1(a)(i) or 7.1(a)(ii) (including any cash-settled equity swap or contract for difference or other derivatives);
- (b) solicit, enter into negotiations or discussions with, arrange or agree with or become an Associate of a Third Party in respect of any matters referred to in clause 7.1(a);
- (c) solicit proxies, voting agreements, support agreements or other pre-bid understandings of any sort from securityholders of the Company or otherwise seek to influence or control the Board, management or policies of the Company;
- (d) announce, publicise or promote an intention to do any of the things referred to in clauses 7.1(a), 7.1(b) or 7.1(c); or
- (e) aid, abet, procure or induce any other person to do any of the things referred to in clauses 7.1(a), 7.1(b), 7.1(c) or 7.1(d).

For the avoidance of doubt, for so long as the Subscribers are and continue to be Associates, the Standstill Limit applies on the basis that each Subscriber's Voting Power is calculated by reference to the aggregate number of Shares in which each Subscriber (and their Associates) has a Relevant Interest. Otherwise, if the Subscribers cease to be Associates, the Standstill Limit applies to each Subscriber individually.

7.2 Standstill exceptions

Subject to clause 7.6, the prohibitions in clause 7.1 do not apply if:

- (a) a Subscriber undertakes a Subscriber Control Transaction permitted under clauses 10 or 11.2;
- (b) a Subscribers' Voting Power increases above the Standstill Limit due to a buy-back or other capital management initiative undertaken by the Company which reduces the number of Shares on issue, provided that any subsequent increase in a Subscriber's Voting Power will remain subject to clause 7.1; or
- (c) the acquisition occurs in accordance with item 7 of section 611 of the Corporations Act where the relevant resolution has been recommended

by a majority of the directors of the Company who are entitled to vote on the matter in accordance with all applicable laws.

7.3 Disposal restrictions

Subject to clause 7.4, each Subscriber agrees that it will not, and will ensure that none of its Affiliates (including any Nominee) will, Dispose of or agree to Dispose of its Subscription Shares to:

- (a) a Restricted Person;
- (b) any other person if, as far as it is reasonable for the Subscriber to be aware (after having undertaken such enquiries as are appropriate in the circumstances), the Disposal would result in a Restricted Person obtaining a Relevant Interest in such Subscription Shares or any other interest which would have the economic effect of being substantially equivalent to acquiring or holding any such Subscription Shares (including any cash-settled equity swap or contract for difference or other derivatives); or
- (c) any other person if, as far as it is reasonable for the Subscriber to be aware (after having undertaken such enquiries as are appropriate in the circumstances), the person acquires the Subscription Shares for the purposes of Disposing of them to a person referred to in clauses 7.3(a) or 7.3(b).

7.4 Exceptions to Disposal restrictions

The prohibitions in clause 7.3 do not apply:

- (a) if a Subscriber or its Affiliate Disposes of its Subscription Shares (and all other Shares in which it has a Relevant Interest) in accordance with the participation rights and obligations under clause 11;
- (b) if the Disposal occurs with the prior written consent of the Company, in its absolute discretion; or
- (c) to any Shares other than the Subscription Shares held from time to time by any of the Subscribers or their Affiliates.

7.5 Hedging and Encumbrances

This clause 7 does not restrict a Subscriber's (or its Affiliates') ability to:

- (a) hedge foreign currency exchange risk with respect to the Subscription Shares; and
- (b) enter into a margin lending or other financing arrangement with a bona fide third party ("**Lender**") with respect to the acquisition of the Subscription Shares or for any subsequent financing arrangement (and to grant an Encumbrance in favour of the Lender over the Subscription Shares to support that arrangement) where:
 - (i) the margin lending or other financing arrangement is provided, and the Encumbrance is taken, in the ordinary course of the Lender's business of providing financial accommodation and on ordinary commercial terms; and
 - (ii) the Lender is not a Restricted Person,

provided that a Subscriber does not otherwise Encumber or enter into hedging arrangements with respect to the Subscription Shares, including any cash-settled equity swap or contract for difference or other derivatives, any economic exposure or risk in connection with the Subscription Shares.

7.6 Compliance with applicable laws

Each Subscriber must (and must ensure that its Affiliates do) comply with all applicable laws, the Constitution and the requirements of any Government Agency with respect to its Subscription Shares, or any increase in its Voting Power in the Company including, without limitation (for so long as they continue to apply in relation to the Company or its operations):

- (a) the *Foreign Acquisitions and Takeovers Act 1975* (Cth);
- (b) the *Casino Control Act 1992* (NSW); and
- (c) the *Casino Control Act 1982* (Qld).

8 Board representation

8.1 Board representation

The parties acknowledge and agree that nothing in this agreement or otherwise gives a Subscriber the right to representation on the Board. Nevertheless, if the Subscribers (and their Affiliates) acquire Voting Power in the Company of at least:

- (a) 15% or more, the Subscribers may propose the appointment of a nominee director to the Company; or
- (b) 19% or more, the Subscribers may propose the appointment of up to 2 nominee directors to the Company.

8.2 Board to consider appointment

If the Subscribers put forward one or more nominee director(s) in accordance with clause 8.1, the Board will in good faith consider the appointment of the nominee director(s) to the Board, subject to compliance with:

- (a) the Constitution and the Corporations Act;
- (b) all applicable laws and requirements of any Government Agency (including the probity requirements of any relevant gaming authority); and
- (c) any applicable policies, charters and procedures adopted by the Company,

in each case, relating to the appointment of a director to the Board.

8.3 Terms of appointment

Any nominee director(s) to be appointed to the Board in accordance with clause 8.2 will be appointed subject to any terms and conditions agreed by the Company and each nominee director (acting reasonably).

8.4 Termination of nomination right

- (a) The Subscribers may, by providing written notice to the Company, declare that clause 8.1 is of no further force and effect with effect from the date of the notice.
- (b) Unless otherwise agreed by the parties in accordance with clause 8.3, the giving of notice by the Subscribers under clause 8.4(a) will not invalidate the appointment to the Board of any nominee director(s) that was nominated by the Subscribers in accordance with clause 8.1.

8.5 Requisitions

A Subscriber must not (and must procure that its Affiliates do not), either alone or together with one or more securityholders of the Company:

- (a) requisition a general meeting of the Company's securityholders;
- (b) call a general meeting of the Company's securityholders; or
- (c) propose to move a resolution at a general meeting of the Company's securityholders,

(whether in accordance with sections 249D, 249F or 249N of the Corporations Act or otherwise) if the purpose (or one of the purposes) of the meeting or resolution is to consider and vote on the appointment or removal of a director of the Company.

9 Top-Up Right

9.1 Top-Up Right

Subject to clauses 7.6, 9.2 and 9.3, if the Company undertakes an Equity Raising during the term of the Strategic Alliance pursuant to which the Company proposes to issue (or would have the effect of issuing in the case of an issue of Convertible Securities by the Company) 1% or more of its then issued Shares, then the Company must ensure that each Subscriber is given an opportunity to participate in the Equity Raising (on the same terms and conditions (including price) as all other participants in that Equity Raising) on a basis that enables each Subscriber to maintain its shareholding percentage in the Company as at the date that the Equity Raising is announced to ASX by the Company ("**Top-Up Right**").

To the extent that the Equity Raising involves an issue of Convertible Securities, the Top-Up Right will be determined on an "as converted" basis as at the date of issue of the Convertible Securities.

9.2 ASX waiver

Clause 9.1 is conditional on receipt of a waiver of ASX Listing Rule 6.18 and is subject to the terms and conditions imposed by ASX (and agreed to by the parties, each acting reasonably) pursuant to any such waiver. The Company must, within 5 Business Days of the Completion Date, apply for, and use its best endeavours to obtain, a waiver from ASX Listing Rule 6.18 in respect of the Top-Up Right.

9.3 Termination of Top-Up Right

The Top-Up Right will automatically cease and terminate in respect of a Subscriber on the date on which:

- (a) the Subscriber (and its Affiliates) ceases to hold its Subscription Shares; or
- (b) the waiver of ASX Listing Rule 6.18 ceases to apply in respect of the Subscriber (either as a result of the lapse of time or as a result of the Subscriber no longer complying with the terms and conditions of the waiver),

whichever occurs first.

9.4 Continuing obligations

If:

- (a) the ASX waiver is not obtained under clause 9.2; or
- (b) the Top-Up Right ceases or terminates under clause 9.3,

then, where the Company proposes to undertake an Equity Raising during the term of the Strategic Alliance pursuant to which the Company proposes to issue (or would have the effect of issuing in the case of an issue of Convertible Securities by the Company) 1% or more of its then issued Shares, then the Company must (subject to any applicable laws, rules or regulations, including the ASX Listing Rules) consider making an offer to each Subscriber to participate in the Equity Raising (on the same terms and conditions (including price) as all other participants in that Equity Raising) on a basis that enables each Subscriber to maintain its shareholding percentage in the Company as at the date that the Equity Raising is announced to ASX by the Company.

To the extent that the Equity Raising involves an issue of Convertible Securities, the Top-Up Right will be determined on an “as converted” basis as at the date of issue of the Convertible Securities.

10 Subscriber Control Transactions

- (a) A Subscriber and its Affiliates may (and each Subscriber must procure that its Affiliates comply) only make or propose to the shareholders of the Company a Subscriber Control Transaction, or take any steps that would or could result in public knowledge of a Subscriber Control Transaction, if it is recommended by a majority of the directors of the Company who are entitled to vote on the matter in accordance with all applicable laws.
- (b) Each Subscriber acknowledges that the recommendations of the directors of the Company may be subject to the opinion in a report of an independent expert engaged by the Company to evaluate the Subscriber Control Transaction as to whether the Subscriber Control Transaction:
 - (i) is, in the case of a takeover offer, fair and reasonable to the shareholders of the Company (other than the relevant Subscriber and its Associates);
 - (ii) is, in the case of a scheme of arrangement, is fair and reasonable and in the best interests of the shareholders of the Company (other than the relevant Subscriber and its Associates); and
 - (iii) is, in the case of any other transaction, fair and reasonable to the shareholders of the Company (other than the relevant Subscriber and its Associates).

11 Third Party Control Transaction

11.1 Participation rights in Third Party Control Transaction

- (a) Subject to clause 11.3, a Subscriber must not (and must procure that its Affiliates do not) participate in, support, or vote in favour of, a Third Party Control Transaction in respect of the Shares in which it has a Relevant Interest unless it is recommended by a majority of the directors of the Company who are entitled to vote on the matter in accordance with all applicable laws.
- (b) Clause 11.1(a) does not prevent a Subscriber or its Affiliates from responding to enquiries to an unsolicited proposal or otherwise engaging in discussions with a Third Party provided that it or an Affiliate does not express:
 - (i) encouragement or support for (or enter into any agreement, understanding or arrangement to encourage or support); or
 - (ii) any intention to accept or vote in favour of,the relevant Third Party Control Transaction.

11.2 Participation obligations in Third Party Control Transactions

Subject to clause 11.3, if a Subscriber and its Affiliates are entitled to participate in a Third Party Control Transaction in accordance with clause 11.1, then:

- (a) in the case of a takeover offer, the Subscriber must (and must procure that its Affiliates also do) accept the takeover offer in respect of all Shares in which it has a Relevant Interest if:
 - (i) the takeover offer is recommended by a majority of the directors of the Company who are entitled to vote on the matter in accordance with all applicable laws, and that recommendation has not been withdrawn or adversely changed;
 - (ii) an independent expert engaged by the Company to evaluate the Third Party Control Transaction opines in a report that the Third Party Control Transaction is fair and reasonable to the shareholders of the Company (other than the Third Party and its Associates); and
 - (iii) holders of more than 50% of Shares subject to the takeover offer excluding the Subscribers and their Affiliates have accepted the takeover offer; and
- (b) in the case of a scheme of arrangement or any other proposal in respect of such Third Party Control Transaction requiring a shareholder vote (including, without limitation, under item 7 of section 611 of the Corporations Act), the Subscriber must (and must procure that its Affiliates also do) vote all Shares in which it has a Relevant Interest in favour of the scheme or other proposal if an independent expert engaged by the Company to evaluate the scheme or other proposal opines in a report that the scheme or other proposal is in the best interests of the shareholders of the Company or is fair and reasonable to the shareholders of the Company, as applicable, (other than the Third Party and its Associates) and the scheme or other proposal is recommended by a majority of the directors of the Company who are entitled to vote on the matter in accordance with all applicable laws, and that recommendation has not been withdrawn or adversely changed,

unless the Subscriber (or its Affiliate) has publicly announced (or publicly announces, before the end of the relevant offer period for the takeover or the date of the shareholder vote for the scheme or other proposal) a Subscriber Control Transaction which represents a Superior Proposal (as defined hereunder) to the relevant Third Party Control Transaction, in which case the Subscriber and its Affiliates need not accept the takeover offer or vote in favour of the scheme or other proposal (as applicable).

For the purposes of this clause 11.2, a Subscriber Control Transaction will represent a **Superior Proposal** if the Board, acting in good faith, and after taking advice from its legal and financial advisors, determines that the Subscriber Control Transaction is:

- (c) reasonably capable of being completed taking into account all aspects of the Subscriber Control Transaction, including its conditions; and
- (d) of a higher financial value and is more favourable to the Company's shareholders than the Third Party Control Transaction, taking into account all aspects of the Subscriber Control Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters.

11.3 Limitation on Subscriber participation obligations

If the Third Party proposing the relevant Third Party Control Transaction is a person who, immediately prior to the Third Party Control Transaction being proposed or announced, has:

- (a) together with its Affiliates, an aggregate Relevant Interest in at least 10% of the Shares; and
- (b) one or more person nominated by that Third Party appointed to the Board,

then provided that:

- (c) the Subscribers (in the event that clause 7 applies to their aggregate shareholding); or
- (d) the relevant Subscriber (in the event that clause 7 applies to each Subscriber individually),

have/has complied with their respective/its obligations under clause 7 (as appropriate), the obligations and restrictions of each Subscriber (under clause 11.3(c)) or that Subscriber (under clause 11.3(d)) under clauses 11.1 and 11.2 apply only to the Subscription Shares of that Subscriber, rather than all of the Shares in which that Subscriber has a Relevant Interest.

12 No insider trading

- (a) Each Subscriber acknowledges that from time to time information disclosed to the Subscribers and their Affiliates (and their respective Representatives) may be inside information within the meaning of Part 7.10, Division 3 of the Corporations Act.
- (b) Without limiting anything else in this agreement, each party must not do (and must ensure that none of its Affiliates or respective Representatives do) anything which results or could result in a Subscriber or its Affiliates or Representatives (or the Company) being in breach of any provision of Part 7.10, Division 3 of the Corporations Act, including by dealing or

causing or procuring any person to deal in Shares or other securities of the Company.

13 Termination

13.1 Termination of agreement

This agreement may be terminated at any time before Completion:

- (a) by written notice from any party to the other parties if the Strategic Alliance is terminated or rescinded;
- (b) by written notice from the Company to a Subscriber if the Subscriber is or becomes Insolvent, or if that Subscriber ceases or threatens to cease to carry on its business; or
- (c) by written notice from a Subscriber to the Company if the Company is or becomes Insolvent, or if the Company ceases or threatens to cease to carry on its business.

13.2 Effect of termination

Subject to clause 13.3, if this agreement is terminated under clause 13.1 then, in addition to any other rights, powers or remedies provided by law:

- (a) the Strategic Alliance is terminated (if it has not already been terminated);
- (b) each party is released from its obligations under this agreement with effect from the time of termination; and
- (c) each party retains the rights it has against any other party in connection with any breach or claim that has arisen before termination,

provided that, if this agreement is terminated by or in respect of one Subscriber only, this agreement continues to operate in full force and effect as between the Company and the remaining Subscriber. For the avoidance of doubt, if this agreement is terminated in respect of one Subscriber only, the non-terminating Subscriber is not limited in any way from terminating the agreement at a future time.

13.3 Survival of termination

The termination of this agreement does not affect any other rights the parties may have against one another at law or in equity and clauses 1, 12, 13.2, 13.3, 14, 15, 16, 17, 18 and 19 will survive termination of this agreement.

14 Confidentiality

14.1 Disclosure of Confidential Information

All Confidential Information exchanged between the parties under this agreement or during the negotiations preceding this agreement is confidential to them and may not be disclosed to any person except:

- (a) Representatives of the party or its Related Bodies Corporate (or, in the case of a Subscriber, its Affiliates) requiring the information for the purposes of this agreement;

- (b) with the prior written consent of the party who supplied the information;
- (c) if a party is required to do so by law, a securities exchange or any regulatory authority, so long as that party has provided, to the extent permitted by applicable laws, rules or regulations:
 - (i) the party who supplied the information with sufficient notice to enable it to seek a protective order or other remedy; and
 - (ii) all assistance and co-operation that the other party considers necessary to prevent or minimise that disclosure; or
- (d) if a party is required to do so in connection with legal proceedings relating to this agreement.

14.2 Use of Confidential Information

A party must not use any Confidential Information, except for the purpose of performing its obligations under this agreement or the Strategic Alliance, as otherwise required by operation of law or as otherwise permitted under this agreement or the Strategic Alliance.

14.3 Excluded Information

Clauses 14.1 and 14.2 do not apply to the Excluded Information.

14.4 Return of Confidential Information

Subject to clause 14.5, a party who has received Confidential Information from another under this agreement must, on the request of the disclosing party, immediately deliver to that party or destroy (and must certify such compliance) all documents or other materials containing or referring to the Confidential Information which are in its possession, power or control or in the possession, power or control of persons who have received Confidential Information from it under clauses 14.1(a) or 14.1(b).

14.5 Retention of Confidential Information

Nothing in clause 14.4 requires the return or destruction of any information that a party is entitled to retain upon termination of that party's obligations under the Strategic Alliance, provided that the party continues to comply with all other obligations set out in this clause 14 in respect of any retained Confidential Information.

15 Announcements

15.1 Public announcements

Subject to clause 15.2, no party may, before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this agreement unless it has first obtained the prior written consent of the other parties, which consent is not to be unreasonably withheld or delayed.

15.2 Public announcements required by law

Clause 15.1 does not apply to a public announcement, communication or circular required by law or a regulation of a stock exchange, if the party required to make or send it has, to the maximum extent reasonably permitted by the circumstances provided:

- (a) each other party with sufficient notice and opportunity to comment on such public announcement;
- (b) each other party with sufficient notice to enable it to seek a protective order or other remedy; and
- (c) all assistance and co-operation that each other party considers necessary to prevent or minimise that disclosure.

16 Costs

16.1 Costs

The parties agree to pay their own legal and other costs and expenses (including those of their advisors) in connection with the negotiation, preparation, execution and completion of this agreement and of other related documentation, except for stamp duty.

16.2 Stamp duty

The Company agrees to pay all stamp duty (including fines and penalties) chargeable, payable or assessed in relation to this agreement and the issue of the Subscription Shares to the Subscribers.

17 Notices and other communications

17.1 Form - all communications

Unless expressly stated otherwise in this agreement, all notices, certificates, consents, approvals, waivers and other communications in connection with this agreement must be:

- (a) in writing;
- (b) in English or accompanied by a certified translation into English;
- (c) signed by the sender (if an individual) or an Authorised Officer of the sender; and
- (d) marked for the attention of the person identified in the Details or, if the recipient has notified otherwise, then marked for attention in the way last notified.

17.2 Form - communications sent by email

Communications sent by email need not be marked for attention in the way stated in clause 17.1. However, the email must state or indicate the first and last name of the sender.

Communications sent by email are taken to be signed by the named sender.

17.3 Delivery

Communications must be:

- (a) left at the address set out or referred to in the Details; or

- (b) sent by prepaid ordinary post (airmail if appropriate) to the address set out or referred to in the Details; or
- (c) sent by fax to the fax number set out or referred to in the Details; or
- (d) sent by email to the address set out or referred to in the Details; or
- (e) given in any other way permitted by law.

However, if the intended recipient has notified a changed address, fax number or email address, then communications must be to that address, fax number or email address.

17.4 When effective

Communications take effect from the time they are received or taken to be received under clause 17.5 (whichever happens first) unless a later time is specified.

17.5 When taken to be received

Communications are taken to be received:

- (a) if sent by post, three days after posting (or seven days after posting if sent from one country to another); or
- (b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent; or
- (c) if sent by email;
 - (i) when the sender receives an automated message confirming delivery; or
 - (ii) four hours after the time sent (as recorded on the device from which the sender sent the email) unless the sender receives an automated message that the email has not been delivered,

whichever happens first.

17.6 Receipt outside business hours

Despite clauses 17.4 and 17.5, if communications are received or taken to be received under clause 17.5 after 5.30pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00am on the next Business Day and take effect from that time unless a later time is specified.

18 Miscellaneous

18.1 Severability

If the whole or any part of a provision of this agreement is void, unenforceable or illegal in a jurisdiction it is severed for that jurisdiction. The remainder of this agreement has full force and effect and the validity or enforceability of that provision in any other jurisdiction is not affected. This clause has no effect if the severance alters the basic nature of this agreement or is contrary to public policy.

18.2 Discretion in exercising rights

A party may exercise a right or remedy or give or refuse its consent in any way it considers appropriate (including by imposing conditions), unless this agreement expressly states otherwise. Each of the Subscribers shall be at liberty to take its own desired course of action, which might be different from any action that the other Subscriber takes on any particular matter.

18.3 Partial exercising of rights

If a party does not exercise a right or remedy fully or at a given time, the party may still exercise it later.

18.4 No liability for Loss

A party is not liable for Loss caused by the exercise or attempted exercise of, failure to exercise, or delay in exercising a right or remedy under this agreement.

18.5 Approvals and consents

By giving its approval or consent a party does not make or give any warranty or representation as to any circumstance relating to the subject matter of the consent or approval.

18.6 Conflict of interest

The parties' rights and remedies under this agreement may be exercised even if it involves a conflict of duty or a party has a personal interest in their exercise.

18.7 Remedies cumulative

The rights and remedies provided in this agreement are in addition to other rights and remedies given by law independently of this agreement.

18.8 Rights and obligations are unaffected

Rights given to the parties under this agreement and the parties' liabilities under it are not affected by anything which might otherwise affect them by law.

18.9 Variation and waiver

A provision of this agreement or a right created under it, may not be waived or varied except in writing, signed by the party or parties to be bound.

18.10 No merger

The warranties, undertakings and indemnities in this agreement do not merge and are not extinguished on Completion and will survive after Completion.

18.11 No assignment

A party must not assign or otherwise deal with its rights under this agreement or allow any interest in them to arise or be varied, in each case without the written consent of the other parties (that consent must not be unreasonably withheld or delayed) provided that a Subscriber may assign its rights under this agreement to an Affiliate within its wholly owned group.

18.12 Further steps

Each party agrees, at its own expense, to do anything the other party asks (such as obtaining consents, signing and producing documents and getting documents completed and signed) as may be necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it.

18.13 Entire agreement

This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

18.14 Construction

No rule of construction applies to the disadvantage of a party because that party was responsible for the preparation of, or seeks to rely on, this agreement or any part of it.

18.15 Inconsistent agreements

If a provision of this agreement is inconsistent with a provision of the Strategic Alliance, then the parties will work together in good faith and use reasonable endeavours to resolve the inconsistency in a way which is consistent with the objectives of the Strategic Alliance.

19 Governing law and jurisdiction

This agreement is governed by the law in force in the place specified in the Details. Each party submits to the non-exclusive jurisdiction of the courts of that place.

20 Counterparts

This agreement may be executed in counterparts. All counterparts when taken together are to be taken to constitute one instrument.

EXECUTED as an agreement

Subscription Agreement

Schedule 1 - Application for Subscription Shares (clause 4.2)

To: The Star Entertainment Group Limited ACN 149 629 023
Level 3, 159 William Street, Brisbane QLD 4000 ("**Company**")

Attention: Group General Counsel and Company Secretary

#insert date#

Application for shares pursuant to Subscription Agreement dated #insert date#

#insert name of Subscriber or Nominee# ("**Subscriber**") of #insert address#:

- (a) hereby applies for the issue of 45,825,000 fully paid ordinary shares in the capital of the Company ("**Subscription Shares**");
- (b) agrees to pay the Subscription Price upon Completion in accordance with the Subscription Agreement; and
- (c) agrees to be bound by the Constitution and to comply with its obligations under the Subscription Agreement.

Capitalised terms which are used but not defined in this application have the meaning given to them (if any) in the Subscription Agreement.

Yours faithfully

#insert execution clause#

Subscription Agreement

Schedule 2 - Warranties

1 Incorporation, power and solvency

1.1 Incorporation

Each of the Group Companies is validly incorporated, organised and subsisting in accordance with all applicable laws.

1.2 Power

Each of the Group Companies has the power to own its assets and to carry on its business as it is now being conducted.

1.3 Compliance with constituent documents

The business and affairs of:

- (a) the Company have at all times been and continue to be conducted in accordance with the Constitution, the Corporations Act and the ASX Listing Rules; and
- (b) the Group Companies other than the Company have at all times been and continue to be conducted in accordance with its constitution and the Corporations Act.

1.4 Solvency

Each of the Group Companies is not Insolvent.

1.5 Capital structure

The Company has 825,672,730 Shares and 4,591,553 performance rights on issue, and has no other Equity Securities on issue.

2 Power and authority

2.1 Power

The Company has the power to enter into and perform this agreement and has obtained all necessary consents and authorisations to enable it to do so.

2.2 Binding obligations

This agreement constitutes valid and binding obligations upon the Company enforceable in accordance with its terms by appropriate legal remedy.

2.3 No breach

This agreement and Completion do not conflict with or result in a breach of any obligation under any provision of its Constitution, the Corporations Act or the ASX

Listing Rules (including any statutory, contractual or fiduciary obligation) or constitute or result in any default under any provision of the Constitution or any material provision of any agreement, deed, writ, order, injunction, judgment, law, rule or regulation to which a Group Company is a party or is subject or by which it is bound.

3 Disclosure

The Company has at all times been, and continues to be, in compliance with ASX Listing Rule 3.1.

4 Subscription Shares

4.1 Ranking

The Subscription Shares will rank equally in all respects with existing issued fully paid ordinary shares in the Company, including the payment of any distributions following allotment.

4.2 No Encumbrances

The Subscription Shares will be free from all Encumbrances.

4.3 No restriction

Subject to the terms of this agreement, there are no restrictions on issue of the Subscription Shares to a Subscriber.

4.4 Consents

The Group Companies have obtained all consents necessary to enable the Company to issue the Subscription Shares.

4.5 No breach

The offer, issue and Official Quotation of the Subscription Shares complies with:

- (a) the Corporations Act and the ASX Listing Rules; and
- (b) all other obligations and agreements binding on the Group Companies or its securityholders.

4.6 No termination of listing

The Company has not taken any action designed to, or likely to have the effect of, terminating its listing from, or the quotation of the Shares on ASX, nor has it received any notification that the ASX is contemplating terminating its listing or the quotation of the Shares.

4.7 Purpose of issue is not resale

The Subscription Shares are not being issued by the Company with the purpose of a Subscriber selling or transferring its Subscription Shares, or granting, issuing or transferring interests in, or options over, its Subscription Shares.

4.8 Resale Notice

The Company will comply with subsection 708A(9) of the Corporations Act to correct any defective Re-sale Notice should it become aware of a defect within 12 months of the date of issue of the Subscription Shares.

5 Operational

5.1 Authorisations

As far as the Company is aware, each Group Company holds all material authorisations that are necessary to enable it to properly carry on its business as at the date of this agreement, and the Group Companies are complying, in all material respects, with any conditions to which any such authorisations are subject, which would, if breached, have a material adverse effect on a Group Company.

5.2 Share issues

As far as the Company is aware, there are no agreements, arrangements or understandings in force or securities issued which call for the present or future issue of, or grant to any person the right to require the issue of any shares or any other equity securities in the Company, other than the performance rights in the Company currently on issue or that may be issued under an incentive plan.

6 Compliance

6.1 Compliance with laws

As far as the Company is aware:

- (a) the Group Companies have complied in all material respects with all applicable laws and regulations including, but not limited to, the Corporations Act, the ASX Listing Rules, the *Casino Control Act 1982* (NSW), the *Casino Control Act 1982* (Qld) and the United States Foreign Corrupt Practices Act, which would, if breached, have a material adverse effect on a Group Company; and
- (b) no Group Company conducts any activity or business in contravention of the gambling ordinances of the laws of Hong Kong.

6.2 Integrity

As far as the Company is aware, no Group Company has engaged, nor will it engage, with any public official or other person or entity either directly or indirectly in a manner that breaches applicable anti-bribery laws.

Signing page

DATED: 28 March 2018

**EXECUTED by THE STAR
ENTERTAINMENT GROUP LIMITED**
in accordance with section 127(1) of the
Corporations Act 2001 (Cth) by
authority of its directors:

.....
Signature of director

.....
Name of director (block letters)

.....
Signature of director/company
secretary*
*delete whichever is not applicable

.....
Name of director/company secretary*
(block letters)
*delete whichever is not applicable

**EXECUTED by CHOW TAI FOOK
ENTERPRISES LIMITED** in the
presence of:

.....
Signature of witness

.....
Name of witness (block letters)

.....
Signature of director

.....
Name of director

**EXECUTED by FAR EAST
CONSORTIUM INTERNATIONAL
LIMITED** in the presence of:

.....
Signature of witness

.....
Name of witness (block letters)

.....
Signature of director

.....
Name of director