



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of China Star Entertainment Limited (the “Company”) will be held at 12:00 noon on Friday, 18 May 2007 at Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong for the following purposes of considering and, if thought fit, passing, with or without modification, the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the execution of the conditional placing agreement (the “Placing Agreement”) dated 29 March 2007 between the Company and Kingston Securities Limited (the “Placing Agent”) pursuant to which, inter alia, the Placing Agent agreed to procure places to subscribe for 81,100,000 new shares of the Company (“Placing Shares”) to be issued by the Company, on a fully underwritten basis (a copy of which has been produced to this meeting marked “A” and initialled by the chairman of the meeting for the identification purpose) be and is hereby confirmed, approved and ratified;
- (b) the allotment and issue of the Placing Shares pursuant to and in accordance with the terms and conditions of the Placing Agreement be and is hereby approved; and

- (c) any one director of the Company be and is hereby authorised to take such actions or execute such documents to effect the issue of the Placing Shares and to do such other things and to take all such action he or she consider necessary or desirable for the purpose of giving effect to the Placing Agreement.

2. **“THAT:**

- (a) the general mandate granted to the directors of the Company to exercise the powers of the Company to allot, issue and deal with securities of the Company as approved by the shareholders of the Company at the annual general meeting of the Company held on 23 June 2006 be and is hereby revoked (without prejudice to any valid exercise of such general mandate prior to the passing of this resolution);
- (b) subject to paragraph (d) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.05 each in the share capital of the Company (“Shares”) and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers during or after the end of the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (c) the approval in paragraph (b) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;

- (d) the aggregate nominal amount of share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (b) above, otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined); or
 - (ii) an issue of Shares upon the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares, the issue of which warrants and other securities has previously been approved by shareholders of the Company; or
 - (iii) an issue of Shares upon the exercise of any options granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) an issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company,
- shall not in total exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (e) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company, the Companies Act (1981) of Bermuda (as amended) or any applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company under this resolution.

“Rights Issue” means an offer of Shares or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or any class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

3. **“THAT** conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of this resolution which may be issued pursuant to the exercise of options to be granted under the share option scheme adopted by the Company on 27 May 2002 (the “Share Option Scheme”) and any other share option schemes of the Company, and pursuant to rule 4 of the rules of the Share Option Scheme, approval be and is hereby granted for ‘refreshing’ the Scheme Mandate (as defined in the rules of the Share Option Scheme) under the Share Option Scheme provided that (i) the total number of Shares in the share capital of the Company which may be issued upon the exercise

of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as ‘refreshed’ hereby shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and (ii) options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the 10% limit as ‘refreshed’ hereby.”

By Order of the Board
China Star Entertainment Limited
Wong Shuk Han, Dorothy
Company Secretary

Hong Kong, 3 May 2007

Head Office and principal place of business in Hong Kong:
Unit 3409 Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

Notes:

1. A form of proxy for use at the meeting is despatch to the shareholders of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.

5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

As at the date hereof, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.