



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE OF SGM

NOTICE IS HEREBY GIVEN that a special general meeting of China Star Entertainment Limited (the “**Company**”) will be held at Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central Hong Kong on Thursday, 30 April 2009 at 4:30 p.m. for the purpose of consideration and, if thought fit, passing with or without modification the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and conditional upon, (i) compliance with the relevant procedures and requirements under The Rules (the “**Listing Rules**”) Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Bermuda to effect the Capital Reorganisation (as defined below); and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares (as defined below) to be issued forthwith upon the Capital Reorganisation (as defined below) becoming effective and any New Shares (as defined below) which may fall to be issued upon exercise of the share options granted under the share option schemes adopted by the Company and may be issued upon conversion of the outstanding unsecured convertible bonds in an aggregate principal amount of HK\$120,000,000 issued by the Company on 18 March 2008, the capital of the Company will be reorganise in the following manner with effect from 4 May 2009:

- (a) every twenty (20) existing issued and unissued shares (the “**Existing Shares**”) of par value of HK\$0.05 each in the share capital of the Company be consolidated into one (1) consolidated share (each a “**Consolidated Share**”) of HK\$1.00 each (the “**Share Consolidation**”);
- (b) (i) the issued share capital of the Company be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.99 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduce from HK\$1.00 to HK\$0.01; and (ii) the credit arising from the reduction of issued share capital of the Company be credited to the contributed surplus account of the Company (the “**Capital Reduction**”);

- (c) the directors of the Company be authorised to utilise the credit balance in the contributed surplus account in accordance with the bye-laws of the Company and all applicable laws (including the application to set off against accumulated losses of the Company);
- (d) each of the authorised but unissued Consolidated Shares of HK\$1.00 each be subdivided into one hundred (100) shares of HK\$0.01 each of the Company (the “**Share Subdivision**”, together with the Share Consolidation and the Capital Reduction are herein referred to as the “**Capital Reorganisation**”); and
- (e) the Capital Reorganisation and the transactions contemplated thereby be and are hereby approved and any one of the directors of the Company be and is hereby authorised to do all such acts and things and execute all documents he/she considers necessary, desirable, expedient or appropriate to give effect to the Capital Reorganisation and the transactions contemplated thereunder.”

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

Hong Kong, 23 March 2009

<i>Registered Office:</i>	<i>Head office and principal place of business in Hong Kong:</i>
Canon’s Court	Unit 3409, Shun Tak Centre
22 Victoria Street	West Tower
Hamilton HM12	168-200 Connaught Road Central
Bermuda	Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed in the circular to the shareholders of the Company dated 23 March 2009.
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 or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person as his proxy 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 Rooms 1806-7, 18th 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, whether in person or by proxy, the most senior shall alone be entitled to vote. 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 of the Company are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.