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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 1056)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of China Star Entertainment Limited (the “Company”) will be held at Macau Jockey Club, 1/F Function Room, 1st Floor, China Merchants Tower, Shun Tak Centre 168-200 Connaught Road Central, Hong Kong on Thursday, 25 October 2012 at 12:00 noon for the following purposes:

1. To consider and, if thought fit, passing with or without modifications the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

- (i) **“THAT** the conditional cash offer (the **“Offer”**) by Get Nice Securities Limited on behalf of the Company to repurchase up to 877,850,288 shares of HK\$0.01 each in the issued share capital of the Company (the **“Shares”**) held by the shareholders of the Company (the **“Shareholders”**) at a price of HK\$0.35 per Share to be paid in cash, subject to the terms and conditions set out in the circular despatched to the Shareholders dated 28 September 2012 (the **“Circular”**, a copy of which marked “A” is produced to this meeting and signed by the chairman of this meeting for the purpose of identification) together with the accompanying form of acceptance (a copy of which marked “B” has been produced to the meeting and signed by the chairman of this meeting for the purpose of identification) be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to repurchase Shares granted by the Shareholders at the annual general meeting of the Company held on 28 June 2012, and that any one of the directors of the Company (the **“Directors”**) be and is hereby authorised to execute all such documents with or without amendments and to do all

such acts and things as he considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Offer including, without limitation, completion of the repurchase of the Shares pursuant to the Offer.”

- (ii) “**THAT** the waiver (the “**Whitewash Waiver**”) granted or to be granted by the executive director (the “**Executive**”) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate of the Executive in respect of any obligation under The Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) of Heung Wah Keung Family Endowment Limited to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company other than those already owned or agreed to be acquired by it which may, but for the Whitewash Waiver, arise upon completion of the Offer be and is hereby approved, and that any one of the Directors be and is hereby authorised to execute all such documents with or without amendments and to do all such acts and things as he considers desirable, necessary or expedient in connection with or to give effect to any matters relating to or in connection with the Whitewash Waiver.”

- (iii) “**THAT** conditional upon (a) the Offer (as defined in resolution numbered 1(i) set out in the notice of meeting of which this resolution forms part) becoming or being declared unconditional in all respects; (b) the passing of the ordinary resolution for the Whitewash Waiver (as defined in the resolution numbered 1(ii) set out in the notice of meeting of which this resolution forms part); (c) the passing of the special resolution for the amendments to the bye-laws of the Company as set out in the notice of meeting of which this resolution forms part; and (d) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in the Bonus Shares (as hereinafter defined) and the shares of HK\$0.01 each in the capital of the Company to be issued upon conversion of the Bonus Convertible Bonds (as defined in the Circular):
 - (A) upon the recommendation of the Directors, the necessary sum be capitalised from the amount standing to the credit of any of the Company’s reserve or fund (including contributed surplus) or any sum standing to the credit of the profit and loss account or otherwise available for distribution and the Directors be and are hereby authorised and directed to apply such sum in paying up in full at par sufficient unissued shares of HK\$0.01 each in the capital of the Company (the “**Bonus Shares**”), and that such Bonus Shares shall be issued, allotted and distributed, credited as fully paid, to and amongst the persons whose names appear on the register of members of the Company on the record date to be fixed by the Directors for ascertaining entitlements

of the shareholders of the Company thereto (the “**Record Date**”) (other than those persons who shall have elected to receive the Bonus Convertible Bonds in lieu of all or part of their entitlements to the Bonus Shares pursuant to the terms of such issue) as holders of shares of HK\$0.01 each in the capital of the Company (the “**Shares**”) on a basis to be determined by the Directors which shall not exceed four Bonus Shares for every one issued Share held by such Shareholders on the Record Date respectively;

- (B) the Bonus Shares to be issued and allotted pursuant to this resolution shall be subject to the memorandum of association and bye-laws of the Company and shall rank pari passu in all respects with the Shares in issue on the Record Date, except that they will not rank for the Possible Bonus Issue (as defined in the Circular);
- (C) the terms and conditions of the Deed Poll (as defined in the Circular and a copy of a draft of which marked “C” is produced to this meeting and signed by the chairman of this meeting for the purpose of identification) be and are hereby approved and the Directors be and are hereby authorised to make such variation or amendment thereto as are, in the opinion of the Directors, in the interests of the Company and the creation and issue of the Bonus Convertible Bonds as constituted by the Deed Poll (with such variation or amendments as aforesaid) pursuant to the Possible Bonus Issue to holders of Shares on the Record Date who elect to receive the Bonus Convertible Bonds in lieu of all or part of their entitlements to the Bonus Shares pursuant to terms of such issue be and are hereby also approved;
- (D) the Directors be and are hereby authorised to allot and issue shares in the capital of the Company, credited as fully paid, upon conversion of the Bonus Convertible Bonds (the “**Bonus Conversion Shares**”) or otherwise in accordance with the terms and conditions of the Bonus Convertible Bonds and, or the Deed Poll by way of capitalisation of the necessary sum from the amount standing to the credit of the Company’s reserve or fund (including contributed surplus) or any sum standing to the credit of the Company’s profit and loss account or otherwise available for distribution and that the Bonus Conversion Shares shall, when allotted and issued, rank pari passu in all respects with all other shares in the capital of the Company in issue on the date of such allotment and issue;

- (E) the Directors be and are hereby authorised to allot and issue further new shares in the capital of the Company (the “**Further New Shares**”) falling to be issued upon conversion of any further new convertible bonds which may be issued by the Company on the same terms and conditions as the Bonus Convertible Bonds in accordance with the Deed Poll, credited as fully paid, by way of capitalization of necessary amount standing to the credit of the Company’s reserve or fund (including contributed surplus) or any sum standing to the credit of the Company’s profit and loss account or otherwise available for distribution; and
- (F) the Directors be and are hereby authorised, for and on behalf of the Company, to take all steps and do all acts and things as they consider to be necessary, appropriate or expedient in connection with and to implement and, or give effect to the transactions contemplated by the Possible Bonus Issue, and the Bonus Convertible Bonds, and without limitation to the generality of the foregoing, to determine the amount to be capitalised out of the Company’s reserve or fund (including contributed surplus) or any sum standing to the credit of the Company’s profit and loss account or otherwise available for distribution, the number of Bonus Shares to be issued, allotted and distributed in the manner referred to in paragraph (A) of this resolution and the number of Bonus Conversion Shares to be issued and allotted in the manner referred to in paragraph (D) of this resolution and the number of Further New Shares to be issued and allotted in the manner referred to in paragraph (E) of this resolution, executing all such other documents, instruments and agreements and doing all such acts or things deemed by them to be incidental to, ancillary to or in connection with the matters contemplated under the Possible Bonus Issue and the Bonus Convertible Bonds.”

2. To consider and, if thought fit, passing with or without modifications the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

‘**THAT** subject to and conditional upon the Offer (as defined in resolution numbered 1(i) set out in the notice of meeting of which this resolution forms part) becoming or being declared unconditional in all respects, the bye-laws of the Company be amended as follows:

- (i) the existing bye-law 140(A) of the bye-laws of the Company be deleted in its entirety and substituted therefor with the following:

“140(A)(a)The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, or such other proportions as the Board may propose and as shall be approved by a Special Resolution of the Company on each occasion when there is an unequal distribution of dividend, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other (in each case, a “**Capitalisation**”); Provided always that the Company shall be entitled to allow any member to elect to receive, in lieu of any or all such shares, debentures or other securities to be paid up and issued upon any such Capitalisation, an instrument entitling such member to be issued with shares, debentures or other securities (of an equivalent number subject to adjustment and otherwise on such terms as the Board considers fit) at a point of time subsequent to such Capitalisation (a “**Convertible Instrument**”), and the election of any such member to receive a Convertible Instrument in lieu of shares, debentures or other securities shall not prejudice or invalidate such Capitalisation; and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law and subject to Section 40(2A) of the Companies Act, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares

of the Company to be allotted to such members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Companies Act.

- (b) Without limiting the generality of Bye-law 140(A)(a), any sum standing to the credit of any of the Company's reserve or fund (including contributed surplus) or any sum standing to the credit of the profit and loss account or otherwise available for distribution, may be used and applied by the Company to pay up in full unissued shares, debentures or other securities of the Company to be allotted and issued credited as fully paid to (i) holder(s) of the Convertible Instrument (irrespective of whether such person is a member) on the terms of the Convertible Instrument and/or (ii) any person upon the conversion of (x) any Convertible Instrument issued pursuant to Bye-law 140(A)(a) (irrespective of whether such person being issued with such shares, debentures or other securities upon such conversion is a member), and (y) any further or additional convertible instruments issued to any person by virtue or as a consequence of their rights as a holder of any Convertible Instrument issued pursuant to Bye-law 140(A)(a).";
- (ii) the existing bye-law 176 of the bye-laws of the Company be deleted in its entirety and replaced with the words "Intentionally deleted"; and
- (iii) the existing bye-law 177 of the bye-laws of the Company be deleted in its entirety and substituted therefor with the following:

"177.If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Act, divide among the members and holder(s) of the Convertible Instrument (as defined in Bye-law 140(A)(a)) outstanding immediately prior to a winding-up of the Company (who shall for all purposes and intents be entitled to the same amount as if he were a member on an as converted basis with respect to the said outstanding Convertible Instrument in accordance with the terms thereof) in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of the Company may

be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.”.’

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

Hong Kong, 28 September 2012

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*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 enclosed in the Circular.
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 17M 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 of this announcement, the executive Directors are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung; the independent non-executive Directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tang Chak Lam, Gilbert.