
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in China Star Entertainment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

**PROPOSED GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
PROPOSED RE-ELECTION OF DIRECTOR;
REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Star Entertainment Limited (the “**Company**”) to be held at Macau Jockey Club, 3/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 27 June 2019 at 4:00 p.m. is set out on pages 13 to 17 of this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share register of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

28 May 2019

CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Board	
Proposed General Mandates to Issue and to Repurchase Securities	3
Proposed Re-election of Director	4
Refreshment of the Scheme Mandate Limit	4
Responsibility Statement	6
Voting by Poll	7
Annual General Meeting	7
Closure of Register of Members	7
Recommendation	7
Additional Information	7
 Appendix I – Explanatory Statement on Repurchase Mandate	 8
 Appendix II – Particulars of Director proposed to be re-elected	 11
 Notice of Annual General Meeting	 13

DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Macau Jockey Club, 3/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 27 June 2019 at 4:00 p.m., a notice of which is set out on pages 13 to 17 of this circular
“Board”	the board of Directors
“Bonus CBs”	the outstanding bonus convertible bonds constituted by the deed polls executed by the Company on 9 January 2013 and 22 January 2014 respectively and issued on the respective dates which are convertible into Shares at the conversion price of HK\$0.25 per Share (after adjustment)
“Bye-laws”	the Bye-laws of the Company, as may be amended from time to time
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	China Star Entertainment Limited (stock code: 326), an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Eligible Participants”	full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any subsidiary of the Company or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the board of directors of the Company, has contributed or may contribute to the Group or any Invested Entity
“General Mandates”	the Repurchase Mandate and the general mandate to issue securities to be sought at the Annual General Meeting
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	entity in which the Group held an equity interest
“Latest Practicable Date”	23 May 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(s)”	the share option(s) to subscribe for Shares granted under the Share Option Scheme
“Repurchase Mandate”	the proposed new general mandate, to be sought at the Annual General Meeting, to authorise the Directors to repurchase Shares in the manner as set out in the notice of the Annual General Meeting
“Scheme Mandate Limit”	the total number of Shares (being up to 10% of Shares in issue at the date of the relevant general meeting) which may be issued upon exercise of all options to be granted under the Share Option Scheme as at the date of adoption of the Share Option Scheme or as refreshed
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 28 June 2012
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

Executive Directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung

Independent non-executive Directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Tang Chak Lam, Gilbert

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
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

28 May 2019

*To the Shareholders and, for information only,
the holders of Bonus CBs*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
PROPOSED RE-ELECTION OF DIRECTOR;
REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
NOTICE OF ANNUAL GENERAL MEETING**

PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SECURITIES

The Directors have taken the opportunity to convene a meeting of the Shareholders to propose a resolution to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with securities not exceeding 20% of the total number of Shares in the issued share capital of the Company as at the date of the passing of the resolution. As at the Latest Practicable Date, there were 2,801,110,479 Shares in issue. Assuming there is no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the general

LETTER FROM THE BOARD

mandate to be sought at the Annual General Meeting will allow the Company to allot, issue and deal with securities not exceeding 560,222,095 Shares. An ordinary resolution will also be proposed at the Annual General Meeting to grant to the Directors a general mandate to repurchase Shares not exceeding 10% of the total number of Shares in the issued share capital of the Company as at the date of the passing of such resolution. In addition, if the General Mandates are granted, an ordinary resolution will also be proposed at the Annual General Meeting to grant to the Directors an extension of general mandate to allot, issue and deal with additional Shares repurchased under the Repurchase Mandate.

The General Mandates will end on the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting of the Company is required to be held by law, the Bye-laws and the Companies Act; or (iii) the date upon which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates were granted at the Annual General Meeting. The need for an issue of securities under the general mandate to issue securities could, for example, arise in the context of a transaction, such as an acquisition by the Group where securities are to be issued as consideration, which has to be completed speedily. The Directors currently have no intention of any acquisition by the Company nor any plan for raising capital by issuing new securities.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such explanatory statement is set out in the Appendix I to this circular.

PROPOSED RE-ELECTION OF DIRECTOR

Pursuant to Bye-laws 99(A) and 99(B) of the Bye-laws, Mr. Hung Cho Sing shall retire from office by rotation at the Annual General Meeting and, being eligible, offer himself for re-election at the Annual General Meeting.

At the Annual General Meeting, ordinary resolution will be proposed to re-elect Mr. Hung Cho Sing as independent non-executive Director.

Particulars relating to Mr. Hung Cho Sing is set out in the Appendix II to this circular.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

Pursuant to a resolution passed at the special general meeting of the Company held on 28 June 2012, the Share Option Scheme was adopted and the old share option scheme was terminated.

The purpose of the Share Option Scheme is to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity. The exercise price of an Option may be determined by the Board at its absolute discretion but in any event will not be less than: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business day immediately preceding the date of offer; and (iii) the nominal value of the Share.

LETTER FROM THE BOARD

Apart from the Share Option Scheme, the Company has no other share option scheme in place.

Pursuant to the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted by the Company under the Share Option Scheme and any other options to be granted by the Company under any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme and as at the date of approving the refreshment of Scheme Mandate Limit. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time.

At the annual general meeting of the Company held on 8 June 2017 (the “2017 AGM”), the Scheme Mandate Limit was refreshed to allow the Company to grant Options entitling holders to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of the adoption of the refreshment, which amounted to 90,370,349 Options.

Details of the movements during the period from 8 June 2017 to the Latest Practicable Date in the Options are as follows:

	Number of Options under the old share option scheme (which was terminated on 26 May 2012)	Number of Options under the Share Option Scheme
Total number of outstanding Options as at 8 June 2017	266,243	57,720,000
Add/(Less): Options granted	–	90,000,000
Options exercised	–	(90,000,000)
Options expired	(249,288)	(53,720,000)
Options lapsed	(22,129)	(4,000,000)
Adjustment*	5,174	–
	<u>–</u>	<u>–</u>
Total number of outstanding Options as at the Latest Practicable Date	<u>–</u>	<u>–</u>

* numbers of Options have been adjusted for the issue of new Shares by way of rights issue with effect from 6th August 2018.

Up to the Latest Practicable Date, there is no Option outstanding and unexercised since the adoption of the Share Option Scheme. The Company has complied with Rule 17.03(4) of the Listing Rules for the aforesaid Options granted.

As at the Latest Practicable Date, 90,000,000 Options were granted under the Scheme Mandate Limit as refreshed at the 2017 AGM, therefore, the Company was allowed to grant 370,349 Options carrying rights to subscribe for up to 370,349 Shares, representing approximately 0.013% of existing issued share capital of the Company.

LETTER FROM THE BOARD

The Directors are of the view that in order to provide incentives and rewards to the Eligible Participants for their contribution or potential contribution to the Group and the Invested Entity by granting Options to them, the Scheme Mandate Limit shall be refreshed to provide the Company with greater flexibility on recruiting and retaining high calibre employees and attracting human resources that are valuable to the Group and the Invested Entity.

As at the Latest Practicable Date, there were 2,801,110,479 Shares in issue. Assuming there is no allotment and issue of Shares and no further grant of Options under the Share Option Scheme, upon the granting of a refreshment of the Scheme Mandate Limit by the Shareholders at the Annual General Meeting, the Scheme Mandate Limit (as refreshed) will allow the Company to grant Option entitling holders thereof to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment of the Scheme Mandate Limit which are 280,111,047 Shares.

The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company must not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, there are no options of the Company outstanding. Assuming 280,111,047 Options are approved, refreshed and granted under the Scheme Mandate Limit at the Annual General Meeting, a total of 280,111,047 Shares, representing approximately 10.00% of the Shares in issue, which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company does not exceed 30% of the Shares in issue.

The refreshment of the Scheme Mandate Limit is conditional upon:

1. The passing by the Shareholders of an ordinary resolution at the Annual General Meeting to approve, among other things, the refreshment of the Scheme Mandate Limit; and
2. 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 the refreshment of the Scheme Mandate Limit which may be issued pursuant to the exercise of Options to be granted under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the grant of listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the refreshment of the Scheme Mandate Limit which may be issued pursuant to the exercise of Options to be granted under the Share Option Scheme.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting (except resolution relates purely to procedural or administrative matter) must be taken by poll. Therefore, the chairman of the Annual General Meeting will demand a poll for all the resolutions set out in the notice of the Annual General Meeting. After the conclusion of the Annual General Meeting, the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.chinastar.com.hk).

ANNUAL GENERAL MEETING

Set out on pages 13 to 17 of this circular is the notice dated 28 May 2019 convening the Annual General Meeting.

A form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 24 June 2019 to Thursday, 27 June 2019, both days inclusive, during which period no transfer of Shares can be registered. In order to ascertain shareholders' rights for the purpose of attending and voting at the Annual General Meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 June 2019.

RECOMMENDATIONS

The Directors are of the opinion that the proposed grant of the General Mandates, the extension of the general mandate to allot, issue and deal with additional Shares, the proposed re-election of Director and the refreshment of the Scheme Mandate Limit are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the Appendices to this circular.

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

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the granting of the Repurchase Mandate to be proposed at the Annual General Meeting.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 2,801,110,479 Shares.

Assuming no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 280,111,047 Shares during the relevant period referred to in ordinary resolution numbered 5 of the notice of the Annual General Meeting.

2. REASONS FOR SHARE REPURCHASES

The Directors believe that the grant of the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the Companies Act. Any Shares repurchased pursuant to the Repurchase Mandate would be funded out of the capital paid up on the purchased Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for such purpose.

The Company is empowered by its memorandum of association and the Bye-laws to repurchase its Shares.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2018) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention to sell Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

No core connected person of the Company has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

5. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all Shares not already owned by such Shareholder or a group of Shareholders.

As at the Latest Practicable Date, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Heung Wah Keung Family Endowment Limited, together with their respective associates (collectively "**Mr. Heung and his associates**") were interested in an aggregate of 1,545,985,595 issued Shares, representing approximately 55.19% of the issued share capital of the Company.

To the best of the knowledge and belief of the Company, save as disclosed above, no other person, together with his/her associates, was beneficially interested in issued Shares representing 10% or more of the issued share capital of the Company.

On the basis that no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting and assuming that none of the Bonus CBs will be exercised prior to the exercise in full of the Repurchase Mandate, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding percentage of Mr. Heung and his associates would be increased to approximately 61.32%.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase made under the Repurchase mandate.

The Directors have no present intention to repurchase any Shares to the extent that it will trigger the obligations under the Takeovers Code to make a mandatory offer or which will result in the number of issued Shares held by the public being reduced to less than 25% of the total issued shares of the Company.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve months immediately preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
May	0.348*	0.288*
June	0.306*	0.246*
July	0.280	0.250
August	0.570	0.260
September	0.570	0.450
October	0.630	0.480
November	0.870	0.560
December	0.970	0.720
2019		
January	0.870	0.495
February	0.650	0.530
March	0.620	0.540
April	0.690	0.570
May (up to and including the Latest Practicable Date)	0.790	0.570

* adjusted price for rights issue of the Company with effect from 6 August 2018

7. REPURCHASE OF SHARES MADE BY THE COMPANY

Up to the Latest Practicable Date, the Company repurchased Shares on the Stock Exchange for an aggregate consideration of approximately HK\$39,763,000 before expenses. All these repurchased Shares are not yet cancelled and will be subsequently cancelled.

Details of these repurchased Shares are as follows:

Date of repurchase	No. of Shares repurchased	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration <i>HK\$</i>
20 May 2019	11,020,000	0.77	0.74	8,459,400
21 May 2019	34,000,000	0.77	0.75	26,160,000
22 May 2019	6,680,000	0.77	0.77	5,143,600
Total	51,700,000			39,763,000

Save as disclosed above, no repurchase of Shares has been made by the Company during the previous six months immediately preceding the Latest Practicable Date.

Particulars of the Director who will retire from office at the Annual General Meeting and, being eligible, will offer himself for re-election at the Annual General Meeting are set out below:

Mr. HUNG Cho Sing, aged 78, is an independent non-executive director of the Company. Mr. Hung was appointed as a non-executive Director in 1996. He is also the chairman of the remuneration committee and member of audit committee and nomination committee of the Company.

Mr. Hung has over 30 years of experience in the film distribution industry and founded Delon International Film Corporation in 1970. He has been the chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited since 1991 and was the chairman of Hong Kong Film Awards Association from 1992 to 1995. He was also appointed as a consultant of the China Film Association. Mr. Hung is also a member of the 1,200-member-HKSAR Election Committee and a vice chairman of the Cultural Profession Committee of the Guangdong, Hong Kong and Macau Cooperation Promotion Council (廣東省粵港澳合作促進會文化專業委員會副主任委員), and was elected the vice-chairman of Film Association of Guangdong, China for the period from November 2016 to November 2021. Mr. Hung was awarded the Bronze Bauhinia Star (BBS) by the HKSAR Government in 2005 in recognition of his contribution to the Hong Kong film industry.

Mr. Hung was an independent non-executive director of Freeman FinTech Corporation Limited (formerly known as Freeman Financial Corporation Limited) (Stock code: 279), a company is listed on the Main Board of the Stock Exchange, during the period from 22 January 2013 to 25 January 2017. He was appointed as an independent non-executive director of Unity Investments Holdings Limited (Stock code: 913), Miko International Holdings Limited (Stock code: 1247) and Enerchina Holdings Limited (Stock code: 622), since 10 October 2014, 14 April 2016 and 6 April 2017 respectively. Mr. Hung was an executive director of Universe Entertainment and Culture Group Limited (formerly known as Universe International Financial Holdings Limited) (Stock code: 1046), during the period from 16 October 2013 to 1 February 2019 and re-designated as a non-executive director on 1 February 2019. All these companies are listed on the Main Board of the Stock Exchange. Mr. Hung was also appointed as an independent non-executive director of Koala Financial Group Limited (formerly known as Sunrise (China) Technology Group Limited) (Stock code: 8226), and an executive director of Eje (Hong Kong) Holdings Limited (formerly known as Jia Meng Holdings Limited) (Stock code: 8101), since 15 May 2015 and 23 May 2016 respectively. Mr. Hung was also the chairman of the board of Eje (Hong Kong) Holdings Limited during the period from 23 May 2016 to 20 November 2017. Both companies are listed on the GEM Board of the Stock Exchange. Save as disclosed above, Mr. Hung did not hold any directorship in any listed public company in the last three years.

As at the Latest Practicable Date, Mr. Hung was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did he has any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

There is no service contract between the Company and Mr. Hung. Mr. Hung is not appointed for a specific term since he is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the provision of the Bye-laws. The emolument of Mr. Hung is to be determined by the board of Directors as authorized by the Shareholders at the Annual General Meeting with reference to Mr. Hung's skills, expertise and experience. For the year ended 31 December 2018, Mr. Hung received emoluments of HK\$120,000.

Save as disclosed above, there is no other information relating to Mr. Hung that is required to be disclosed pursuant Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in respect of Mr. Hung's re-election.

Mr. Hung has been independent non-executive Director for more than nine years. After having made reasonable enquiry, the Board considers that he has complied with the requirement of independence under Rules 3.13(1) to (8) of the Listing Rules and has obtained written independence confirmation from Mr. Hung. He properly performed his duties as independent non-executive Director during his term of office as the same, and has provided independent and constructive advices to the Company. Apart from being Director, he has not held any position in the Company, subsidiaries of the Company or holding company of the Company, nor did he has any interests in the businesses of or transactions with the Company, subsidiaries of the Company or holding company of the Company. As demonstrated in Mr. Hung's biographical details above, Mr. Hung has ample experience in film industry. The Company considers that the experience and skills of Mr. Hung in film industry will allow him to bring independent and constructive advices to the Board, and Mr. Hung will also contribute to diversity of the Board whereas the other two independent non-executive Directors are professional accountant and practicing solicitor respectively.

It comes to the attention of the Board that Mr. Hung is currently holding six directorship in other companies listed on the Stock Exchange and Mr. Hung's directorship in the Company would be his seventh listed company directorship upon re-election. The Board believes that Mr. Hung would be able to devote sufficient time as an independent non-executive Director to the Company. It is noted that Mr. Hung did attend all annual general meeting, board meetings, audit committee meetings, remuneration committee meeting and nomination committee meeting for the year ended 31 December 2018 with no absence. It is further noted that Mr. Hung has recently from 1 February 2019 re-designated from an executive director to a non-executive director of Universe Entertainment and Culture Group Company Limited (Stock Code: 1046), which implies that Mr. Hung would have additional time to devote to his directorship in other companies. As such, the Board has reasonable grounds to believe that Mr. Hung would be able to continue to devote sufficient time as an independent non-executive Director to the Company.

Accordingly, the Board considers that Mr. Hung is entirely independent and can devote sufficient time to the Company and recommend the Shareholders to re-elect him as independent non-executive Director.

NOTICE OF ANNUAL GENERAL MEETING



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of China Star Entertainment Limited (the “**Company**”) will be held at Macau Jockey Club, 3/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 27 June 2019 at 4:00 p.m. for the following purposes:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and the independent auditors for the year ended 31 December 2018.
2. (a) To re-elect Mr. Hung Cho Sing as independent non-executive director of the Company.

(b) To authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint HLB Hodgson Impey Cheng Limited as independent auditors and to authorise the board of directors to fix their remuneration.

As special business, to consider and, if thought fit, to pass with or without modification the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

4. **“THAT:**
 - (a) subject to paragraph (c) 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 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;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) 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;
- (c) the total number of Shares in the 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 (a) 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 (“**Bye-laws**”),

shall not in total exceed 20% of the total number of Shares in 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

- (d) 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, 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.

NOTICE OF ANNUAL GENERAL MEETING

“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 recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose and, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of Shares in 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
- (c) 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, 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.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the passing of the resolutions numbered 4 and 5 above, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional Shares pursuant to the resolution numbered 4 above be and is hereby extended by the addition to the aggregate number of Shares in the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate, an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to the resolution numbered 5 above, provided that such amount of Shares so repurchased shall not exceed 10% of the total number of Shares in the share capital of the Company in issue as at the date of passing of this resolution.”
7. “**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 28 June 2012 (the “**Share Option Scheme**”) and any other share option schemes of the Company, and pursuant to rule 8 of the rules of the Share Option Scheme, approval be and is hereby granted for ‘refreshing’ the Scheme Mandate Limit (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 total number of Shares in 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, 28 May 2019

NOTICE OF ANNUAL GENERAL MEETING

Registered office:
Canon's Court
22 Victoria Street
Hamilton HM 12
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 with the circular to the shareholders of the Company dated 28 May 2019.
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. The register of members of the Company will be closed from Monday, 24 June 2019 to Thursday, 27 June 2019, both days inclusive, during which period no transfer of Shares can be registered. In order to ascertain shareholders' rights for the purpose of attending and voting at the Annual General Meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 June 2019.
4. 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. 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 the above address 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.