
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 you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Star Entertainment Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

SPECIAL INTERIM DIVIDEND AND NOTICE OF SPECIAL GENERAL MEETING

A notice convening a special general meeting (the “SGM”) of the Company to be held at Macau Jockey Club, 3/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Friday, 27 September 2019 at 4:00 p.m. is set out on pages 9 to 10 of this circular. A form of proxy for use at the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, 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 SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish

11 September 2019

CONTENTS

	<i>Page</i>
Definitions	1
Expected Timetable	3
Letter from the Board	4
Notice of SGM	9

DEFINITIONS

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

“Board”	the board of Directors
“Bonus CB Holder(s)”	holder(s) of the Bonus CB(s)
“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, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and all of its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	6 September 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
“Record Date”	the record date falling on Tuesday, 8 October 2019 for the purpose of ascertaining the entitlement of the Shareholders and the Bonus CB Holder(s) to and under the Special Interim Dividend
“Registers”	the register of members of the Company and the register of the Bonus CB Holder(s)

DEFINITIONS

“Registrar”	Computershare Hong Kong Investor Services Limited, the branch share registrar and transfer office of the Company located at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special 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 Friday, 27 September 2019 at 4:00 p.m. to approve the Special Interim Dividend to the Shareholders and the Bonus CB Holder(s) and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Special Interim Dividend”	the proposed special interim dividend to be made out of the contributed surplus account of the Company to the Shareholders and the Bonus CB Holder(s), the details of which are set out in this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the declaration and payment of the Special Interim Dividend set out below is indicative only and it has been prepared on the assumption that all the conditions of the declaration and payment of the Special Interim Dividend will be fulfilled. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Date 2019
Despatch of this circular with notice of SGM	Wednesday, 11 September
Latest time for lodging forms of proxy for the purpose of the SGM	4:00 p.m. on Wednesday, 25 September
Record date for the SGM	Friday, 27 September
Date and time of SGM	4:00 p.m. on Friday, 27 September
Announcement of poll results of SGM	Friday, 27 September
Last day of dealings in Shares on a cum-entitlement basis	Monday, 30 September
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 2 October
Latest time for lodging transfer documents of Shares and/or Bonus CB(s) accompanied by relevant certificate(s) in order to be qualified for the entitlements to the Special Interim Dividend	4:30 p.m. on Thursday, 3 October
Closure of Registers (both dates inclusive)	Friday, 4 October to Tuesday, 8 October
Record Date	Tuesday, 8 October
Registers reopen	Wednesday, 9 October
Cheques for the Special Interim Dividend to be despatched	Friday, 18 October

Note: All times and dates refer to Hong Kong local times and dates.

The expected timetable relating to the Special Interim Dividend mentioned in this circular may be changed. The Company will keep the Shareholders, the Bonus CB Holder(s) and potential investors informed of any changes in connection with the expected timetable by way of further announcement(s).

The Board wishes to remind the Shareholders and the Bonus CB Holder(s) that the Special Interim Dividend is subject to the approval of the Shareholders at the SGM. The Shareholders, the Bonus CB Holder(s) and potential investors are advised to exercise caution when dealing in the securities of the Company.

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:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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

11 September 2019

*To the Shareholders and, for information only,
the Bonus CB Holders*

Dear Sir or Madam,

SPECIAL INTERIM DIVIDEND AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the interim results announcement of the Company dated 30 August 2019, the Board has on 30 August 2019 resolved to recommend the Special Interim Dividend to be made out of the Company's contributed surplus account of HK12.5 cents per Share to the Shareholders whose names appear on the Company's register of members on the Record Date.

The purpose of this circular is to provide you with the information regarding the Special Interim Dividend and to give you the notice of SGM in order to enable you to make an informed decision on whether to vote for or against the ordinary resolution approving the Special Interim Dividend at the SGM.

LETTER FROM THE BOARD

SPECIAL INTERIM DIVIDEND

In view of the financial position of the Group, subject to the approval of the Shareholders at the SGM to be held to consider and approve the Special Interim Dividend, the Board has on 30 August 2019 resolved to recommend the Special Interim Dividend to be made out of the Company's contributed surplus account of HK12.5 cents per Share to the Shareholders whose names appear on the Company's register of members on the Record Date.

According to the deed polls of the Bonus CB(s), the Company shall at the same time pay or distribute to each Bonus CB Holder(s) an amount of cash which is equal to (a) the amount of cash of the Special Interim Dividend per Share receivable by the Shareholders under the Special Interim Dividend, multiplied by (b) the number of Shares which the Bonus CB Holder(s) would have become a holder of, had such Bonus CBs then outstanding been converted on the relevant date for determining entitlement to the Special Interim Dividend. Accordingly, the Bonus CB Holder(s) whose names appear on the register of the Bonus CB Holder(s) on the Record Date will also be entitled to a payment equivalent to the Special Interim Dividend.

Under the Companies Act, the contributed surplus account is available for distribution. However, the Company cannot make a distribution out of contributed surplus if: (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realisable value of its assets would thereby be less than its liabilities.

The Board confirmed that the Company is able to satisfy the solvency test set out in the preceding paragraph and therefore distribution can be made out of the contributed surplus account of the Company.

The Special Interim Dividend will be distributed and made out of the contributed surplus account of the Company to the Shareholders and the Bonus CB Holder(s), whose names appear on the Registers on the Record Date falling on Tuesday, 8 October 2019. The entitlements of the Bonus CB Holder(s) to the Special Interim Dividend will be calculated by reference to their respective holdings of Shares on the Record Date on the basis above.

As at the Latest Practicable Date, the Company had a total of 2,711,000,479 Shares in issue. The Bonus CB(s) in an aggregate principal amount of HK\$265,079.61, carrying rights entitling the Bonus CB Holder(s) to convert their principal amount into approximately 1,060,317 new Shares at an adjusted conversion price of HK\$0.25 per Share (subject to further adjustment, if required). On the basis of a total of 2,712,060,796 Shares (on the assumption of full conversion of the Bonus CB(s)), the total amount of the Special Interim Dividend will be approximately HK\$339 million.

LETTER FROM THE BOARD

REASONS OF THE DECLARATION AND PAYMENT OF THE SPECIAL INTERIM DIVIDEND OUT OF THE CONTRIBUTED SURPLUS ACCOUNT

The Board considers it appropriate to pay the Special Interim Dividend to reward Shareholders for their continued support of the Company. The Board has carefully considered the Company's financial position, current cash balance and level of contributed surplus amount of the Company.

After taking into consideration of the existing cash flow of the Group, the Board considers that the Company has sufficient cash flow to pay the Special Interim Dividend. The declaration and payment of the Special Interim Dividend will not have any material adverse effect on the financial position of the Group.

RECORD DATE AND CLOSURE OF REGISTERS

The Record Date shall be Tuesday, 8 October 2019. The Shareholders and the Bonus CB Holder(s) whose names appear on the Registers on the Record Date shall be entitled to the Special Interim Dividend.

The Registers will be closed from Friday, 4 October 2019 to Tuesday, 8 October 2019 (both days inclusive) for the purpose of determining the entitlement to the Special Interim Dividend and to the payment equivalent to the Special Interim Dividend. No transfer of the Shares and/or the Bonus CBs will be registered during the book closure period.

In order to qualify for the Special Interim Dividend, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Registrar located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 3 October 2019. In order to qualify for the payment equivalent to the Special Interim Dividend, all transfers of Bonus CBs accompanied by the relevant certificate(s) and transfer form(s) must be lodged with the Registrar, no later than 4:30 p.m. on Thursday, 3 October 2019. Subject to the approval of the Shareholders at the SGM, the Special Interim Dividend will be paid on or around Friday, 18 October 2019.

DESPATCH OF CHEQUES FOR SPECIAL INTERIM DIVIDEND

The cheques for the Special Interim Dividend will be issued and despatched by ordinary post to those Shareholders and the Bonus CB Holder(s) entitled to them at their own risk on or around Friday, 18 October 2019.

The expected timetable relating to the Special Interim Dividend mentioned in this circular may be changed. The Company will keep the Shareholders, the Bonus CB Holder(s) and potential investors informed of any changes in connection with the expected timetable by way of further announcement(s).

LETTER FROM THE BOARD

SGM

The Special Interim Dividend is conditional upon the approval of the Shareholders by way of ordinary resolution at the SGM and compliance with the applicable procedures and requirements under the laws of Bermuda.

The notice of SGM is set out on pages 9 to 10 of this circular. At the SGM, an ordinary resolution will be put forward to the Shareholders to approve the Special Interim Dividend. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Special Interim Dividend and no Shareholder will be required to abstain from voting on any resolution to be approved at the SGM.

A proxy form for use at the SGM is enclosed with this circular. Whether or not you intend to attend and vote at the SGM, you are requested to complete and return the enclosed form of proxy to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong 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 SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

The resolution put to vote at the SGM will be decided by way of poll as required by the Listing Rules (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the resolution to approve the Special Interim Dividend at the SGM will be taken by way of poll and an announcement on the results of the SGM will be made by the Company after the SGM.

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 25 September 2019 to Friday, 27 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the special general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. (Hong Kong Time) on Tuesday, 24 September 2019.

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 Group. 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

RECOMMENDATION

The Directors are of the view that the Special Interim Dividend is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

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

NOTICE OF SGM



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 (“**SGM**”) 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 Friday, 27 September 2019 at 4:00 p.m. to consider and, if thought fit, passing with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the proposed special interim dividend (“**Special Interim Dividend**”) of HK12.5 cents for each share of HK\$0.01 (each a “**Share**”) in the share capital of the Company held by the holders of the Shares (the “**Shareholders**”) whose names appear on the register of members of the Company on Tuesday, 8 October 2019 (the “**Record Date**”) and for each Share which the holders (the “**Bonus CB Holder(s)**”) of the bonus convertible bonds (“**Bonus CB(s)**”) issued by the Company on 9 January 2013 and 22 January 2014 respectively pursuant to deed polls constituting the Bonus CB(s) executed by the Company on the respective dates would have become a holder of, had such Bonus CB(s) been converted on the Record Date, be made out of the contributed surplus account of the Company to Shareholders whose names appear on the register of members of the Company on the Record Date and to the Bonus CB Holder(s) whose names appear on the register of the Bonus CB Holder(s) on the Record Date; and the directors of the Company be and are hereby authorized to do such acts and things and execute such documents which in their opinion may be necessary, desirable, expedient to carry out or to give effect to the Special Interim Dividend and the transactions contemplated under this resolution.”

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

Hong Kong, 11 September 2019

NOTICE OF SGM

Registered office
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
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 member of the Company entitled to attend and vote at the meeting is entitled to appoint another person (who must be an individual) as his proxy to attend and to vote on his behalf. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead.
2. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with 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 together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
4. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.
5. Any voting of the meeting should be taken by poll.
6. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Wednesday, 25 September 2019 to Friday, 27 September 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the special general meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. (Hong Kong Time) on Tuesday, 24 September 2019.