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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 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)

(Warrant Code: 972)

**REFRESHMENT OF THE SCHEME MANDATE LIMIT
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of China Star Entertainment Limited (the “Company”) to 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, 30 June 2011 at 2:15 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) is set out on pages 8 and 9 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.

14 June 2011

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	4
Refreshment of the Scheme Mandate Limit	4
Responsibility Statement	6
Voting by Poll	7
Special General Meeting	7
Recommendation	7
Notice of Special General Meeting	8

DEFINITIONS

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

- “Capital Reorganisation” the capital reorganisation of the Company involving (i) the consolidation of every ten (10) issued and unissued Original Shares of HK\$0.01 each into one (1) consolidated Original Share of HK\$0.10 each; (ii) the capital reduction of the nominal value of all the authorised share capital of the Company and the cancellation of the paid-up capital of the issued Shares from HK\$0.10 each to HK\$0.01 each and the credit arising from reduction of the issued share capital of the Company be transferred to the contributed surplus account of the Company; and (iii) increase of authorised share capital of the Company, details of which were disclosed in the announcements of the Company dated 9 February 2011 and 28 February 2011 and the circular of the Company dated 7 March 2011, which has become effective on 9 May 2011
- “Company” China Star Entertainment Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
- “Director(s)” the director(s) of the Company
- “Eligible Person” means:
- (i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or
 - (b) any individual for the time being seconded to work for,
- any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interest or any substantial Shareholder or any company controlled by a substantial Shareholder; or
- (ii) any holder of any securities issued by any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interest or any substantial Shareholder or any company controlled by a substantial Shareholder; or

DEFINITIONS

- (iii) (a) any business or joint venture partner, contractor, agent or representative of,
 - (b) any research assistant, technician, adviser, consultant, artist, actor, actress of, and any research company, technical support company, advisory company, consultancy company, production company, advertising company, distribution company and professional services company to,
 - (c) any supplier, producer, director or licensor of films, television programmes, video features, goods or services to,
 - (d) any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of, or
 - (e) any landlord or tenant (including any sub-tenant) of,
- any member of the Company and any entity in which the Company, directly or indirectly, holds any equity interest or any substantial Shareholder or any company controlled by a substantial Shareholder;

and, for the purposes of the New Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	13 June 2011, 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
“Share Option Scheme”	the share option scheme adopted by the Company on 27 May 2002
“Option(s)”	the share option(s) to subscribe for Share(s) granted under the Share Option Scheme

DEFINITIONS

“Original Shares”	ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company before the Capital Reorganisation becoming effective
“Rights Issue”	the proposed issue of 1,473,540,870 Shares by way of rights issue on the basis of three rights Shares for every one Share held on 8 June 2011, with bonus warrants on the basis of one bonus warrant for every five rights Shares taken up, details of which were disclosed in the circular of the Company dated 20 May 2011 and will become unconditional at 4:00 p.m. on Monday, 27 June 2011
“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
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company from time to time
“Shareholder(s)”	holder(s) of Shares from time to time
“Special General Meeting”	the special general meeting of the Company to 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, 30 June 2011 at 2:15 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company), a notice of which is set out on pages 8 and 9 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	the outstanding warrants in an aggregate principal amount of HK\$111,523,295.87 entitling the holders thereof to subscribe for 61,276,536 new Shares at an adjusted subscription price of HK\$1.82 per Share (subject to further adjustment) pursuant to the warrant instrument issued by the Company on 15 June 2010
“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)

(Warrant Code: 972)

Directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung
Mr. Hung Cho Sing*
Mr. Ho Wai Chi, Paul*
Mr. Leung Hok Man*
Mr. Tang Chak Lam, Gilbert*

* *Independent non-executive Directors*

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head office and

principal place of business:

Unit 3409
Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

14 June 2011

*To the Shareholders and,
for information only,
the holders of the Warrants and Options*

Dear Sir or Madam,

REFRESHMENT OF THE SCHEME MANDATE LIMIT AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with notice of the Special General Meeting and information regarding the resolution to be proposed at the Special General Meeting, the refreshment of the Scheme Mandate Limit.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

Pursuant to a resolution passed at the annual general meeting of the Company held on 27 May 2002, the Share Option Scheme was adopted.

LETTER FROM THE BOARD

The purpose of the Share Option Scheme is to provide incentives and rewards to Eligible Person for their contribution or potential contribution to the Group. The exercise price of an Option must be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business day immediately preceding the date of grant; and (iii) the nominal value of the Share.

Share Option Scheme

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 30 June 2010 (the "AGM"), the Scheme Mandate Limit was refreshed to allow the Company to grant Options entitling holders to subscribe for Original Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment, which amounted to 288,928,636 Options (or 28,892,863 Options to subscribe for 28,892,863 Shares after the Capital Reorganisation becoming effective).

The issued share capital of the Company is 491,180,290 Shares as at the Latest Practicable Date, after the issue and allotment of i) 1,444,643,184 Original Shares on 11 August 2010 pursuant to a rights issue of the Company; ii) 577,855,000 Original Shares on 27 January 2011 pursuant to a placing of the Company; iii) 1,243 Original Shares upon exercise of the Options; and iv) 4,205 Original Shares and 1,290 Shares upon exercise of the subscription rights attached to the Warrants during the period from the AGM to the Latest Practicable Date. The issued share capital of the Company will be enlarged to 1,964,721,160 Shares (the "Enlarged Issued Share Capital") assuming 1,473,540,870 Shares will be issued and allotted on 29 June 2011 after the Rights Issue become unconditional.

As at the Latest Practicable Date, no Option was granted under the Scheme Mandate Limit as refreshed at the AGM, therefore, the Company was allowed to grant 28,892,863 Options carrying rights to subscribe for up to 28,892,863 Shares, representing approximately 5.88% of the existing issued share capital of the Company or approximately 1.47% of the Enlarged Issued Share Capital.

The Directors are of the view that in order to provide incentives and rewards to the Eligible Person for their contribution or potential contribution to the Group 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.

LETTER FROM THE BOARD

There are 491,180,290 Shares in issue as at the Latest Practicable Date, and there will be 1,964,721,160 Shares in issue after the Rights Issue become unconditional. 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 Special 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 49,118,029 Shares or 196,472,116 Shares after the Rights Issue become unconditional.

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. Since the adoption of the Share Option Scheme, there are 1,780,530 Options outstanding in total as at the Latest Practicable Date, representing 0.36% of the issued share capital of the Company. Assuming (i) the Rights Issue become unconditional and (ii) the Rights Issue cannot become unconditional, 196,472,116 Options or 49,118,029 Options respectively are approved, refreshed and granted under the Scheme Mandate Limit at the Special General Meeting, a total of 198,252,646 Shares (representing 10.09% of the Enlarged Issue Share Capital) or 50,898,559 Shares (representing 10.36% of the Shares in issue) respectively, which may be issued upon exercise of all outstanding Options granted and yet to be exercised 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 Special 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 must be taken by poll. Therefore, the chairman of the Special General Meeting will demand a poll for the resolution set out in the notice of the Special General Meeting. After the conclusion of the Special 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).

SPECIAL GENERAL MEETING

Set out on pages 8 and 9 is the notice dated 14 June 2011 convening the Special General Meeting.

A form of proxy for use at the Special General Meeting is enclosed. 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 not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

RECOMMENDATION

The Directors are of the opinion that the refreshment of the Scheme Mandate Limit is 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 resolution to be proposed at the Special General Meeting.

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

NOTICE OF SPECIAL GENERAL MEETING



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972)

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, 30 June 2011 at 2:15 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) for the purpose of consideration and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**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, 14 June 2011

NOTICE OF SPECIAL GENERAL MEETING

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 herewith.
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.