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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: 972/1056)

GENERAL MANDATES TO ISSUE AND TO REPURCHASE SECURITIES; RE-ELECTION OF DIRECTORS; APPOINTMENT OF AUDITORS 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, 1/F Function Room, 1st Floor China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Thursday, 28 June 2012 at 3:35 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) is set out on pages 12 to 15 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.

30 May 2012

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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, 1/F Function Room, 1st Floor China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on Thursday, 28 June 2012 at 3:35 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company), a notice of which is set out on pages 12 to 15 of this circular
“Board”	the board of Directors
“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, 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
“Eternity”	Eternity Investment Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 764)
“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
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	28 May 2012, 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 adopted by the Company on 27 May 2002

DEFINITIONS

“Proposed Acquisition”	the proposed acquisition of the 100% of the entire issued share capital of Most Famous Enterprises Limited, a company holding directly 49% equity interest in Hotel Lan Kwai Fong (Macau) Limited and 49% equity interest in Charm Faith Holdings Limited, and indirectly 49% equity interest in Classic Management & Services Company Limited, and a sale loan pursuant to the terms and conditions of a sale and purchase agreement entered into between China Star Entertainment (BVI) Limited, a wholly owned subsidiary of the Company and Mr. Heung Wah Keung, a substantial Shareholder and Director on 15 February 2012, details of which are set out in the announcement of the Company dated 21 February 2012
“Proposed Subscription”	the proposed subscription of the convertible bonds on balance of the principal amount of HK\$300 million proposed to be issued by the Company to Eternity, details of which are set out in the announcement dated 9 February 2011 jointly issued by the Company and Eternity
“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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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)

(Warrant Code: 972/1056)

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. 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

30 May 2012

*To the Shareholders and, for information only,
the holders of Options, convertible bonds and warrants of the Company*

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
RE-ELECTION OF DIRECTORS;
APPOINTMENT OF AUDITORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

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 aggregate nominal amount of 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 1,964,721,284 Shares in issue. Assuming there is no further Shares are allotted and issued or repurchased

LETTER FROM THE BOARD

between the Latest Practicable Date and the date of the Annual General Meeting, the general mandate to be sought at the Annual General Meeting will allow the Company to allot, issue and deal with securities not exceeding 392,944,256 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 aggregate nominal amount of 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 the date of (i) 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 other acquisition by the Company nor any plan for other raising capital by issuing new securities except for the Proposed Acquisition and Proposed Subscription.

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 resolutions 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 to this circular.

RE-ELECTION OF DIRECTORS

Pursuant to Bye-laws 99(A) and 99(B) of the Bye-laws, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung shall retire from office by rotation at the Annual General Meeting and, being eligible, offer themselves for re-election at the Annual General Meeting.

The particulars of Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung are as follows:

Mr. HEUNG Wah Keung, aged 63, is the Chairman and executive Director of the Company and a member of the nomination committee of the Company. Mr. Heung also holds directorships in a number of subsidiaries of the Group. Mr. Heung was appointed as an executive Director in 1996.

Mr. Heung has over 30 years of experience in the entertainment and multimedia industries. He was the founder of Win's Entertainment Limited ("Win's") and One Hundred Years of Film Company Limited ("One Hundred Years"), which produces films recommended by audiences and distributors around the world. He is also the vice-chairman of Hong Kong Kowloon and New Territories Motion Picture Industry Association Limited.

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Mr. Heung was an executive director of KH Investment Holdings Limited during the period from 6 August 2009 to 20 January 2010 and the chairman and executive director of Eternity during the period from 2 August 2001 to 31 January 2010, both companies are listed on the Stock Exchange. Save as disclosed above, Mr. Heung did not hold any directorship in any listed public company in the last three years.

Mr. Heung is the husband of Ms. Chen Ming Yin, Tiffany, Vice Chairman and executive Director of the Company. Save as disclosed herein, Mr. Heung did not have any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Mr. Heung is interested or deemed to be interested in 898,699,702 Shares and 217,654,645 underlying Shares comprised the Options and warrants of the Company pursuant to Part XV of the SFO.

There is no service contract between the Company and Mr. Heung 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. Heung is to be determined by the board of Directors as authorized by the Shareholders at the Annual General Meeting with reference to Mr. Heung's contributions and relevant duties and responsibilities within the Company. For the year ended 31 December 2011, Mr. Heung received emoluments of HK\$4,582,000.

Save as disclosed above, there is no other information relating to Mr. Heung that is required to be disclosed pursuant to 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. Heung's re-election.

Ms. CHEN Ming Yin, Tiffany, aged 55, is the Vice Chairman and executive Director of the Company, a member of each of the remuneration committee and the finance committee of the Company. Ms. Chen also holds directorships in a number of subsidiaries of the Group. Ms. Chen was appointed as an executive Director of the Company in 1996.

Ms. Chen has over 25 years of experience in the entertainment and multimedia industries and has produced a number of blockbuster films for Win's and One Hundred Years. In 2003, she was selected as one of 2003 Women in Entertainment – International Power by The Hollywood Reporter.

Ms. Chen was the vice chairman and executive director of Eternity during the period from 2 August 2001 to 31 January 2010. Save as disclosed above, Ms. Chen did not hold any directorship in any listed public company in the last three years.

Ms. Chen is the wife of Mr. Heung Wah Keung, Chairman and executive Director of the Company. Save as disclosed herein, Ms. Chen did not have any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Ms. Chen is interested or deemed to be interested in 898,699,702 Shares and 217,654,645 underlying Shares comprised the Options and warrants of the Company pursuant to Part XV of the SFO.

LETTER FROM THE BOARD

There is no service contract between the Company and Ms. Chen. Ms. Chen is not appointed for a specific term since she 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 Ms. Chen is to be determined by the board of Directors as authorized by the Shareholders at the Annual General Meeting with reference to Ms. Chen's contributions and relevant duties and responsibilities within the Company. For the year ended 31 December 2011, Ms. Chen received emoluments of HK\$4,322,000.

Save as disclosed above, there is not other information relating to Ms. Chen that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are three other matters that need to be brought to the attention of the Shareholders in respect of Ms. Chen's re-election.

Ms. LI Yuk Sheung, aged 44, is an executive Director of the Company and the chairman of the finance committee of the Company. Ms. Li is also a director of Asiatop Data Limited, a wholly owned subsidiary of the Company. Ms. Li has more than 10 years experience of management in the entertainment and multimedia industries. She is responsible for the overall operations, and is familiar with the Group's system. Ms. Li was appointed as an executive Director in 2001.

Ms. Li did not hold any directorship in any other listed public company in the last three years nor did she have any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

As at the Latest Practicable Date, Ms. Li is interested in 15,684 underlying Shares comprised the Options pursuant to Part XV of the SFO.

There is no service contract between the Company and Ms. Li. Ms. Li is not appointed for a specific term since she 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 Ms. Li is to be determined by the board of Directors as authorized by the Shareholders at the Annual General Meeting with reference to Ms. Li's contributions and relevant duties and responsibilities within the Company. For the year ended 31 December 2011, Ms. Li received emoluments of HK\$852,000.

Save as disclosed above, there is no other information relating to Ms. Li 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 Ms. Li's re-election.

APPOINTMENT OF AUDITORS

HLB Hodgson Impey Cheng, the current auditors of the Company whose term of office will expire upon the conclusion of the AGM, has informed the Company that the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited in March 2012.

LETTER FROM THE BOARD

The Board considers that it would be in the interests of the Company and the Shareholders as a whole if the auditors can continue to serve the Company under the new name of HLB Hodgson Impey Cheng Limited. The Board has resolved to appoint HLB Hodgson Impey Cheng Limited as the auditors of the Company upon the retirement of HLB Hodgson Impey Cheng, which would hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the AGM.

HLB Hodgson Impey Cheng has confirmed that there are no matters in connection with its retirement that need to be brought to the attention of the Shareholders. The Board also confirmed that there are no circumstances in respect of the proposed change of auditors that need to be brought to the attention of the Shareholders.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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 12 to 15 of this circular is the notice dated 30 May 2012 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the grant of the General Mandates, the extend of the General Mandates to allot, issue and deal with additional Shares, the re-election of Directors and the appointment of auditors 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 Appendix 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 1,964,721,284 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 196,472,128 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 2011) 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 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 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:

(i) 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 898,699,702 issued Shares, representing approximately 45.74% of the issued share capital of the Company; and

(ii) Eternity, together with its associates, was interested in 268,000,000 issued Shares, representing approximately 13.64% 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 outstanding Options, warrant and convertible bonds of the Company 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 (i) Mr. Heung and his associates would be increased to approximately 50.82%; and (ii) Eternity, together with its associates, would be increased to approximately 15.16%. Such increases would give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code by Mr. Heung and his associates, but would not result in the

number of issued Shares held by the public being reduced to less than 25%. However, the Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in a requirement of each of the substantial Shareholders and parties acting in concert with it (as defined in the Takeovers Code) to make a mandatory offer under the Takeovers Code.

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>
2011		
May	0.470	0.256*
June	0.355	0.229
July	0.265	0.226
August	0.243	0.158
September	0.204	0.148
October	0.260	0.148
November	0.245	0.180
December	0.230	0.195
2012		
January	0.221	0.209
February	0.300	0.212
March	0.245	0.211
April	0.212	0.181
May (up to and including the Latest Practicable Date)	0.196	0.196

* After adjustments for the effect of share consolidation and rights issue of the Company completed on 9 May 2011 and 29 June 2011 respectively.

7. REPURCHASE OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months immediately preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

(Warrant Code: 972/1056)

NOTICE IS HEREBY GIVEN that the Annual 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, 28 June 2012 at 3:35 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) for the following purposes:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and the auditors for the year ended 31 December 2011.
2. To re-elect retiring directors and to authorise the board of directors to fix the directors’ remuneration.
3. To appoint HLB Hodgson Impey Cheng Limited as 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 of HK\$0.01 each 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;
 - (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;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of 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 aggregate nominal amount of 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.

“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).”

NOTICE OF ANNUAL GENERAL MEETING

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 aggregate nominal amount of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of 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.”
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 nominal amount of 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 nominal amount 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 aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

By Order of the Board
China Star Entertainment Limited
Wong Shuk Han, Dorothy
Company Secretary

Hong Kong, 30 May 2012

NOTICE OF ANNUAL 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 or attorney duly authorised.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 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.