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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 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)

**GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
RE-ELECTION OF DIRECTOR;
REFRESHMENT OF THE SCHEME MANDATE LIMIT;
PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
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, 27 June 2013 at 4:00 p.m. is set out on pages 14 to 18 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 2013

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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, 27 June 2013 at 4:00 p.m., a notice of which is set out on pages 14 to 18 of this circular
“Board”	the board of Directors
“Bonus CBs”	the convertible bonds constituted by the deed poll executed by the Company on 9 January 2013 and issued on the same date pursuant to the bonus issue of the Company to the Shareholders, details of which are set out in the prospectus of the Company dated 12 December 2012
“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
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Premium Reduction shall become effective, being the date of the Annual General Meeting at which a special resolution approving the Share Premium Reduction will be considered and, if appropriate, passed by the Shareholders

DEFINITIONS

“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
“Issued CBs”	the convertible bonds in the aggregate principal amount of HK\$350.00 million carrying rights entitling the holders thereof to convert their principal amount into 3,181,818,181 new Shares at an adjusted conversion price of HK\$0.11 per Share (subject to further adjustment, if required) as at the Latest Practicable Date
“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
“Invested Entity”	entity in which the Group held an equity interest
“Latest Practicable Date”	24 May 2013, 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
“New Share Option Scheme”	the share option scheme adopted by the Company on 28 June 2012
“Old Share Option Scheme”	the share option scheme adopted by the Company on 27 May 2002 and expired on 26 May 2012
“Option(s)”	the share option(s) to subscribe for Shares granted under the New Share Option Scheme

DEFINITIONS

“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 New Share Option Scheme as at the date of adoption of the New Share Option Scheme or as refreshed
“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
“Share Option Schemes”	the Old Share Option Scheme and the New Share Option Scheme
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the entire amount standing to the credit of the Share Premium Account as at the Effective Date
“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)

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

28 May 2013

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

Dear Sir or Madam,

**GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
RE-ELECTION OF DIRECTOR;
REFRESHMENT OF THE SCHEME MANDATE LIMIT;
PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
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

LETTER FROM THE BOARD

3,502,888,015 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 mandate to be sought at the Annual General Meeting will allow the Company to allot, issue and deal with securities not exceeding 700,577,603 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 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 to this circular.

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.

The particulars of Mr. Hung are as follows:

Mr. Hung Cho Sing, aged 72, is an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. He 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 director of the China Film Association since 2009. 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). Mr. Hung

LETTER FROM THE BOARD

was awarded the Bronze Bauhinia Star (BBS) by the HKSAR Government in 2005 in recognition of his contribution to the Hong Kong film industry. Recently, Mr. Hung has been appointed by the HKSAR as a member of the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries under the Economic Development Commission on an ad personam basis for a term of two years with effect from 17 January 2013. Mr. Hung was appointed as a non-executive director of the Company in 1996.

Mr. Hung is currently a non-executive director of Capital VC Limited, a company listed on the Main Board of the Stock Exchange. He was also appointed as an independent non-executive director of Freeman Financial Corporation Limited and Mascotte Holdings Limited since 9 January 2013 and 22 January 2013 respectively, both companies are listed on the Main 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 as authorized by the Shareholders at the Annual General Meeting with reference to Mr. Hung's contributions and relevant duties and responsibilities within the Company. For the year ended 31 December 2012, 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.

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 New Share Option Scheme was adopted and the Old Share Option Scheme was expired on 26 May 2012.

The purpose of the New 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

Old Share Option Scheme

As the Old Share Option Scheme was expired, no further options can be granted under the Old Share Option Scheme. However, the outstanding options granted under the Old Share Option Scheme prior to the said expiration on 26 May 2012 shall remain valid and exercisable in accordance with the provisions of the Old Share Option Scheme. As at the Latest Practicable Date, there are 8,928,594 outstanding options granted but yet to be exercised under the Old Share Option Scheme.

New Share Option Scheme

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

Pursuant to the New 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 New 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 New 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 New 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 special general meeting of the Company held on 28 June 2012, the New Option Scheme was adopted 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 New Share Option Scheme, which amounted to 203,249,148 Options.

On 14 January 2013, the Company granted a total of 203,000,000 Options to certain Eligible Participants to allow them to subscribe for 203,000,000 Shares, which represented approximately 99.9% of the Scheme Mandate Limit as at the date of the adoption of the New Share Option Scheme.

As at the Latest Practicable Date, no Options granted on 14 January 2013 was exercised, expired, lapsed or cancelled, therefore, there are 203,000,000 Options outstanding and unexercised since the adoption of the New Share Option Scheme to which holders were entitled to subscribe for 203,000,000 Shares. The Company has complied with Rule 17.03(4) of the Listing Rules for the aforesaid Options granted.

As approximately 99.9% of the Scheme Mandate Limit of 203,249,148 Options as at the date of adoption of the New Share Option Scheme has been used, 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.

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As at the Latest Practicable Date, there were 3,502,888,015 Shares in issue. Assuming there is no allotment and issue of Shares and no further grant of Options under the New 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 350,288,801 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 New Share Option Scheme and any other share option schemes adopted by the Company including the Old Share Option Scheme must not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, there are 211,928,594 options of the Company outstanding (including 8,928,594 outstanding options under the Old Share Option Scheme and 203,000,000 Options), representing 6.05% of the issued share capital of the Company. Assuming 350,288,801 Options are approved, refreshed and granted under the Scheme Mandate Limit at the Annual General Meeting, a total of 562,217,395 Shares, representing 16.05% of the Shares in issue, which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes adopted by the Company including the Old Share Option Scheme 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 New 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 New Share Option Scheme.

PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT

The Board proposes to reduce the entire amount standing to the credit of the Share Premium Account as at the Effective Date and transfer the credit arising from the Share Premium Reduction to the Contributed Surplus Account.

Effects of the Share Premium Reduction

The Share Premium Reduction does not involve any reduction in the authorized or issued share capital of the Company, nor does it involve any reduction in the nominal value of the Shares or trading arrangements concerning the Shares.

LETTER FROM THE BOARD

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, in itself, have material adverse effect on the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Company. The Board considers that the Share Premium Reduction is in the interests of the Company and the Shareholders as a whole.

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon:

- (a) the passing of the necessary special resolution(s) by the Shareholders at the Annual General Meeting to approve the Share Premium Reduction; and
- (b) the due compliance with the relevant procedures and requirement under Bermuda laws to effect the Share Premium Reduction, including but not limited to the publication of a notice in an appointed newspaper in Bermuda in respect of the Share Premium Reduction.

Subject to the fulfillment of the above conditions, it is expected that the Share Premium Reduction will become effective on the date of the Annual General Meeting.

Reasons for the Share Premium Reduction

With the application of the credit standing to the Contributed Surplus Account arising from the Share Premium Reduction as set out above, the Share Premium Reduction and the subsequent transfer of the credit arising therefrom to the Contributed Surplus Account will therefore increase the distributable reserves of the Company thereby giving the Company greater flexibility in relation to its dividend policy and distributions in the future. The amount in the Contributed Surplus Account may be used, inter alia, for the payment of dividend and distribution and for such other purposes as allowed under the Bye-laws and the Companies Act. The Board considers that it is in the best interest of the Company and its Shareholders as a whole to implement the Share Premium Reduction.

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.

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 14 to 18 of this circular is the notice dated 28 May 2013 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.

RECOMMENDATION

The Directors are of the opinion that the grant of the General Mandates, the extension of the general mandate to allot, issue and deal with additional Shares, the re-election of Director, the refreshment of the Scheme Mandate Limit and the Share Premium Reduction 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 3,502,888,015 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 350,288,801 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 2012) 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, 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 2,009,841,719 issued Shares, representing approximately 57.37% 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, Bonus CBs and Issued 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 63.75%. The Directors are not aware of any obligation to make a mandatory offer under Rule 26 of the Takeovers Code by Mr. Heung and his associates, which could arise as a result of any repurchases of Shares pursuant to the Repurchase Mandate. 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 or will result in the number of issued Shares held by the public being reduced to less than 25%.

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>
2012		
May	0.196	0.196
June	0.350	0.305
July	0.350	0.335
August	0.350	0.340
September	0.350	0.340
October	0.375	0.345
November	0.500	0.345
December	0.350	0.131
2013		
January	0.260	0.140
February	0.250	0.195
March	0.440	0.233
April	0.450	0.350
May (up to and including the Latest Practicable Date)	0.445	0.320

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)

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, 27 June 2013 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 auditors for the year ended 31 December 2012.
2. To re-elect retiring director and to authorise the board of directors to fix the directors’ remuneration.
3. To re-appoint 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.”

NOTICE OF ANNUAL GENERAL MEETING

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 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.”

As special business, to consider and, if thought fit, to pass the following resolution as a Special Resolution:

SPECIAL RESOLUTION

8. “**THAT** subject to compliance by the Company with all relevant legal procedures and requirements under the Companies Act 1981 of Bermuda (as amended), and with effect from the date of the passing of this resolution (“**Effective Date**”):
- (a) the entire amount standing to the credit of the share premium account of the Company as at the Effective Date be reduced (the “**Share Premium Reduction**”) and the credit arising from the Share Premium Reduction be transferred to the contributed surplus account of the Company; and
 - (b) the directors of the Company be and are hereby authorised for and on behalf of the Company to execute all such documents and do such acts or things as they may in their discretion consider to be necessary, desirable or expedient to implement or to give effect to the Share Premium Reduction.”

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

Hong Kong, 28 May 2013

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.