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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in the Company, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

**PROPOSED PLACING OF NEW SHARES  
SUBJECT TO SHAREHOLDERS' APPROVAL  
AND  
NOTICE OF SGM**

Placing Agent



**金利豐證券**

**KINGSTON SECURITIES**

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Terms used in this cover page have the same meanings as defined in this circular.

A notice convening the SGM 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 at 4:00 p.m. on Monday, 24 March 2014 is set out on page 13 and page 14 of this circular. If you are unable to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit it with the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

24 February 2014

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Notice of SGM</b> .....	13

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 January 2014 relating to the Placing
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued Shares are listed on the Main Board of the Stock Exchange
“Dorest”	Dorest Company Limited, a company incorporated in Hong Kong with limited liability which is beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HWKFE”	Heung Wah Keung Family Endowment Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and beneficially owned as to 50% by Mr. Heung and as to 50% by Ms. Chen
“Independent Third Party(ies)”	person(s) who is/are independent of and not connected with the directors, chief executive and substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
“Latest Practicable Date”	20 February 2014, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the 30th day from the date of the SGM
“Mr. Heung”	Mr. Heung Wah Keung, the Chairman of the Board and an executive Director

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## DEFINITIONS

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“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, the Vice Chairman of the Board and an executive Director
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 3,200,000,000 Placing Shares by a maximum of four tranches (in which each tranche shall not be less than 800,000,000 Placing Shares, save for the last tranche) pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional agreement dated 27 January 2014 and entered into between the Company and the Placing Agent relating to the Placing
“Placing Price”	HK\$0.125 per Placing Share
“Placing Share(s)”	up to 3,200,000,000 new Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, the branch share registrar of the Company in Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“SGM”	the special general meeting of the Company to be convened and held at 4:00 p.m. on Monday, 24 March 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong to consider, if thought fit, and approve the Placing Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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## LETTER FROM THE BOARD

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# CHINA STAR ENTERTAINMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

*Executive Directors:*

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

*Independent non-executive Directors:*

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

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton 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

24 February 2014

*To the Shareholders and, for information only, the holders of  
options, bonus convertible bonds and convertible bonds of the Company*

Dear Sir or Madam,

**PROPOSED PLACING OF NEW SHARES  
SUBJECT TO SHAREHOLDERS' APPROVAL  
AND  
NOTICE OF SGM**

### INTRODUCTION

As announced in the Announcement, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which, the Company conditionally agreed to place, through the Placing Agent, up to 3,200,000,000 Placing Shares by a maximum of four tranches (in which each tranche shall not be less than 800,000,000 Placing Shares, save for the last tranche), on a best effort basis, to not less than six Placees who and whose ultimate beneficial owners are the Independent Third Parties at the Placing Price of HK\$0.125 per Placing Share.

The purpose of this circular is to give you further information on the Placing, together with notice convening the SGM.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

**Date:** 27 January 2014

**Parties:** The Company and the Placing Agent

The Placing Agent has conditionally agreed to place up to 3,200,000,000 Placing Shares by a maximum of four tranches (in which each tranche shall not be less than 800,000,000 Placing Shares, save for the last tranche), on a best effort basis, to not less than six Placees.

#### Placing Agent

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Placing Agent and its ultimate beneficial owners are the Independent Third Parties. As at the Latest Practicable Date, the Placing Agent is interested in 27 Shares.

#### Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners are the Independent Third Parties.

None of the individual Placees will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing.

#### Placing Price

The Placing Price of HK\$0.125 per Placing Share represents:

- (a) a discount of approximately 6.72% to the closing price of HK\$0.134 per Share as quoted on the Stock Exchange at the date of the Placing Agreement;
- (b) a discount of approximately 11.35% to the average closing price of approximately HK\$0.141 per Share in the last five consecutive trading days prior to the date of the Placing Agreement;
- (c) a discount of approximately 6.02% to the average closing price of approximately HK\$0.133 per Share in the last ten consecutive trading days prior to the date of the Placing Agreement; and
- (d) a discount of approximately 37.5% to the closing price of HK\$0.200 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, (i) the recent trading price of the Shares; and (ii) the performance of the Shares and the attractiveness to the potential investors. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable as the Company can obtain financing for the Possible Acquisition I (as defined in section headed "Reasons for and benefits of the Placing and use of proceeds" in this circular). As such, the Placing is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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The net price per Placing Share will be approximately HK\$0.124.

### **Placing Shares**

Pursuant to the Placing Agreement, up to 3,200,000,000 Placing Shares will be placed by the Placing Agent by a maximum of four tranches (in which each tranche shall not be less than 800,000,000 Placing Shares, save for the last tranche). The 3,200,000,000 Placing Shares represent (i) approximately 34.80% of the issued share capital of the Company of 9,194,232,803 Shares as at the date of the Placing Agreement; and (ii) approximately 25.82% of the issued share capital of the Company of 12,394,232,803 Shares as enlarged by the allotment and issue of the 3,200,000,000 Placing Shares.

The aggregate nominal value of the Placing Shares will be HK\$32,000,000.

The Placing Shares will, when fully paid, be allotted and issued in accordance with the memorandum and bye-laws of the Company and with the relevant rules and regulations applicable to the Company in Bermuda and Hong Kong and will, upon allotment and issue, be free from all liens, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at completion of the Placing and thereafter.

### **Specific mandate to allot and issue Placing Shares**

The Placing Shares will be allotted and issued pursuant to a specific mandate to be obtained at the SGM.

### **Ranking of the Placing Shares**

The Placing Shares, when allotted, issued and fully paid, will rank pari passu in all respects with all Shares in issue as at the date of allotment and issue of the Placing Shares.

### **Placing commission**

The Placing Agent will receive a placing commission of 1.00% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares being placed.

### **Conditions Precedent**

Completion of the Placing is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders (other than those who are required to abstain from voting, if any) to approve the Placing Agreement and the transactions contemplated thereunder, including the allotment and issue of the Placing Shares, at the SGM;
- (b) the Listing Committee granting or agreeing to grant the listing of, and permission to deal in, all of the Placing Shares under the relevant tranche of the Placing; and
- (c) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.



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## LETTER FROM THE BOARD

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The Company and the Placing Agent agreed that the Placing will be completed in tranches by a maximum of four tranches provided that the aggregate number of the Placing Shares for each tranche of the Placing shall not be less than 800,000,000 (save for the last tranche of the Placing where the number of the Placing Shares to be allotted and issued may be less than 800,000,000) and that the listing approval as referred to condition (b) above in respect of the relevant tranche of the Placing Shares has been obtained and that the completion of the Placing shall apply to each of such partial completion.

### **Completion of the Placing**

Completion of each tranche of the Placing will take place within four business days after the fulfillment of the conditions for each tranche of the Placing as set out above but not later than the Long Stop Date, being the 30th day from the date of the SGM.

If the above conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement will be terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others, save for any antecedent breaches under the Placing Agreement.

### **Application for Listing**

Application will be made by the Company to the Listing Committee for the grant of the listing of, and permission to deal in, the Placing Shares under the relevant tranche of the Placing.

### **Termination of the Placing Agreement**

Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (i) the completion of each tranche of the Placing; and (ii) termination of the Placing Agreement by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.

The Placing Agent reserves its right to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 9:00 a.m. on the completion date of the Placing, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

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## LETTER FROM THE BOARD

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- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances (inclusive of any pandemics or epidemics) which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

If, at or prior to 9:00 a.m. on the date of completion of the Placing;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements or circulars relating to the Placing Agreement and the transactions contemplated thereunder; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

As disclosed in the announcements of the Company dated 21 and 27 January 2014, the Company has commenced preliminary discussion with an Independent Third Party in relation to a possible acquisition (the “**Possible Acquisition I**”) of equity or beneficial interests in a company which will be entitled to the entirety of the net profit deriving from VIP gaming promotion operations (being activities undertaken to promote casino games by way of offering transportation, accommodation, food and beverage and entertainment in exchange for a commission or other compensation paid by a gaming concessionaire) in Macau.

Subject to negotiations, the potential vendor has indicated the consideration for the Possible Acquisition I ranging from HK\$750.00 million to HK\$850.00 million at the preliminary discussion relating to the Possible Acquisition I. Therefore, the Directors determine to raise approximately HK\$395.47 million from the Placing in order to finance the Possible Acquisition I. If the Possible Acquisition I is materialised, the shortfall between the consideration and the net proceeds from the Placing will be financed by the internal resources of the Company and promissory note to be issued by the Company.

On the basis that all of the 3,200,000,000 Placing Shares are placed in full, the gross proceeds from the Placing will be amounted to HK\$400.00 million and the net proceeds from the Placing will be amounted to approximately HK\$395.47 million which are intended to be used for the Possible Acquisition I. In the event that the Possible Acquisition I is not materialised, the net proceeds from the Placing are intended to be used for property investment, including but not limited to the possible acquisition (the “**Possible Acquisition II**”) of the entire issued share capital of a company, the major asset of which is its certain indirect interest in a 20-storey commercial building located in Chaoyangmenwai Dajie (朝陽門外大街), Beijing, The People’s Republic of China, which was disclosed in the Company’s announcement on 27 January 2014.

Prior to the entering into of the Placing Agreement, the Directors have considered other financing alternatives, including rights issue, open offer and obtaining a bank loan. As the Company has recently completed an open offer in January 2014 and only 52.75% of the offer Shares were subscribed for by the qualifying Shareholders, the Directors believe that the Company may not be able to identify an underwriter, if a rights issue or another open offer is conducted. The Directors also believe that, even if one is willing to act as underwriter, the terms of underwriting of a rights issue or another open offer will not be favourable, i.e. a high rate of underwriting commission and a subscription price with a substantial discount to market price of the Shares. For bank financing, the Directors believe that the chance of obtaining a bank financing is remote due to business nature of the Possible Acquisition I involving gaming business and not having any property, plant and equipment as security. In addition, a majority of the Group’s land and buildings has been pledged for securing the Group’s existing bank loans. The value of remaining land and buildings available for pledge are substantially less than the consideration for Possible Acquisition I. For placing of new Shares, the Directors and the Placing Agent reached an agreement in lowering the placing commission by conducting the Placing on a best effort basis and in tranches, which substantially reduces the risks to be borne by the Placing Agent. In addition, the number of professional parties involved in a placing of new Shares is less than a rights issue or an open offer. Therefore, the costs involved in a placing of new Shares are low as compared to rights issue or open offer. Based on the above, the Directors consider that, despite the Placing results in a dilution of the existing shareholding interest of the Shareholders, the Placing is more time and cost effective and a best option to the Company for raising additional funds.

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## LETTER FROM THE BOARD

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As stated in the Company's prospectus dated 31 December 2013, the proceeds from the open offer announced in November 2013 is intended to be used for property investment in Hong Kong and/or Macau when suitable opportunity arises. Since November 2013, the Directors have been actively seeking for properties in Hong Kong for investment. Such properties include retail shops, hotel properties and a block of building for redevelopment into hotel. Given the offer prices of these properties exceed the Directors' expectation, no further negotiations are proceeded. In January 2014, the Company has commenced a negotiation with an Independent Third Party relating to the Possible Acquisition II. As the negotiation is at preliminary stage, no agreement has been entered into by the Company regarding the Possible Acquisition II. The usage of the proceeds from the open offer remains unchanged.

The Directors are of the view that the Placing represents an opportunity to raise additional funds while broadening the shareholders' base of the Company and strengthening the financial position of the Group. The Directors are of the view that the Placing is in the interest of the Company and the Shareholders as a whole.

### EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the Latest Practicable Date and the effects on the shareholding structure of the Company upon completion of the Placing (assuming (i) no new Shares are to be allotted and issued by the Company from the Latest Practicable Date up to completion of the Placing; and (ii) all of the 3,200,000,000 Placing Shares are placed in full) are set out as below:

Shareholders	As at the Latest Practicable Date		Upon completion of the Placing (assuming (i) no new Shares are to be allotted and issued by the Company from the Latest Practicable Date up to completion of the Placing; and (ii) all of the 3,200,000,000 Placing Shares are placed in full)	
	No. of Shares	Approx. %	No. of Shares	Approx. %
HWKFE (Note 1)	4,661,162,574	50.70	4,661,162,574	37.61
Dorest (Note 2)	41,106	0.00	41,106	0.00
<b>Public</b>				
The Placing Agent	27	0.00	27	0.00
The Placees (Note 3)	–	–	3,200,000,000	25.82
Other public Shareholders (Note 4)	4,533,029,096	49.30	4,533,029,096	36.57
<b>Total</b>	<b>9,194,232,803</b>	<b>100.00</b>	<b>12,394,232,803</b>	<b>100.00</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. HWKFE is owned as to 50% by Mr. Heung and as to 50% by Ms. Chen.
2. Dorest is beneficially owned as to 60% by Ms. Chen and as to 40% by Mr. Heung. The Shares held by Dorest are under a charging order.
3. Pursuant to the Placing Agreement, none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) as a result of the Placing.
4. Certain Placees may be the existing Shareholders (holding less than 5% of the existing issued share capital of the Company as at the Latest Practicable Date). The existing shareholdings of such Placees, if any, are included under "Other public Shareholders".

### FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS PRIOR TO THE DATE OF THE ANNOUNCEMENT

Set out below is the fund raising activities conducted by the Company in the past 12 months prior to the date of the Announcement.

<b>Date of announcement</b>	<b>Description</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
18 November 2013	Open offer of 2,626,923,658 new Shares at HK\$0.125 per Share	Approximately HK\$324.47 million	For property investment in Hong Kong and/or Macau	The net proceeds have not been utilised. As at the Latest Practicable Date, the entire proceeds from the open offer was deposited into banks for earning interest.
10 January 2013	Placing of 400,000,000 new Shares at HK\$0.140 per Share	Approximately HK\$55.30 million	For property investment in Hong Kong	The net proceeds has been utilised for acquisition of properties in Hong Kong in April 2013

### SGM

A notice convening the SGM to be held at 4:00 p.m. on Monday, 24 March 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, at which ordinary resolution will be proposed to consider and, if thought fit, to approve the Placing Agreement and the transactions contemplated thereunder is set out on page 13 and page 14 of this circular.

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## LETTER FROM THE BOARD

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A form of proxy for use by the Shareholders at the SGM is enclosed. If you are not able to attend the SGM in person, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required to abstain from voting at the SGM.

**Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### 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.

### VOTING BY POLL

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

### RECOMMENDATION

The Directors consider the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole. They recommend Shareholders to vote in favour of the resolution proposed at the SGM.

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

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## NOTICE OF SGM

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# CHINA STAR ENTERTAINMENT LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of China Star Entertainment Limited (the “**Company**”) will be held at 4:00 p.m. on Monday, 24 March 2014 at Macau Jockey Club, 1/F Function Room, 1st Floor China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

### ORDINARY RESOLUTION

**“THAT:**

- (a) the conditional placing agreement (the “**Placing Agreement**”) dated 27 January 2014 and entered into between the Company and Kingston Securities Limited (the “**Placing Agent**”) pursuant to which, inter alia, the Company agrees to place, through the Placing Agent, on a best effort basis, up to 3,200,000,000 new shares of the Company (the “**Placing Shares**”) at a price of HK\$0.125 per share by a maximum of four tranches (in which each tranche shall not be less than 800,000,000 Placing Shares, save for the last tranche) (a copy of which has been produced to this meeting marked “A” and initialled by the Chairman of the meeting for identification purpose) be and is hereby approved, ratified and confirmed;
- (b) the allotment and issue of the Placing Shares pursuant to and in accordance with the terms and conditions of the Placing Agreement be and is hereby approved; and
- (c) the directors of the Company (the “**Directors**”) be and is hereby authorised to exercise all the powers of the Company and take such actions or execute such documents to effect the allotment and issue of the Placing Shares and to do such other things and to take all such action the Directors may consider necessary or desirable for the purpose of giving effect to the Placing Agreement.”

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

Hong Kong, 24 February 2014

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## NOTICE OF SGM

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*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, whether in person or by proxy, the most senior shall alone be entitled to vote. 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.