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

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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 shares in China Star Entertainment Limited, you should at once hand this circular with the enclosed 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 the transferee.

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## **CHINA STAR ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 326)**

**(Warrant Code: 972)**

### **PROPOSED CAPITAL REORGANISATION AND NOTICE OF SPECIAL GENERAL MEETING**

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A notice convening the special general meeting of China Star Entertainment Limited to be held at Board Room (1st Floor), South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 6 May 2011 at 4:30 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) is set out on pages 12 and 13 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar 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.

7 March 2011

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## DEFINITIONS

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*In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:*

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Capital Increase”	the proposed increase of authorised share capital from HK\$50,000,000 divided into 5,000,000,000 New Shares of HK\$0.01 each to HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each
“Capital Reduction”	the proposed (i) the issued share capital of the Company be reduced by the cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; and (ii) the reduction of the authorised share capital of the Company by reducing the nominal value of all Consolidated Shares from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares to HK\$50,000,000 divided into 5,000,000,000 New Shares of HK\$0.01 each; and (iii) the credit arising from reduction of the issued share capital of the Company be transferred to the contributed surplus account of the Company
“Capital Reorganisation”	the proposed capital reorganisation of the Company involving the Share Consolidation, the Capital Reduction and the Capital Increase
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Star Entertainment Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective but before the Capital Reduction and the Capital Increase

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## DEFINITIONS

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“Directors”	the directors of the Company
“Existing Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company before the implementation of the Capital Reorganisation
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	Thursday, 3 March 2011 being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“SGM”	a special general meeting of the Company to be convened and held at Board Room (1st Floor), South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 6 May 2011 at 4:30 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) to consider and, if thought fit, to approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.10 each
“Share Options”	the share options granted under the share option scheme adopted by the Company
“Share(s)”	the Existing Share(s), the Consolidated Share(s), and/or the New Share(s), as the case may be
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Warrants ”	the outstanding warrants in an aggregate principal amount of HK\$111,525,643.67 entitling the holders thereof to subscribe for Shares at an adjusted subscription price of HK\$0.182 per Existing Share (subject to further adjustment) pursuant to the warrant instrument issued by the Company on 15 June 2010
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

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## EXPECTED TIMETABLE

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*The timetable for implementation of the Capital Reorganisation and the associated trading arrangement are set out below:*

2011

Latest time for lodging the form of proxy .....	4:30 p.m. on Wednesday, 4 May
SGM .....	4:30 p.m.* on Friday, 6 May
Announcement of the results of the Capital Reorganisation .....	Friday, 6 May
Effective date of the Capital Reorganisation ( <i>note 1</i> ) .....	Monday, 9 May
Dealing in New Shares commences .....	9:00 a.m. on Monday, 9 May
Original counter for trading in Existing Shares in board lot size of 5,000 Existing Shares temporarily closes .....	9:00 a.m. on Monday, 9 May
Temporary counter for trading in New Shares in board lot size of 500 New Shares in the form of existing share certificates opens .....	9:00 a.m. on Monday, 9 May
First day for free exchange of share certificates of Existing Shares for new share certificates for New Shares .....	Monday, 9 May
Original counter for trading in New Shares in board lot size of 5,000 New Shares in the form of new share certificates for New Shares re-opens .....	9:00 a.m. on Tuesday, 24 May
Parallel trading in New Shares in the form of new share certificates and existing share certificates commences .....	9:00 a.m. on Tuesday, 24 May
Designated broker starts to stand in the market to purchase and sell odd lots of New Shares .....	Tuesday, 24 May
Parallel trading in New Shares in the form of new share certificates and existing share certificates ends .....	4:00 p.m. on Tuesday, 14 June
Temporary counter for trading in New Shares in board lot size of 500 New Shares in the form of existing share certificates closes .....	4:00 p.m. on Tuesday, 14 June
Designated broker ceases to stand in the market to purchase and sell odd lots of New Shares .....	4:00 p.m. on Tuesday, 14 June
Last day for free exchange of share certificates of Existing Shares for new share certificates for New Shares .....	Thursday, 16 June

\* or immediately after the conclusion or adjournment of the meeting of the Company.

*Notes:*

1. Effective date of the Capital Reorganisation shall mean the date upon which the Capital Reorganisation becomes unconditional and effective when all the conditions to which it is subject are satisfied.
2. If there is any change in this expected timetable, the Company will make further announcement.

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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)**

**(Warrant Code: 972)**

*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. Leung Hok Man

*Registered Office:*

Canon's Court  
22 Victoria Street  
Hamilton HM 12  
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

7 March 2011

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

Dear Sir or Madam,

## **PROPOSED CAPITAL REORGANISATION AND NOTICE OF SPECIAL GENERAL MEETING**

### **INTRODUCTION**

On 9 February 2011, the Board announced that the Company intended to put forward to Shareholders for their approval a proposal involving the Capital Reorganisation. On 28 February 2011, the Board announced that the expected timetable of the Capital Reorganisation for implementation and the associated trading arrangement has been revised.

The purpose of this circular is (i) to provide you with further information in respect of the Capital Reorganisation and (ii) to give you a notice of the SGM at which resolution will be proposed to consider and if thought fit, approve the Capital Reorganisation.

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## LETTER FROM THE BOARD

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### PROPOSED CAPITAL REORGANISATION

On 9 February 2011, the Board announced that the Company intended to put forward to Shareholders for their approval a proposal involving the following changes to the share capital of the Company:

**(a) Share Consolidation**

That every ten (10) issued and unissued Existing Shares of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.10 each;

**(b) Capital Reduction**

That (i) the issued share capital of the Company be reduced by the cancellation of the paid-up capital of the Company to the extent of HK\$0.09 on each of the then issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.10 to HK\$0.01; (ii) the authorised share capital of the Company be reduced by reducing the nominal value of all Consolidated Shares from HK\$0.10 each to HK\$0.01 each resulting in the reduction of the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares to HK\$50,000,000 divided into 5,000,000,000 New Shares of HK\$0.01 each; and (iii) the credit arising from the reduction of the issued share capital of the Company be transferred to the contributed surplus account of the Company; and

**(c) Capital Increase**

That the authorised share capital of the Company be increased from HK\$50,000,000 divided into 5,000,000,000 New Shares of HK\$0.01 each to HK\$500,000,000 divided into 50,000,000,000 New Shares of HK\$0.01 each.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$500,000,000 divided into 50,000,000,000 Existing Shares of HK\$0.01 each, of which 4,911,788,757 Existing Shares have been in issue and are fully paid or credited as fully paid. Assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation becoming effective, the authorised share capital of the Company will become HK\$500,000,000 divided into 50,000,000,000 New Shares and the issued share capital of the Company will become HK\$4,911,788.75 divided into 491,178,875 New Shares.

The unissued share capital of the Company before and after the Capital Reorganisation will remain as Shares of HK\$0.01 each.

Based on 4,911,788,757 Shares in issue as at the Latest Practicable Date, an entire amount of HK\$44,206,098.813 will arise as a result of the Capital Reduction. It is proposed that the total credit arising in the accounts of the Company from the Capital Reduction will be transferred to the contributed surplus account of the Company. The Board currently has no plan as to the use of such amount. The New Shares will rank *pari passu* in all respects with each other.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, save for the Share Options entitling the holders thereof to subscribe for 263,304,058 Existing Shares and the outstanding Warrants in the principal amount of HK\$111,525,643.67 entitling the holders thereof to subscribe for new Existing Shares at an adjusted subscription price of HK\$0.182 per Existing Share (subject to further adjustment), the Company has no other outstanding warrants, options or convertible securities.

### Effects of the Capital Reorganisation

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company before and immediately after the Capital Reorganisation assuming no further new Existing Shares are issued prior to the Capital Reorganisation becoming effective:

	<b>Before the Capital Reorganisation</b>	<b>Immediately after the Capital Reorganisation</b>
<b>Nominal value per Share</b>	HK\$0.01 per Existing Share	HK\$0.01 per New Share
<b>Number of authorised Shares</b>	50,000,000,000 Existing Shares	50,000,000,000 New Shares
<b>Authorised share capital</b>	HK\$500,000,000	HK\$500,000,000
<b>Number of Shares in issued</b>	4,911,788,757 Existing Shares	491,178,875 New Shares
<b>Issued and fully paid up capital</b>	HK\$49,117,887.57	HK\$4,911,788.75

### Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary special resolution by the Shareholders at the SGM to approve the Capital Reorganisation involving the Share Consolidation, the Capital Reduction and the Capital Increase;
- (b) compliance with the relevant procedures and requirements under the Listing Rules and Bermuda law to effect the Capital Reorganisation; and
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Share Options and may be issued upon subscription of the Warrants.

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## LETTER FROM THE BOARD

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The Capital Reorganisation will become effective on the Business Day immediately following fulfilment of the above conditions.

The New Shares will continue to be traded in the board lots of 5,000 New Shares each on the Business Day immediately following the date of completion of the Capital Reorganisation.

### **Reasons for and the effect of the Capital Reorganisation and impact on the Company and the Shareholders**

Taking into account the Capital Reorganisation will increase the trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the New Shares and the credit arising from the Capital Reduction may be applied in the future for distribution to the Shareholders or in any manner permitted by the laws of Bermuda and the Bye-laws of the Company as and when the Board considers appropriate, the Directors are of the view that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The New Shares will rank pari passu in all respects with the Existing Shares in issue prior to the Capital Reorganisation becoming effective and each other and there will be no change in the respective rights of the Shareholders. Any fractional entitlements to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, liabilities, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

### **Application for listing of the New Shares**

Application will be made by the Company to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Share Options and may be issued upon subscription of the Warrants.

All necessary arrangements will be made for the New Shares to be admitted into the Central Clearing and Settlement System established and operated by HKSCC.

### **CCASS Eligibility**

Subject to the granting of the listing of, and permission to deal in, the New Shares on the Stock Exchange, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS in the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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## LETTER FROM THE BOARD

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For those persons whose interests in the Company are currently held through CCASS, dealings in the New Shares are expected to be capable of settlement through CCASS with effect from the date of commencement of dealings in the New Shares on the Stock Exchange and without any need on the part of such persons to deposit the certificates for New Shares with HKSCC.

Dealings in the New Shares may be settled through CCASS. You should seek the advice of your licensed securities dealer or other professional advisers for details of the settlement arrangement and how such arrangement will affect your rights and interests.

No part of the share capital of the Company is listed or dealt in on any other stock exchanges and no such listing or permission to deal is being or is proposed to be sought.

### **Free exchange of new share certificates for the New Share and trading arrangements**

Subject always to the passing of the resolution approving the Capital Reorganisation, Shareholders may, during business hours for a period from Monday, 9 May 2011 to Thursday, 16 June 2011 submit their share certificates for Existing Shares (in red colour) held by them to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in exchange for new share certificates for New Shares (in apple green colour) at the expense of the Company. The existing share certificates will be valid for trading and settlement up to 4:00 pm, Tuesday, 14 June 2011, being the latest date for trading in board lot size of 500 New Shares in the form of existing share certificates (or such other date which will be announced by the Company), thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each share certificate for Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for New Shares at any time but are not acceptable for trading, settlement and registration purpose upon completion of the Capital Reorganisation.

It is expected that new share certificates for New Shares will be available for collection within 10 Business Days from the date of submission of the existing share certificates of Existing Shares to the Company's branch share register, Computershare Hong Kong Investor Services Limited.

New share certificates for the New Shares will be in apple green colour in order to distinguish them from the existing share certificates which are in red colour.

All New Shares will rank *pari passu* in all respects with each other.

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## LETTER FROM THE BOARD

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### **Arrangement for matching service for odd lots**

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has procured a designated broker to arrange for the matching of the sales and purchases of odd lots of the New Shares on behalf of Shareholders. Holders of odd lots of New Shares who wish to take advantage of this trading facility to dispose of or top up odd lots should contact Ms. Rosita Kiu at telephone number: 2298-6200 or fax number: 2295-0682) of Kingston Securities Limited located at Suite 2801, 28/F., One International Finance Centre, 1 Harbour View Street, Central, Hong Kong, during the period from Tuesday, 24 May 2011 to Tuesday, 14 June 2011, both dates inclusive.

Holders of New Shares in odd lots should note that successful matching of the sale and purchase of odd lots of New Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

### **Adjustments in relation to the exercise price of the Share Options and the subscription price of the Warrants**

As at the Latest Practicable Date, there are outstanding Share Options entitling the holders thereof to subscribe for 263,304,058 Existing Shares and the outstanding Warrants in the principal amount of HK\$111,525,643.67 entitling the holders thereof to subscribe for new Existing Shares at an adjusted subscription price of HK\$0.182 per Existing Share (subject to further adjustment). The Capital Reorganisation will cause adjustments to the exercise prices and/or the number of the Share Options and the subscription price of the Warrants. The Company will instruct its auditors or an approved financial adviser to review and certify the basis of such adjustments to the Share Options in compliance with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the rules of the share option scheme of the Company, and the Warrants in accordance with the terms and conditions of the warrant instrument respectively. The Company will inform the holders of the Share Options and the Warrants of the adjustments by way of announcement accordingly.

### **WARNING**

**Shareholders should be aware of and take note that the Capital Reorganisation is conditional upon satisfaction of the conditions precedent set out in the paragraph headed “Conditions of the Capital Reorganisation” above, and therefore may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

### **GENERAL**

The Group is principally engaged in film production, distribution of film and television drama series, investing in operations which receive the profit streams from the gaming promotion business and property and hotel investment.

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## LETTER FROM THE BOARD

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### SGM

A notice convening the SGM to be held at 4:30 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) on Friday, 6 May 2011 at Board Room (1st Floor), South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong for the purpose of considering and, if thought fit, passing, with or without amendments, the special resolution to approve the Capital Reorganisation is set out on pages 12 and 13 of this circular.

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

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, from the date of this circular up to and including the date of the SGM:

- (a) the Memorandum and Bye-laws of the Company;
- (b) the annual reports of the Group for the two financial years ended 31 December 2008 and 2009;
- (c) the interim report 2010 of the Company for the six months ended 30 June 2010; and
- (d) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since the date of the latest published audited accounts of the Company.

### RECOMMENDATION

The Directors (including the independent non-executive Directors) considers that the Capital Reorganisation is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including independent non-executive Directors) recommend that all Shareholders should 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)**

**(Warrant Code: 972)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of China Star Entertainment Limited (the “Company”) will be held at Board Room (1st Floor), South Pacific Hotel, 23 Morrison Hill Road, Wanchai, Hong Kong on Friday, 6 May 2011 at 4:30 p.m. (or immediately after the conclusion or adjournment of the meeting of the Company) for the purpose of consideration and, if thought fit, passing with or without modification the following special resolution:–

### **SPECIAL RESOLUTION**

“**THAT** with effect from 9 May 2011 (Hong Kong time) or such time or such other date and/or time as the directors of the Company (the “Directors”) may determine:

- (a) every ten (10) issued and unissued shares of HK\$0.01 each in the share capital of the Company be consolidated into one (1) share of HK\$0.10 each (the “Consolidated Share”) (the “Share Consolidation”);
- (b) the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each issued Consolidated Share in the share capital of the Company such that the par value of all issued Consolidated Shares will be reduced from HK\$0.10 to HK\$0.01 each (the “Issued Capital Reduction”) and the par value of all the Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.10 each to HK\$0.01 each, resulting in the reduction of the authorised share capital of the Company from HK\$500,000,000 divided into 5,000,000,000 Consolidated Shares to HK\$50,000,000 divided into 5,000,000,000 share of HK\$0.01 each (the “Authorised Capital Reduction”);
- (c) the authorised share capital of the Company be increased from HK\$50,000,000 divided into 5,000,000,000 shares of HK\$0.01 each to HK\$500,000,000 divided into 50,000,000,000 of HK\$0.01 each (the “Capital Increase”);
- (d) the credit amount arising from the Issued Capital Reduction be transferred to the contributed surplus account of the Company and the Directors be and hereby authorised to apply such credit balance in the contributed surplus account of the Company in any manner permitted by the bye-laws of the Company and all applicable laws (including the application of such credit balance to set off against accumulated losses of the Company); and

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## NOTICE OF SGM

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- (e) the Directors be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this special resolution”.

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

Hong Kong, 7 March 2011

*Registered Office:*  
Canon's Court  
22 Victoria Street  
Hamilton HM 12  
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.