



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 326)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Special General Meeting of China Star Entertainment Limited (the “Company”) will be held at Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Tuesday, 31st October, 2006 at 4:00 p.m. for the purpose of consideration and, if thought fit, passing with or without modification the following resolution as an Ordinary Resolution of the Company:

ORDINARY RESOLUTION

“**THAT** the purchase of film library deed dated 13th September, 2006 entered into between One Hundred Years of Film Company Limited, China Star Pictures Limited and S&W Entertainment Limited (the “Vendors”); the Company and Fortune Star Entertainment (HK) Limited in relation to the sale of the perpetual and worldwide right, title and interest in 100 feature and non-feature motion pictures which the Vendors has produced or co-produced or acquired or which they have acquired the right to, inter alia, exercise sequels and remakes, sell, exhibit, distribute, sub-distribute, lease, market, sublicense etc. and related rights including, inter alia, insurance, copyright, physical properties and all proceeds, products, income, receivables, rents and profits accrued as from the date of the deed (the “Disposal”) at a total consideration of US\$18,000,000 (approximately HK\$140,000,000) (subject to adjustment) be and are hereby approved, ratified and confirmed in all respects and that all transactions contemplated under the Disposal be and are hereby approved and that any one director of the Company be and is hereby authorised to do or execute all such acts or such other documents which the director may deem to be necessary, desirable or expedient to carry into effect or to give effect to the Disposal.”

By Order of the Board
Wong Shuk Han, Dorothy
Company Secretary

Hong Kong, 16th October, 2006

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 despatched to the shareholders of the Company.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th 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.

As at the date hereof, the executive directors of the Company are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Fung Ho Sum.

*Please also refer to the published version of this announcement in
The Standard and Hong Kong Economic Times.*