



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a 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 Thursday, 8 May 2008 at 4:30 p.m. for the purpose of consideration and, if thought fit, passing with or without modification the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** with effect from 9 May 2008:

- (a) every ten (10) existing shares of HK\$0.05 each in the issued and unissued share capital of the Company be consolidated into one (1) share of HK\$0.50 each (the “Consolidated Share”);
- (b) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.45 on each issued Consolidated Share in the share capital of the Company such that the nominal value of all issued Consolidated Shares will be reduced from HK\$0.50 to HK\$0.05 each;
- (c) the nominal value of all the Consolidated Shares in the authorised share capital of the Company be reduced from HK\$0.50 each to HK\$0.05 each, resulting in the reduction of the authorised share capital from HK\$1,000,000,000 divided into 2,000,000,000 Consolidated Shares to HK\$100,000,000 divided into 2,000,000,000 share of HK\$0.05 each;
- (d) the entire amount of HK\$1,356,449,856.32 standing to the credit of the share premium account of the Company as at 31 December 2007 be cancelled, such credit amount arising from the share premium cancellation be transferred to the contributed surplus account of the Company, a sum of approximately HK\$864,665,000 in the contributed surplus account of the Company be applied to set off against the accumulated losses of the Company, which amounted to approximately HK\$864,665,000 as at 31 December 2006, and the remaining credit balance in the contributed surplus account of the Company will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws; and

- (e) the directors of the Company 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, 15 April 2008

Notes:

1. A form of proxy for use at the meeting is despatch 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 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 Rooms 1806-7, 18th 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.

As at the date hereof, the executive Directors 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. Leung Hok Man.