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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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Sinostar Group Company Limited, you should at once hand this circular to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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SINOSTAR
中國華星
China Sinostar Group Company Limited
中國華星集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 485)

PROPOSED CAPITAL REORGANISATION
AND
NOTICE OF SGM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A notice convening the SGM to be held at Imperial Room III, Mezzanine Floor, Royal Pacific Hotel, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 14 September 2020 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

Whether or not you propose to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude shareholders of the Company from attending and voting at the SGM if they so wish.

Hong Kong, 21 August 2020

PRECAUTIONARY MEASURES FOR THE SGM

In order to prevent the spread of COVID-19 pandemic and to safeguard the health and safety of our Shareholders, Directors, staff and other participants, the Company will implement precautionary measures against COVID-19 at the SGM which include but not limited to:

- Compulsory body temperature checks will be conducted on every attending Shareholder, proxy and other attendees before entering the SGM venue. Any person found to have any symptoms of the novel coronavirus, including runny nose, headache, cough, sore throat and fever, will be denied entry into the SGM venue or be required to leave the SGM venue.
- All attending Shareholders, proxies and other attendees are required to submit at the entrance of the SGM venue a completed declaration form confirming their names and contact details, and be asked whether (a) they have travelled to, or to their best of knowledge had close contact with any person who has recently travelled to, areas outside of Hong Kong at any time in the preceding 14 days of the SGM; and (b) they are subject to any compulsory quarantine prescribed by the Hong Kong Government. Any person who responds affirmatively to any one of the above questions will be denied entry into the SGM venue or be required to leave the SGM venue.
- All attendees are requested to wear surgical face masks at the SGM venue at all times. Person without wearing a surgical face mask may be denied entry.
- Appropriate distance and space will be maintained and as such, the Company may limit the number of attendees at the SGM as appropriate.
- The Company will not distribute corporate gifts or provide refreshments.

To the extent permitted under law, the Company reserves the right to deny entry into the SGM venue or require any person to leave the SGM venue so as to ensure the health and safety of the attendees at the SGM.

To further reduce the risk of the novel coronavirus spreading at the SGM, the Company would like to encourage shareholders to cast their votes by submitting a proxy form appointing the Chairman of the SGM as their proxy.

Depending on the development of the COVID-19 pandemic, the Company may implement further precautionary measures and may make relevant adjustments and arrangements for the SGM and will issue further announcement as appropriate.

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EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below. The expected timetable is subject to the results of the SGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this circular refer to Hong Kong local times and dates.

2020

Despatch date of circular with notice of the SGM Friday, 21 August

Latest time for lodging transfers of shares in order
to qualify for attendance and voting at the SGM 4:30 p.m. on Monday, 7 September

Closure of register of members of the Company for
determining the identity of the Shareholders entitled
to attend and vote at the SGM (both dates inclusive) Tuesday, 8 September to
Monday, 14 September

Latest time for lodging forms of proxy for the SGM 11:00 a.m. on Saturday, 12 September

Record date for attendance and voting at the SGM Monday, 14 September

Date and time of the SGM 11:00 a.m. on Monday, 14 September

Publication of the announcement of the results of the SGM Monday, 14 September

The following events are conditional on the fulfillment of the conditions for the implementation of the Capital Reorganisation as set out in this circular.

Effective date of the Capital Reorganisation Thursday, 17 September

First day of free exchange of existing share certificates
for new share certificates for Adjusted Shares Thursday, 17 September

Commencement of dealings in the Adjusted Shares 9:00 a.m. on Thursday, 17 September

Original counter for trading in the Existing Shares in
board lots of 20,000 Existing Shares (in the form
of existing share certificates) temporarily closes 9:00 a.m. on Thursday, 17 September

Temporary counter for trading in the Adjusted Shares in
board lots of 1,000 Adjusted Shares (in the
form of existing share certificates) opens 9:00 a.m. on Thursday, 17 September

EXPECTED TIMETABLE

Original counter for trading in the Adjusted Shares in board lots of 20,000 Adjusted Shares (in the form of new share certificates for the Adjusted Shares) re-opens 9:00 a.m. on Monday, 5 October

Parallel trading in the Adjusted Shares (in the form of new share certificates for the Adjusted Shares and existing share certificates) commences 9:00 a.m. on Monday, 5 October

Designated broker starts to stand in the market to provide matching services for odd lots of the Adjusted Shares 9:00 a.m. on Monday, 5 October

Temporary counter for trading in the Adjusted Shares in board lots of 1,000 Adjusted Shares (in the form of existing share certificates) closes 4:10 p.m. on Friday, 23 October

Parallel trading in the Adjusted Shares (in the form of new share certificates for the Adjusted Shares and existing share certificates) ends 4:10 p.m. on Friday, 23 October

Designated broker ceases to stand in the market to provide matching services for odd lots of the Adjusted Shares 4:10 p.m. on Friday, 23 October

Last day for free exchange of existing share certificates for new share certificates for the Adjusted Shares 4:30 p.m. on Wednesday, 28 October

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have meanings set out below:

“Adjusted Shares(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Announcement”	the announcement of the Company dated 17 August 2020 relating to the Capital Reorganisation
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Bye-laws”	the existing bye-laws of the Company
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or days on which a typhoon signal 8 or above or “extreme conditions” caused by super typhoon or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Capital Reduction”	the proposed reduction in the issued share capital of the Company and the proposed subdivision of each authorised but unissued Consolidated Share of HK\$0.20 into 20 Adjusted Shares of HK\$0.01 each as detailed in the section headed “Proposed Capital Reorganisation” of this circular
“Capital Reorganisation”	the Share Consolidation and the Capital Reduction
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	China Sinostar Group Company Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the existing capital of the Company before the Capital Reorganisation becoming effective
“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”	17 August 2020, being the latest practicable date for the purpose of ascertaining certain information contained herein prior to the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, to approve the Capital Reorganisation
“Share Consolidation”	the proposed consolidation of every twenty (20) Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Share(s)”	the Existing Share(s), the Consolidated Share(s) or the Adjusted Share(s), as the context may require
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD

SINOSTAR
中國華星
China Sinostar Group Company Limited
中國華星集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 485)

Executive Directors:

Mr. Wang Jing (*Chairman*)
Mr. Wang Xing Qiao (*Chief Executive Officer*)
Mr. Zhao Shuang

Independent non-executive Directors:

Mr. Su Bo
Mr. Zeng Guanwei
Mr. Tang Shengzhi

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM10
Bermuda

Principal place of business

in Hong Kong:
Suites 2602-2603, 26/F.,
Tower 1, The Harbourfront,
18 Tak Fung Street, Hung Hom,
Kowloon, Hong Kong

21 August 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
AND
NOTICE OF SGM**

INTRODUCTION

Reference are made to the Announcement in relation to the Capital Reorganisation.

The purpose of this circular is to provide you with, among other things, (i) information in respect of the resolution to be proposed at the SGM for the Capital Reorganisation; and (ii) a notice to convene the SGM.

PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises the following:

- (i) the consolidation of every twenty (20) issued and unissued Shares of HK\$0.01 each in the authorised share capital of the Company into one (1) Consolidated Share of HK\$0.20;

LETTER FROM THE BOARD

- (ii) the reduction of the issued share capital of the Company (a) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number, and (b) through a cancellation of the paid up capital of the Company to the extent of HK\$0.19 on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01;
- (iii) the subdivision of every unissued Consolidated Share of HK\$0.20 each in the authorised share capital of the Company (including the unissued Consolidated Shares resulting from the Capital Reduction) into twenty (20) Adjusted Shares of HK\$0.01 each; and
- (iv) the transfer of the credit arising from the Capital Reduction to the contributed surplus account of the Company such that the Directors may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company up to the date on which the Capital Reorganisation becomes effective.

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 as at the Latest Practicable Date. As at the Latest Practicable Date, there are 4,256,797,561 Existing Shares in issue which are fully paid or credited as fully paid.

On the assumption that there is no change in the issued share capital prior to the Capital Reorganisation becoming effective, the Company will have 212,839,878 Adjusted Shares in issue and a credit of approximately HK\$40,440,000 arising from the Capital Reduction will be transferred to the contributed surplus account of the Company. The amount standing to the credit of the contributed surplus account of the Company upon the Capital Reorganisation becoming effective may be applied to set off against part of the balance of the accumulated losses of the Company, which amounted to approximately HK\$709,768,000 as at 31 March 2020, to the extent permitted by the laws of Bermuda and the Bye-laws.

Following the Capital Reorganisation becoming effective, the authorised share capital would be HK\$500,000,000 divided into 50,000,000,000 Adjusted Shares of HK\$0.01 each.

Effects of the Capital Reorganisation

As at the Latest Practicable Date, there are 4,256,797,561 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the Latest Practicable Date up to the date of the SGM, upon the Capital Reorganisation becoming effective, there will be 212,839,878 whole Adjusted Shares in issue which are fully paid or credited as fully paid.

Upon the Capital Reorganisation becoming effective, the Adjusted Shares shall rank pari passu in all respects with each other.

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

LETTER FROM THE BOARD

Conditions of the Capital Reorganisation

The implementation of the Capital Reorganisation is conditional upon:

- (a) the passing of a special resolution by the Shareholders at the SGM to approve the Capital Reorganisation;
- (b) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective; and
- (c) compliance with the Companies Act to effect the Capital Reduction, which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act and the Directors being satisfied that on the date the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due.

The Capital Reorganisation is expected to become effective on 17 September 2020 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares in issue and to be issued upon the Capital Reorganisation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Adjusted 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 Adjusted 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 on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Adjusted Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Capital Reorganisation becomes effective, the Adjusted Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the Latest Practicable Date, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares, Consolidated Shares or Adjusted Shares, as the case may be.

LETTER FROM THE BOARD

REASONS FOR THE CAPITAL REORGANISATION

Share Consolidation

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. Further, pursuant to the requirements set out in “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by Hong Kong Exchanges and Clearing Limited on 28 November 2008, which was last updated on 30 August 2019 (“**Guidelines**”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the recent market volatility and that the Shares had been traded below HK\$0.10 and the Shares were trading at under HK\$2,000 per board lot in the past six months (based on the closing price per Share as quoted on the Stock Exchange), the Board proposes to implement the Share Consolidation in order to comply with the trading requirements of the Listing Rules. The Share Consolidation will reduce the total number of Shares currently in issue. As such, it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price of the Shares.

At the same time, the Group has been actively reviewing from different levels and ways to enrich the development strategy of corporate sustainability and optimisation to create values. Since it is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange which, in the view of the Board, will help to enhance the corporate image of the Company and optimise the Shareholder base, as the Share Consolidation will make investing in the Consolidated Shares more attractive to a broader range of institutional and professional investors.

In view of the recent market volatility and that the Shares had been traded below HK\$0.10, the Company is unable to conduct any fund raising activities. Accordingly, the Company proposes to effect the Share Consolidation which would provide greater flexibility to the Company to carry out fund raising exercises and react promptly as and when opportunities arise. In view of the Company’s financial position and performance for the year ended 31 March 2020, the upcoming challenges and uncertainties towards the overall economy, and the potential business and investment opportunities, the Company is actively exploring equity fund raising opportunities in order to improve its financial position. However, as at the date of this announcement, the Company has not entered into any agreement in respect of any fund raising activities. In the event that the Company identifies any suitable fund raising opportunities and enters into any binding agreements in respect thereof, further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

Capital Reduction

The Company is prohibited from issuing new Shares at below its par value. Immediately after completion of the Share Consolidation but before implementation of the Capital Reduction, the par value of the Consolidated Shares will be HK\$0.20 per Consolidated Share. The Capital Reduction will keep the par value of the Adjusted Shares at a lower level of HK\$0.01 per Adjusted Share, which allows greater

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flexibility in the pricing for any issue of new Shares in the future. Furthermore, the Directors may apply such surplus in any manner permitted by the laws of Bermuda and the Bye-laws including but not limited to offsetting against the balance of the accumulated losses of the Company.

Based on the reasons above, the Board considers that the Capital Reorganisation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company confirms that subject to the Capital Reorganisation becoming effective, as at the date of this circular, the Company has no intention to carry out any corporate actions or fund raising that may affect the trading in the Shares, including share consolidation, share subdivision and change in board lot size, in the next 12 months which would have a contradictory effect to the Capital Reorganisation. However, the Board does not rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund raising opportunities arise in order to support future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

BOARD LOT SIZE

Upon the Capital Reorganisation becoming effective, the board lot size of the Adjusted Shares for trading on the Stock Exchange will remain unchanged at 20,000 Adjusted Shares per board lot, which is the same board lot size for trading of the Existing Shares on the Stock Exchange.

OTHER ARRANGEMENTS

Fractional Entitlement to Adjusted Shares

Fractional Adjusted Shares will be disregarded and will not be issued to the Shareholders but all such fractional Adjusted Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Adjusted Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares of the Company regardless of the number of share certificates held by such holder.

Arrangement on Odd lot Trading and matching services

In order to facilitate the trading of odd lots (if any) of the Adjusted Shares, the Company has appointed Global Mastermind Securities Limited as the designated broker to match the purchase and sale of odd lots of the Adjusted Shares at the relevant market price per Adjusted Share for the period from Monday, 5 October 2020 to Friday, 23 October 2020 (both dates inclusive). Shareholders who wish to use this matching service may contact Mr. HO Ken Hon of Global Mastermind Securities Limited at 25/F., Nam Wo Hong Building, 148 Wing Lok Street, Sheung Wan, Hong Kong or at (852) 2763 3939 during office hours of such period. Holders of odd lots of the Adjusted Shares should note that successful matching of the sale and purchase of odd lots of the Adjusted Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his, or her, or its own professional advisers.

LETTER FROM THE BOARD

Exchange of Certificates for Adjusted Shares

Subject to the Capital Reorganisation becoming effective, which is currently expected to be Thursday, 17 September 2020, Shareholders may on or after Thursday, 17 September 2020 and until Wednesday, 28 October 2020 (both days inclusive), submit their existing share certificates in red colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for share certificates in brown colour for the Adjusted Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for each share certificate issued for the Adjusted Shares or each existing share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher.

After 4:10 p.m. on Friday, 23 October 2020, trading will only be in Adjusted Shares which share certificates will be issued in brown colour. Existing share certificates in red colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

THE SGM

Set out on pages SGM-1 to SGM-3 of this circular is a notice convening the SGM to be held at Imperial Room III, Mezzanine Floor, Royal Pacific Hotel, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on Monday, 14 September 2020 at 11:00 a.m. at which an special resolution will be proposed to the Shareholders to consider and, if thought fit, pass resolution to approve the Agreement and the transactions contemplated thereunder.

A form of proxy for the SGM is enclosed with this circular. Whether or not you are able to attend and vote at the SGM, you are requested to complete and return the same to the Company's Hong Kong branch share registrar and transfer office, Tricor Secretaries Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong 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 the holding of the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution will be put to vote by way of poll at the SGM. An announcement on the poll vote results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8 September 2020 to Monday, 14 September 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify to attend and vote at the SGM, all transfer documents accompanied by the relevant Share certificates must be lodged with the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 7 September 2020.

RECOMMENDATION

The Board considers that the Capital Reorganisation are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed special resolution for approval of the Capital Reorganisation at the SGM.

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.

By Order of the Board
China Sinostar Group Company Limited
Wang Xing Qiao
Executive Director and Chief Executive Officer

NOTICE OF SGM

SINOSTAR

中國華星

China Sinostar Group Company Limited

中國華星集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 485)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of China Sinostar Group Company Limited (the “**Company**”) will be held at 11:00 a.m. on Monday, 14 September 2020 at Imperial Room III, Mezzanine Floor, Royal Pacific Hotel, China Hong Kong City, 33 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing (with or without amendments) the following special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to and condition upon (i) the Company’s compliance with the Companies Act to effect the Capital Reduction (as defined below), which includes publication of a notice in relation to the Capital Reduction in Bermuda in accordance with the Companies Act 1981 of Bermuda and the Directors being satisfied that on the date the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they become due; and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval of the listing of, and permission to deal in, the Adjusted Shares (as defined below), with effect from 17 September 2020:

- (a) every twenty (20) issued and unissued shares of nominal value of HK\$0.01 each (“**Existing Share**”) in the share capital of the Company be consolidated into one (1) share of nominal value of HK\$0.20 each (the “**Consolidated Share**”) (the “**Share Consolidation**”);
- (b) the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the total number of issued Consolidated Shares arising from the Share Consolidation;
- (c) the nominal value of all issued Consolidated Shares be reduced from HK\$0.20 each to HK\$0.01 each (the “**New Share**”) by cancelling the capital paid-up thereon to the extent of HK\$0.19 per Consolidated Share in issue (together with the step described in paragraph (b) above, the “**Capital Reduction**”);
- (d) every unissued Consolidated Share of HK\$0.20 in the share capital of the Company be subdivided into twenty (20) shares of nominal value of HK\$0.01 each (the “**Adjusted Shares**”) (the “**Share Subdivision**”);

NOTICE OF SGM

- (e) the credit arising from the Capital Reduction be credited to the contributed surplus account of the Company (together with the Share Consolidation, Capital Reduction and the Share Subdivision, the “**Capital Reorganisation**”) and the directors of the Company (the “**Directors**”) be and are hereby authorised to use the amount then standing to the credit of the contributed surplus account in any manner permitted under the bye-laws of the Company and the laws of Bermuda, including but not limited to offsetting against the balance of the accumulated losses of the Company;
- (f) the Adjusted Shares shall rank pari passu in all respects with each other and have the same rights and privileges as regards dividend, capital, redemption, attendance at meetings, voting, etc. and be subject to the restrictions in respect of ordinary shares contained in the bye-laws of the Company;
- (g) the Directors be and are hereby generally authorised to do all such acts, deeds and things and execute all such documents, including under the seal of the Company, where applicable, as they may consider necessary or expedient to complete, implement and give effect to any and all the arrangements set out in this resolution.”

By Order of the Board
China Sinostar Group Company Limited
Wang Xing Qiao
Executive Director and Chief Executive Officer

Hong Kong, 21 August 2020

Notes:

- (1) Any shareholder of the Company (“**Shareholder**”) entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares of the Company (“**Shares**”) may appoint more than one proxy to attend on the same occasion. A proxy needs not be a Shareholder.
- (2) In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited at the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
- (3) Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the Meeting convened and in such event, the form of proxy shall be deemed to be revoked.
- (4) In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the Meeting, 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 registered holders be present at the Meeting, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
- (5) As at the date of this notice, the board of Directors comprises Mr. Wang Jing, Mr. Wang Xing Qiao and Mr. Zhao Shuang as executive Directors of the Company; and Mr. Su Bo, Mr. Zeng Guanwei and Mr. Tang Shengzhi as independent non-executive Directors of the Company.