

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Seven Star Shopping Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CHINA SEVEN STAR SHOPPING LIMITED

中國七星購物有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

**(1) PROPOSED CHANGE OF COMPANY NAME; AND
(2) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

A notice convening an extraordinary general meeting (the “EGM”) of the Company to be held at Plaza 1–2, Hotel Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 9 December 2013, Monday, at 10:30 a.m. is set out on pages 36 to 37 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the office of the share registrar and transfer office of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 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 EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so desire, and in such case, the form of proxy previously submitted by such member(s) shall be deemed to be revoked.

15 November 2013

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DEFINITIONS

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

“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by an ordinary resolution of the Shareholders
“Articles”	the articles of association of the Company
“associates”	has the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Change of Company Name”	the proposed change of the name of the Company from “China Seven Star Shopping Limited 中國七星購物有限公司” to “China Seven Star Holdings Limited 中國七星控股有限公司” to be approved at the EGM
“Company”	China Seven Star Shopping Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed on the Stock Exchange
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held on 9 December 2013 to consider and, if thought fit, to approve, among other matters, the Change of Company Name and the adoption of the New Share Option Scheme

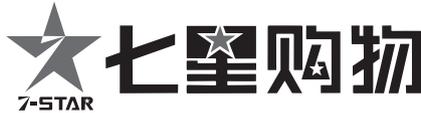
DEFINITIONS

“Eligible Participant(s)”	any full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary or any Invested Entity); any holder of any securities issued by the Group; and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity
“Existing Share Option Scheme”	the share option scheme adopted by the Company pursuant to a resolution of the Company passed on 28 May 2004
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Invested Entity”	any entity in which the Group holds an equity interest
“Latest Practicable Date”	12 November 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme which is proposed to be adopted by the Company at the EGM, the principal terms of which are set out in Appendix I to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date on which an offer for the grant of an Option is made to an Eligible Participant which must be a Business Day
“Option(s)”	option(s) granted or to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its expiry, under the New Share Option Scheme
“Optionholder(s)”	holder(s) of the Option(s)

DEFINITIONS

“Option Period”	has the meaning ascribed to it under paragraph (h) of Appendix I set out on page 14 of this circular
“Scheme Mandate Limit”	has the meaning ascribed to it under paragraph (e) of Appendix I set out on page 12 of this circular
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	means a company which is for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinary (Chapter 32 of the Laws of Hong Kong) as modified from time to time) of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHINA SEVEN STAR SHOPPING LIMITED

中國七星購物有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

Executive Directors:

Ni Xinguang (*Chairman*)

Tu Baogui (*Chief Executive Officer*)

Independent non-executive Directors:

Ling Yu Zhang

Wong Chak Keung

Lu Wei

Registered office:

Unit A02, 11/F

Bank of East Asia Harbour View Centre
56 Gloucester Road

Wanchai

Hong Kong

15 November 2013

To the Shareholders

Dear Sir or Madam,

**(1) PROPOSED CHANGE OF COMPANY NAME; AND
(2) PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME**

INTRODUCTION

The purpose of this circular is to provide you with the information relating to (i) the proposed Change of Company name; (ii) the proposed adoption of the New Share Option Scheme and (iii) the notice of EGM, at which resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the Change of Company Name and the adoption of the New Share Option Scheme.

PROPOSED CHANGE OF COMPANY NAME

The Board announced on 9 October 2013 that it proposed to change the Company's name from "China Seven Star Shopping Limited 中國七星購物有限公司" to "China Seven Star Holdings Limited 中國七星控股有限公司".

Condition of the Change of Company Name

The Change of Company Name will be subject to the passing of a special resolution by the Shareholders to approve the Change of Company Name at the EGM.

The new name of the Company will take effect from the date on which the certificate of change of name is issued by the Registrar of Companies of Hong Kong.

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Effects on the Change of Company Name

The Change of Company Name will not affect any rights of the holders of securities of the Company or the Company's daily business operation and its financial position.

All existing certificates of securities in issue bearing the present name of the Company shall, after the Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. There will not be any arrangement for exchange of the existing certificates of securities for new certificates bearing the new name of the Company. Once the Change of Company Name becomes effective, any issue of new certificates of securities will be under the new name of the Company.

The Company will make further announcements as and when appropriate on the effective dates of the change of the Company name and the new stock short name of the Shares.

PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The Board proposes to adopt the New Share Option Scheme for the Company and to terminate the Existing Share Option Scheme (without prejudice to the rights and benefits of and attached to all those Option(s), if any, granted under the Existing Share Option Scheme which are outstanding) subject to the approval of the Shareholders.

The Existing Share Option Scheme

Pursuant to an ordinary resolution passed by the Shareholders on 28 May 2004, the Company had adopted the Existing Share Option Scheme, pursuant to which the Board was authorised to grant Options to the Eligible Participants. Under the terms of the Existing Share Option Scheme, it shall be valid and effective for a period of 10 years from 28 May 2004. Hence, the Existing Share Option Scheme will expire on 27 May 2014.

After the adjustments to the share options as a result of the open offer of the Company and the capital reorganisation of the Company as announced in the announcement of the Company dated 17 August 2012 and 19 April 2012 respectively, as at the Latest Practicable Date, a total of 105,555,960 Options have been granted under the Existing Share Option Scheme, 58,726,000 of which have been exercised, 45,353,000 of which have been lapsed or cancelled, and 1,476,960 of which are currently outstanding.

Termination of the Existing Share Option Scheme

Under the terms of the Existing Share Option Scheme, the Company may at any time by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme. It is proposed that the Existing Share Option Scheme is to be terminated upon adoption of the New Share Option Scheme.

LETTER FROM THE BOARD

Upon termination of the Existing Share Option Scheme, no further Options can be offered thereunder but the provisions of the Existing Share Option Scheme shall remain in all other respects in full force and effect in respect of any Options granted prior to such termination but not yet exercised at the time of termination. The Directors confirm that prior to the EGM, they will not grant any options under the Existing Share Option Scheme.

The New Option Scheme

Taken into account the Existing Share Option Scheme will expire before the holding of the next annual general meeting of the Company, the Board proposes to adopt the New Share Option Scheme. The purpose of the New Share Option Scheme is to enable the Company to continue to grant Options to the Eligible Participants (including directors, employees, holders of securities issued by the Group, consultants, customers, suppliers, agents, partners or advisors of or contractors to the Group) who, in the sole discretion of the Board, have made or may make contribution to the Group or any Invested Entity. The Directors consider that the adoption of the New Share Option Scheme is in the interest of the Company and the Shareholders as a whole because it enables the Company to reward and provide incentives to, and strengthen the Group's business relation with, the Eligible Participants (including directors, employees, holders of securities issued by the Group, consultants, customers, suppliers, agents, partners or advisors of or contractors to the Group) who may contribute to the growth and development of the Group. The Directors are also of the view that the New Share Option Scheme will provide the Eligible Participants with an opportunity to acquire a monetary gain or ownership interest in the Company not only as a reward for their contribution to the development of the Group in the past, but also serve to motivate the Eligible Participants to continue to optimize their performance and efficiency for better serving the Group in the future, as well as to attract and retain or otherwise maintain ongoing business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

The rules of the New Share Option Scheme provide that the Company may specify the Eligible Participants to whom Options shall be granted, the number of Shares subject to each Option and the date on which the Options shall be granted. The basis for determining the subscription price is also specified precisely in the rules of the New Share Option Scheme. There is no performance target specified in the New Share Option Scheme. The Directors may at its discretion include any terms, including, among other things, the minimum period for which an Option must be held before it can be exercised. The Directors consider that the aforesaid criteria and rules will serve to preserve the value of the Company and encourage Eligible Participants to acquire proprietary interests in the Company.

No Directors are trustees of the New Share Option Scheme or have a direct or indirect interest in the trustees of the New Share Option Scheme.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include but not limited to the exercise price,

LETTER FROM THE BOARD

exercise period and lock-up period (if any). The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to Shareholders.

With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules. As at the Latest Practicable Date, save for the Existing Share Option Scheme and the proposed New Share Option Scheme, the Company had not adopted any other share option schemes.

Conditions of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders to (i) adopt the New Share Option Scheme; and (ii) to authorise the Directors to grant Options under the New Share Option Scheme; and
- (b) the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme at the EGM, the total number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme and other schemes (including the Existing Share Option Scheme) must not in aggregate exceed 10% of the total issued capital of the Company as at the Adoption Date unless the Company obtains a fresh approval from Shareholders to renew the 10% limit on the basis that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any options outstanding and yet to be exercised under the New Share Option Scheme and any other schemes shall not exceed 30% of the issued share capital of the Company from time to time.

The total number of Shares that may fall to be allotted and issued upon exercise in full of the Options that may be granted after the resolution approving the adoption of the New Share Option Scheme has been passed at the EGM would be 219,833,125, assuming there is no change of issued share capital from the Latest Practicable Date to the date of EGM.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the EGM is set out in Appendix I to this circular on pages 10 to 20. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's registered office at Unit A02, 11/F, Bank of East Asia, Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the EGM.

LETTER FROM THE BOARD

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme subject to the Scheme Mandate Limit.

MATERIAL DIFFERENCES BETWEEN THE EXISTING SHARE OPTION SCHEME AND THE NEW SHARE OPTION SCHEME

The categories of eligible participants under the New Share Option Scheme have been modified to include, among other people, (i) individual(s) who has contributed or may contributed to Invested Entity and (ii) holder(s) of any securities issued by the Group. For further details on the material differences between the Existing Share Option Scheme and the New Share Option Scheme, please refer to Appendix II to this circular on pages 21 to 35.

EGM

A notice convening the EGM to be held at Plaza 1–2, Hotel Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 9 December 2013, Monday, at 10:30 a.m. is set out on pages 36 to 37 of this circular for the purpose of considering and, if thought fit, passing the resolutions set out therein.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon to the share registrar and transfer office of the Company, Tricor Tengis Limited, located at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM, or any adjournment thereof if you so wish.

For the avoidance of doubt, as at the Latest Practicable Date, no Shareholder had a material interest in the Change of Company Name and the adoption of New Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolutions approving the Change of Company Name and the adoption of the New Share Option Scheme at the EGM.

Any vote of the Shareholders at the EGM will be taken by poll for the resolutions in relation to the Change of Company Name and the adoption of the New Share Option Scheme.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest that is required to abstain from voting on the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

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.

RECOMMENDATIONS

The Board considers that the Change of Company Name and the adoption of the New Share Option Scheme are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all the resolutions to be proposed at the EGM.

By order of the Board
China Seven Star Shopping Limited
Ni Xinguang
Chairman and executive director

NEW SHARE OPTION SCHEME

The following is a summary of the principal terms of the New Share Option Scheme but does not form part of, nor was it intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity. The Company considers that the Invested Entity, an entity in which the Group holds an equity interest, may contribute to the Group's profits. The Company also considers that the granting of the Options to the employee, director, officer or consultant of the Invested Entity would provide an incentive for their contribution to the Invested Entity which indirectly benefits the Group.

(b) Administration of the New Share Option Scheme

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(c) Grant and acceptance of Options

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (d) below.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

A non-refundable nominal consideration of HK\$1.00 is payable by the grantee upon acceptance of an Option. An Option shall be deemed to have been accepted when the duplicate letter comprising acceptance of the Option duly signed by the Eligible Participant together with the said consideration of HK\$1.00 is received by the Company.

Any offer of the grant of an Option may be accepted in respect of less than the number of Shares in respect of which it is offered provided that it is accepted in such number of Shares as represents a board lot for the time being for the purpose of trading on the Stock Exchange or an integral multiple thereof.

(d) Exercise of Options and Price of Shares

An Option may be exercised in whole or in part by the grantee giving notice in writing to the Company stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price for the Shares in respect of which the notice is given. Within twenty-one (21) days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate of the Company's auditors or independent financial advisers, the Company shall allot and issue the relevant Shares to the grantee (or his legal personal representative(s)) credited as fully paid.

Holders of the Options are not entitled to voting, dividend, transfer and other rights of the holders of the Shares, including those arising on a liquidation of the Company, save as otherwise provided herein or under the relevant laws or the memorandum of association of the Company and the Articles in effect from time to time. Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

The subscription price for Shares under the New Share Option Scheme may be determined by the Board at its absolute discretion but in any event will not be less than the highest of: (i) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; and (iii) the nominal value of the Share on the Offer Date.

(e) Maximum number of Shares available for issue

- (i) Subject to the Listing Rules, the overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the relevant class of Shares in issue from time to time. No Options may be granted under the New Share Option Scheme or any other share option schemes of the Company if this will result in this limit being exceeded.

- (ii) Subject to the limit mentioned in (e)(i) above, the maximum number of Shares which may be issued upon exercise of all Options to be granted at any time under the New Share Option Scheme shall not, when aggregated with any Shares subject to any other share option schemes of the Company involving the issue or grant of option over Shares by the Company to, or for the benefit of the Eligible Participants, exceed 10% of the Shares in issue as at the date of the approval of the New Share Option Scheme (the “**Scheme Mandate Limit**”), unless Shareholders’ approval has been obtained pursuant to sub-paragraphs (iii) and (iv) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (iii) Subject to the limit mentioned in (e)(i) above, the Company may refresh the Scheme Mandate Limit at any time subject to approval of the Shareholders in general meeting, provided that the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of passing the relevant resolution. Options previously granted under the New Share Option Scheme and any other share option schemes of the Company (including those outstanding, cancelled, lapsed in accordance with such schemes or exercised Options) will not be counted for the purpose of calculating the this limit. The Company must send a circular to the Shareholders containing such information as required under the Listing Rules.
- (iv) Subject to the limit mentioned in (e)(i) above, the Company may also seek separate approval of the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants, the number and terms of Options to be granted, the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose and such other information as required under the Listing Rules.

(f) Grant of Options to connected persons or any of their associates

Any grant of Option to a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates, under the New Share Option Scheme must be approved by the independent non-executive Directors (excluding an independent non-executive Director who is the proposed grantee of the Option). Where any grant of Options to a substantial Shareholder (as defined in the Listing Rules) of the Company or an independent non-executive Director or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all Options already granted or to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (a) representing in aggregate over 0.1% of the relevant class of Shares in issue; and
- (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by Shareholders of the Company.

A circular must be prepared by the Company explaining the proposed grant, disclosing (i) the number and terms of the Options to be granted, (ii) containing a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is a grantee) on whether or not to vote in favour of the proposed grant, (iii) containing information relating to any Directors who are trustees of the scheme or have a direct or indirect interest in the trustees, and (iv) the information required under Rule 2.17 of the Listing Rules.

Any change in the terms of Options granted to a connected person or its associates must be approved by Shareholders in a general meeting.

(g) Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant or grantee (including exercised and outstanding options) in any twelve (12)-month period up to the date of grant shall not exceed 1% of the Shares in issue. Where it is proposed that any offer is to be made to an Eligible Participant (or where approximate, an existing grantee) which would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the twelve (12)-month period up to and including the relevant date of grant to exceed such limit, such offer and any acceptance thereof must be conditional upon Shareholders' approval in general meeting with such Eligible Participant (or where appropriate, an existing grantee) and his, her or its associates abstaining from voting. The Company must send a circular to the Shareholders disclosing the identity of the Eligible Participant or grantee, the number and terms of options to be granted (and options previously granted) to such Eligible Participant, the information required under the Listing Rules. The number and terms

(including the subscription price) of options to be granted to such Eligible Participant must be fixed before the date on which Shareholders' approval is sought and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(h) Time of Exercise of Options

Subject to the terms of the New Share Option Scheme, an Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of 10 years from the date of grant of the particular Option but subject to the provisions for early termination but subject to early termination of the New Share Option Scheme (the "**Option Period**").

There is no specific minimum period under the New Share Option Scheme for which an Option must be held or the performance target which must be achieved before an Options can be exercised under the terms of the New Share Option Scheme.

(i) Restrictions on the time of grant of Options

Grant of Options may not be made

- (i) after inside information (as defined in the Listing Rules) has come to the knowledge of the Company until it has been announced pursuant to the requirements of the Listing Rules; and
- (ii) during the period commencing from one month immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements.

(j) Rights are personal to grantees

An Option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. Any breach of the foregoing by a grantee shall entitle the Company to cancel any Option or part thereof granted to such grantee to the extent not already exercised.

(k) Rights on cessation of employment by dismissal

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law, his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

(l) Rights on death

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the events referred to in paragraph (k) above as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months following the date of death (or such longer period as the Board may determine), failing which it will lapse. If any of the events referred to in paragraph (q) to (s) below occurs during such period, his or her personal representative(s) may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(m) Rights on cessation of employment by reason of ill-health or retirement

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not. If any of the events referred to in paragraph (q) to (s) below occurs during such period, he or she may exercise the Option pursuant to paragraphs (q) to (s) respectively.

(n) Rights on cessation of employment for other reasons

If the grantee of an Option ceases to be an Eligible Participant for any reason other than the reasons set out in paragraphs (l) and (m) above, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(o) Rights on cessation of holding securities issued by the Group

If the grantee of an Option who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the grantee of an Option may exercise the Option within six months following the date of cessation.

(p) Rights on breach of contract

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including sub-tenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(q) Rights on a general offer

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in The Hong Kong Codes on Takeovers and Mergers) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(r) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice to be received by the Company no later than five Business Days prior to the propose general meeting)) shall be entitled to exercise all or any of his or her vested portion of the Option (to the extent not already exercised) and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(s) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it despatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(t) Cancellation of Options

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limited.

(u) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements, the requirements of Rule 17.03(13) of the Listing Rules, the supplementary guidance issued

by the Stock Exchange on 5 September 2005, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

(v) Ranking of Shares

The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is exercised and accordingly will entitle the holders of Shares to participate in all dividends or other distributions paid or made on or after the date on which the Option is exercised other than any dividends or other distributions previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(w) Duration of the New Share Option Scheme

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the EGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(x) Alterations to the terms of the New Share Option Scheme

The New Share Option Scheme may be altered in any respect by a resolution of the Board, save and except that:

- (i) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting;
- (ii) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (iii) the amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (iv) any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(y) Conditions of the New Share Option Scheme

The New Share Option Scheme is conditional upon:

- (a) the passing of the ordinary resolution to adopt the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme.

(z) Lapse of Options

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (k) to (s);
- (iii) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option; and
- (iv) the date of the commencement of the winding-up of the Company.

(aa) Termination

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior to such termination.

Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(bb) Miscellaneous

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (u) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

EXISTING SHARE OPTION SCHEME**NEW SHARE OPTION SCHEME****(1) Purpose**

The purpose of the Existing Share Option Scheme is to enable the Directors to grant options to the eligible participants as incentives or rewards for their commitment and/or contribution to the Group and as incentive for such eligible participants to render improved services and/or patronage to the Group on a long-term basis.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group or any Invested Entity. The Company considers that the Invested Entity, an entity in which the Group holds an equity interest, may contribute to the Group's profits. The Company also considers that the granting of the Options to the employee, director, officer or consultant of the Invested Entity would provide an incentive for their contribution to the Invested Entity which indirectly benefits the Group.

(2) Administration

The Existing Share Option Scheme shall be subject to the administration of the Board whose decision (save as otherwise provided herein) shall be final and binding on all parties.

The New Share Option Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(3) Eligible participant(s)

Includes:

- (a) any employee (whether full-time or part-time), any Director (whether executive, non-executive or independent non-execution Director) or any shareholders of any member of the Group;

Includes:

- (a) any full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary or any Invested Entity);

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|--|--|
| <p>(b) any employee (whether full time or part time), any Director (whether executive, non-executive or independent non-executive Director) or any shareholder of any associated company of any member of the Group;</p> | <p>(b) any holder of any securities issued by the Group; and</p> |
| <p>(c) any trust in which any employee, Director or shareholder of any member of the Group is a beneficiary or a discretionary object;</p> | <p>(c) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sublicensee) or distributors, landlords or tenants (including any sub-tenants) of the Group or any Invested Entity or any person who, in the sole discretion of the Board, has contributed or may contribute to the Group or any Invested Entity.</p> |
| <p>(d) any supplier of goods or services to any member of the Group;</p> | |
| <p>(e) any customer of any member of the Group;</p> | |
| <p>(f) any professional advisers of any member of the Group; and</p> | |
| <p>(g) any company wholly-owned by any one or more persons belonging to any of the above classes of persons.</p> | |

The eligibility of a participant to the Existing Share Option Scheme shall be determined by the Directors at their sole discretion on the basis of any one or more of the following factors:

- (a) the length of service of the eligible participant with the Group;
- (b) the job performance of the eligible participant; and

Subject to the terms of the New Share Option Scheme, the Board may, in its absolute discretion, invite any Eligible Participant to take up Options to subscribe for Shares.

- (c) the contribution made or expected to be made by the eligible participant to the Group.

(4) Grant and acceptance of options

An offer shall be made to an eligible participant by letter in such form as the Board may from time to time determine specifying the number of Shares and the Option Period (as defined below) in respect of which the offer is made and requiring the eligible participant to undertake to hold the option on the terms on which it is to be granted and to be bound by the provisions of the Existing Share Option Scheme and shall remain open for acceptance by the eligible participant to whom an offer is made for a period of twenty-eight (28) days from the offer date provided that no such offer shall be opened for acceptance after the expiry of the effective period of the Existing Share Option Scheme.

An offer of the grant of an Option shall be made to Eligible Participants in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of twenty-one (21) days from the date upon which it is made provided that no such offer shall be open for acceptance after the earlier of the 10th anniversary of the Adoption Date or the termination of the New Share Option Scheme or the Eligible Participant to whom such offer is made has ceased to be an Eligible Participant.

(5) Time of exercise of options

An option may be exercised at any time during such period as may be determined by the Board in accordance with the terms of the Existing Share Option Scheme (the period shall be not more than 10 years from the date of acceptance of the offer by the grantee) (the “**Option Period**”).

An Option may be exercised in whole or in part at any time during the period to be determined and notified by the Directors to the grantee thereof at the time of making an Offer provided that such period shall not exceed the period of 10 years from the date of grant of the particular Option but subject to the provisions for early termination but subject to early termination of the New Share Option Scheme (the “**Option Period**”).

(6) Restrictions on the time of grant of options

Any grant of options must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in the newspapers or other medium pursuant to the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of:

(a) the date of the Board meeting for the approval of the Company's interim or annual results; and

(b) the deadline for the Company to publish its interim or annual results announcement, no option should be granted until such information has been announced pursuant to the requirements of the Listing Rules.

Grant of Options may not be made (i) after inside information (as defined in the Listing Rules) has come to the knowledge of the Company until it has been announced pursuant to the requirements of the Listing Rules; and (ii) during the period commencing from one month immediately preceding the earlier of:

(a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements.

(7) Rights on ceasing employment or directorship

If the grantee of an Option is an employee or director of a member of the Group and the grantee ceases to be an employee (whether full-time or part-time) or director of the relevant member of the Group for:

- (i) any reason other than death or
- (ii) the termination of his employment or directorship on the grounds that he has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (if so determined by the Board) or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the relevant Group (the "**Misconducts**"), the grantee may exercise the option up to the grantee's entitlement at the date of cessation (to the extent which has become exercisable and not already exercised) within the period of one month following the date of such cessation, which date shall be the grantee's last actual working day with the relevant member of the Group whether salary is paid in lieu of notice or not. The period of one month may, in the absolute discretion of the Directors, be extended by the Directors but the period of such extension shall not exceed six months from the date of expiration of the original periods.

If the grantee of an Option is an employee and ceases to be an employee on one or more of the grounds that he or she has been guilty of persistent or serious misconduct, bankruptcy, insolvency, composition with his or her creditors generally or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Company and any member of the Group or the relevant Invested Entity into disrepute) or any other ground(s) on which the relevant member of the Group or the relevant Invested Entity would be entitled to terminate his or her employment pursuant to any applicable law (the "**Misconducts**"), his or her Option (to the extent not already exercised) will lapse on the date of cessation of his or her employment.

If the grantee of an Option is an employee and ceases to be an employee by reason of ill-health or retirement in accordance with his or her contract of employment, he or she may exercise the Option (to the extent not already exercised) within a period of six months following the date of such cessation, failing which it will lapse. The date of cessation shall be the last day on which the grantee is actually at work with the Group or the relevant Invested Entity whether salary is paid in lieu of notice or not.

If the grantee of an Option ceases to be an Eligible Participant for any reason other than death, ill-health or retirement, his or her Option (to the extent not already exercised) will lapse on the date of cessation.

(8) Rights on death

If the grantee of an Option dies before exercising the Option in full and, where the grantee is an employee or director of a member of the Group, none of certain events which would be a ground for termination of his employment or directorship for reason of the Misconducts defined above, the personal representative(s) of the deceased grantee may exercise the Option in full (to the extent which has become exercisable and not already exercised) within a period of 12 months from the date of death unless extended by the Board but the period of such extension shall not exceed 6 months from the date of expiration of the original periods.

If the grantee of an Option ceases to be an Eligible Participant by reason of his or her death before exercising the Options in full and none of the Misconducts as ground for termination of his or her Options arises, his or her personal representative(s) may exercise the Option (to the extent not already exercised) within a period of 12 months following the date of death (or such longer period as the Board may determine), failing which it will lapse.

(9) Rights on cessation of holding securities issued by the Group

Not applicable

If the grantee of an Option who is a holder of the securities issued by the Group or any Invested Entity ceasing to be an Eligible Participant by reason that such Option Holder ceases to be a holder of any securities issued by the Group or any Invested Entity, the Option shall lapse on the date of cessation. If the grantor or the issuer of such securities ceases to be member of the Group or an Invested Entity, the grantee of an Option may exercise the Option within six months following the date of cessation.

(10) Rights on breach of contract

Not applicable

If the grantee of an Option who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, supplier, producer or licensor, customer, licensee (including any sub-licensee) or distributor, landlord or tenant (including subtenant) of the Group or the relevant Invested Entity ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group or the relevant Invested Entity, in the absolute determination of the Board, the Option shall lapse on the date of the Board's determination and not be exercisable.

(11) Effect of alterations to share capital

In the event of an alteration in the capital structure of the Company through consolidation, subdivision, capitalisation issue, issue of shares by way of rights or a reduction of share capital whilst any option remains exercisable, such corresponding alterations (if any) certified by the auditors for the time being of the Company or the Company's independent financial adviser as fair and reasonable and satisfying the requirements of the Listing Rules will be made in the number or nominal amount of Shares subject to the options so far as unexercised, the subscription price and/or the maximum number of Shares subject to the grant of options as referred to in paragraph (6) above, provided that no such alteration shall be made so that a Share would be issued at less than its nominal value or which would give a grantee a different proportion of the issued share capital of the Company as that to which he was previously entitled. No alteration shall be made if any alteration in the capital structure of the Company is the result of an issue of Shares in the capital of the Company as consideration in a transaction.

In the event of any alteration in the capital structure of the Company by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), such corresponding alterations (if any) will be made in (i) the numbers or nominal amount of Shares subject to any Option so far as such Option remains unexercised and/or (ii) the subscription price per Share as the auditors or independent financial advisers for the time being of the Company shall at the request of the Company or any grantee certify in writing to be in their opinion fair and reasonable, provided that any such alterations shall be made on the basis that the grantee shall have the same proportion of the issued share capital of the Company to which he or she was entitled before such alteration and the aggregate subscription price payable by the grantee on the full exercise of any Option shall remain as nearly as possible the same as (but not greater than) it was before such event, but so that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. Save in the case of a capitalisation issue, the auditors or independent financial advisers for the time being of the Company must confirm to the Directors in writing that such adjustment(s) satisfy the aforesaid requirements, the requirements of Rule 17.03(13) of the Listing Rules, the supplementary guidance issued by the Stock Exchange on 5 September 2005, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

(12) Rights on general offer

If a general offer (including any takeover as defined in the Takeovers Code) is made to all the Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option in whole or in part (to the extent which has become exercisable and not already exercised) within fourteen (14) days from the date on which the offer becomes or is declared unconditional.

In the event of a general offer being made to all Shareholders (or all such holders other than the offeror and/or person controlled by the offeror and/or any person acting in concert (as defined in the Takeovers Code) with the offeror) and such offer becomes or is declared unconditional during the Option Period of the relevant Option, the grantee (or his personal representative(s)) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within thereafter and up to the close of such offer.

(13) Rights on winding-up

In the event of an effective resolution being passed for the voluntary winding up of the Company, the grantee (or his personal representative(s) if applicable) may by notice in writing to the Company within twenty-one (21) days after the date of such resolution elect to be treated as if the Option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with Shareholders such sum (if any) as he would have received in respect of the Shares the subject of such election (had he been issued such Shares on the day prior to the date of such resolution) less an amount equal to the subscription price which would otherwise have been payable in respect thereof. Subject to the above, an Option will lapse automatically (to the extent not already exercised) on the date of commencement of the winding up of the Company.

In the event a notice is given by the Company to its members to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees and any grantee (or his or her personal representative(s) may by notice in writing to the Company accompanied by a remittance for the full amount of the aggregate Subscription Price in respect of the relevant Option (such notice to be received by the Company no later than five Business Days prior to the propose general meeting)) shall be entitled to exercise all or any of his or her vested portion of the Option (to the extent not already exercised) and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue such number of Shares to the grantee credited as fully paid.

(14) Rights on reconstruction, compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to the grantee on the same date as it dispatches the notice which is sent to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the grantee (or his personal representative(s) if applicable) may by notice in writing to the Company accompanied by remittance of the respective exercise price in respect of the relevant options (such notice to be received by the Company not later than 2 business days (excluding Saturdays, Sundays and public holidays) prior to the proposed meeting) exercise any of his Options (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise credited as fully paid and register the grantee as the holder thereof.

If a compromise or arrangement between the Company and its members or creditors is proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice to the grantee on the same date as it dispatches the notice to each member or creditor of the Company to summon a meeting to consider such a compromise or arrangement, and thereupon the grantee (or his or her personal representative(s)) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting) exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in the notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed general meeting allot and issue such number of Shares to the grantee credited as fully paid.

(15) Lapse of options

An Option shall lapse automatically and not be exercisable (to the extent which has become exercisable and not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in paragraph (7), (8) or (11) above respectively;
- (c) subject to the scheme of arrangement becoming effective in a situation contemplated in paragraph (14) above, the expiry of the period referred to therein;
- (d) where the grantee is an employee or director of a member of the Group, the date on which the grantee ceases to be an employee or director of a member of the Group by reason of the termination of his employment or directorship on the grounds that he has been guilty of misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (if so determined by the Board) or on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with the relevant Group;
- (e) where the grantee is a corporation, the date of the commencement of the winding-up of the grantee;

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the Option Period;
- (ii) the expiry of any of the periods referred to in paragraphs (7) to (10), (12) to (14);

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| (f) subject to paragraph (13), the date of the commencement of the winding-up of the Company; or | (iii) the date of the commencement of the winding-up of the Company; and |
| (g) the date on which the grantee breaches the provisions in the Existing Share Option Scheme regarding the non-transferability of an option, if the Board shall exercise its right to deem the option as lapsed. | (iv) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of paragraph (j) by the grantee of the Option in respect of that or any other Option. |

(16) Cancellation of options

Any cancellation of options granted but not exercised must be approved by the Shareholders (and also by shareholders of any holding company of the Company which is listed on the Stock Exchange) in general meeting, with grantees and their associates abstaining from voting. Any vote taken at the meeting to approve such cancellation must be taken on a poll.

Any Option granted but not exercised may not be cancelled except with the written consent of the relevant grantee and the prior approval of the Directors. Any cancellation of Options granted but not exercised and the issuance of new Options to the same grantee may only be made under the New Share Option Scheme with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limited.

(17) Duration

The Existing Share Option Scheme will remain valid for a period of 10 years commencing on its date of adoption (subject to early termination) after which period no further options will be granted but in respect of all options which remain exercisable at the end of such period, the provisions of the Existing Share Option Scheme shall remain in full force and effect. The Company by resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme and in such event no further options shall be offered but in all other respects the provision of the Existing Share Option Scheme shall remain in force. All options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Existing Share Option Scheme.

The New Share Option Scheme shall continue in force for the period commencing from the Adoption Date, which is expected to be the date of the EGM, and expiring at the close of business on the tenth anniversary thereof, after such period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in respect of any Options granted before its expiry or termination but not yet exercised.

(18) Alteration to the terms

The Existing Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Existing Share Option Scheme relating to matters contained in rule 17.03 of the Listing Rules shall not be altered to extend the class of eligible participants or to the advantage of grantees or prospective grantees except with the prior approval of the Shareholders in general meeting (with grantees and their associates abstaining from voting).

The New Share Option Scheme may be altered in any respect by a resolution of the Board, save and except that:

- (i) the provisions relating to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants without the prior approval of Shareholders in a general meeting;

No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles of the Company for the time being for a variation of the rights attached to the Shares.

Any alterations to the terms and conditions of the Existing Share Option Scheme, which are of a material nature or any change to the terms of option granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Existing Share Option Scheme. Any amended terms of the Existing Share Option Scheme or the options must still comply with the requirements of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the Scheme must be approved by the Shareholders in general meeting.

- (ii) any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme;
- (iii) the amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (iv) any change to the authority of the Directors or the administrator of the New Share Option Scheme in relation to any alteration to the terms of the New Share Option Scheme must be approved by Shareholders in a general meeting.

(19) Termination

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect. All Options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Existing Share Option Scheme.

The Company by ordinary resolution in general meeting may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted but not yet exercised prior to such termination. Details of the Options granted, including Options exercised or outstanding, under the New Share Option Scheme shall be disclosed in the circular to Shareholders seeking approval of any subsequent share option scheme to be established after such termination.

(20) Miscellaneous

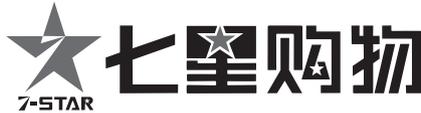
In addition, the terms of the Existing Share Option Scheme will comply with the then existing provisions of the Listing Rules with regard to share option schemes of listed companies.

The terms of the New Share Option Scheme (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules. The Company will comply with the relevant statutory requirements and the Listing Rules from time to time in force on a continuing basis in respect of the New Share Option Scheme and any other schemes of the Company.

Any dispute arising in connection with the Existing Share Option Scheme (whether as to the number of Shares the subject of an option, the amount of the subscription price or otherwise) shall be referred to the decision of the auditors or the Company's financial adviser who shall act as experts and not as arbitrators and whose decision shall be final and binding.

Any dispute arising in connection with the number of Shares of an Option and any of the matters referred to in paragraph (11) above shall be referred to the decision of the auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

NOTICE OF EGM



CHINA SEVEN STAR SHOPPING LIMITED

中國七星購物有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of China Seven Star Shopping Limited (the “**Company**”) will be held at Plaza 1–2, Hotel Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 9 December 2013, Monday, at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company by way of poll:

SPECIAL RESOLUTION

1. “**THAT** subject to and conditional upon the issue of the certificate of change of name by the Registrar of Companies of Hong Kong, the name of the Company be and is hereby changed from “China Seven Star Shopping Limited 中國七星購物有限公司” to “China Seven Star Holdings Limited 中國七星控股有限公司” and the directors (the “**Directors**”) of the Company be and are hereby authorised to do all such acts, deeds and things and execute all documents they consider necessary or expedient to give effect to the aforesaid change of name of the Company.”

ORDINARY RESOLUTION

2. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting approval for the listing of, and permission to deal in, on the Stock Exchange, any shares (the “**Shares**”) of HK\$0.01 each in the capital of the Company which may be issued upon the exercise of any options which may be granted under the new share option scheme of the Company (the rules of which are set out in the document marked “A” produced to the EGM and initialed by the Chairman of the EGM for the purpose of identification) (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted by the Company and the Directors be and are hereby authorised, at their absolute discretion, to grant options to subscribe for Shares thereunder and to allot, issue and deal with any Shares pursuant to the exercise of the options which may be granted under the New Share Option Scheme and to do all such acts as the Directors may in their absolute discretion consider necessary or expedient in order to give full effect to the New Share Option Scheme.”

By order of the Board
China Seven Star Shopping Limited
Ni Xinguang
Chairman and executive director

Hong Kong, 15 November 2013

NOTICE OF EGM

Registered office:

Unit A02, 11/F
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one or, if he is a holder of more than one share, more proxies to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the share registrar and transfer office of the Company, Tricor Tengis Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish and in such event, the proxy shall be deemed to be revoked.
3. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.