

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

If you have sold or transferred all your shares in China Seven Star Shopping Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CHINA SEVEN STAR SHOPPING LIMITED
中國七星購物有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 245)

CAPITAL REORGANISATION;
CHANGE OF BOARD LOT SIZE;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
ADOPTION OF NEW ARTICLES OF ASSOCIATION;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



A notice convening an extraordinary general meeting of the Company to be held at Plaza 1 & 2, Hotel Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 20 January 2012 at 10:30 a.m. is set out on pages 8 to 10 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed with this circular.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's registrar and transfer office, Tricor Tengis Limited at 26th Floor, 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 time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting if you so wish.

29 December 2011

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EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Capital Reorganisation and the change of board lot size. The timetable is subject to the results of the EGM and other changes. The Company will notify the Shareholders of any changes to the expected timetable by way of announcement(s) as and when appropriate.

2011

Despatch of the circular regarding, among
other matters, the Capital Reorganisation Thursday, 29 December

Publication of the notice of EGM Thursday, 29 December

2012

Latest time for lodging the form of proxy
for the EGM (*Note*) 10:30 a.m., Wednesday, 18 January

EGM (*Note*) 10:30 a.m., Friday, 20 January

Announcement of the poll results of the EGM
to be posted on the Stock Exchange's website Not later than 11:00 p.m.,
Friday, 20 January

Presentation of petition to the High Court on or before Monday, 30 January

Directions hearing by the High Court on or before Monday, 27 February

Publication of the notice of hearing on or before Monday, 12 March

Hearing of petition for confirmation of
the Capital Reduction by the High Court on or before Monday, 19 March

Publication of the notice of registration of order Friday, 20 April

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reorganisation:

Effective date of the Capital Reorganisation Friday, 20 April

Dealings in the Consolidated Shares commence 9:00 a.m., Friday, 20 April

Original counter for trading in existing Shares
in board lots of 10,000 Shares temporarily closes 9:00 a.m., Friday, 20 April

Temporary counter for trading in board lots of
2,000 Consolidated Shares (in the form of
Existing Share Certificates) opens 9:00 a.m., Friday, 20 April

First day of free exchange of Existing Share Certificates for
New Share Certificates Friday, 20 April

EXPECTED TIMETABLE

2012

Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of New Share Certificates) re-opens.	9:00 a.m., Monday, 7 May
Parallel trading in Consolidated Shares (in the form of New Share Certificates and Existing Share Certificates) commences.	9:00 a.m., Monday, 7 May
First day of operation of odd lot trading facility	Monday, 7 May
Parallel trading in Consolidated Shares (in the form of New Share Certificates and Existing Share Certificates) ends.	4:00 p.m., Friday, 25 May
Temporary counter for trading in board lots of 2,000 Consolidated Shares (in the form of Existing Share Certificates) closes	4:00 p.m., Friday, 25 May
Last day of operation of odd lot trading facility.	Friday, 25 May
Last day for free exchange of Existing Share Certificates for New Share Certificates.	4:30 p.m., Tuesday, 29 May

Note:

The forms of proxy and, if required by the Company, the power of attorney or other authorities (if any) under which it is signed or a notarially certified copy or office copy of such power or authority, shall be deposited at the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not later than 48 hours before the time appointed for holding the EGM and taking the poll therein or the adjourned meeting thereof. Completion and return of forms of proxy for the EGM will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof should the Shareholder so wish. In such event, the returned forms of proxy will be deemed to have been revoked.

DEFINITIONS

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

“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Capital Reduction”	the Reduction of Issued Share Capital and the diminution of the authorised share capital of the Company to the extent of HK\$0.098 on each authorised but unissued Share, such that the nominal value of all of the issued and unissued Reduced Shares shall be HK\$0.002 each
“Capital Reorganisation”	the capital reorganisation of the Company involving the Capital Reduction and the Share Consolidation
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Seven Star Shopping Limited, a company incorporated in Hong Kong with limited liability, whose Shares are listed on the main board of the Stock Exchange
“Consolidated Shares”	shares of nominal value of HK\$0.01 each in the share capital of the Company upon the Share Consolidation taking effect
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the Capital Reorganisation
“Existing Share Certificates”	certificates for the existing Shares
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	23 December 2011, 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 Certificate”	the new share certificate(s) of the Consolidated Shares

DEFINITIONS

“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Reduced Shares”	shares of nominal value of HK\$0.002 each in the share capital of the Company upon the Capital Reduction taking effect
“Reduction of Issued Share Capital”	the proposed reduction of issued and paid up capital of the Company by cancelling the issued and paid-up share capital to the extent of HK\$0.098 on each issued Share, such that the nominal value of all of the issued Shares shall be reduced from HK\$0.10 each to HK\$0.002 each and applying the credit arising therefrom in the sum of HK\$718,121,542.222 to eliminate part of the Company’s accumulated losses
“Registrar”	Tricor Tengis Limited, the registrar and transfer office of the Company
“Share Consolidation”	the proposed consolidation of every five Reduced Shares of nominal value of HK\$0.002 each in the issued and unissued share capital of the Company into one Consolidated Share of nominal value of HK\$0.01 each in the issued and unissued share capital of the Company
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the People’s Republic of China

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*)

Wang Zhiming (*Managing Director*)

Independent non-executive Directors:

Lu Wei

Wong Chak Keung

Ling Yu Zhang

Registered and principal office:

Suite 1206, 12/F.

Great Eagle Centre

23 Harbour Road

Wanchai

Hong Kong

29 December 2011

To the Shareholders

Dear Sir or Madam,

**CAPITAL REORGANISATION;
CHANGE OF BOARD LOT SIZE;
AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
ADOPTION OF NEW ARTICLES OF ASSOCIATION;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 7 November 2011. The purpose of this circular is to provide you with further information regarding resolutions to be proposed at the EGM relating to (i) Capital Reorganisation; (ii) the change of board lot size; (iii) the amendments to the Articles; and (iv) the adoption of a new set of Articles consolidating all of the proposed amendments referred to in the notice of EGM and all previous amendments made pursuant to resolutions passed by the Shareholders of the Company at general meetings (the “**New Articles**”).

CAPITAL REORGANISATION

The Directors propose to reorganise the capital of the Company in the following manner:

- (a) the nominal value of each issued Shares be reduced from HK\$0.10 to HK\$0.002 by cancelling the paid-up capital to the extent of HK\$0.098 on each issued Share;

LETTER FROM THE BOARD

- (b) the nominal value of each authorised but unissued Shares be diminished from HK\$0.10 to HK\$0.002 by a diminution of HK\$0.098 on each authorised but unissued Share;
- (c) the credit arising from the Reduction of Issued Share Capital in the sum of HK\$718,121,542.222 be applied to eliminate part of the Company's accumulated losses, which amounted to approximately HK\$1,898,407,000 as at 30 November 2011; and
- (d) every five Reduced Shares of HK\$0.002 each in the issued and unissued share capital of the Company be consolidated into one Consolidated Share of HK\$0.01 each in the issued and unissued share capital of the Company.

As at the Latest Practicable Date, the Company has an authorised share capital of HK\$1,600,000,000 divided into 16,000,000,000 Shares, of which 7,327,770,839 Shares have been issued and are fully paid or credited as fully paid. Upon completion of the Capital Reduction, the Company will have an authorised share capital of HK\$32,000,000 divided into 16,000,000,000 Reduced Shares, of which 7,327,770,839 Reduced Shares will be issued and fully paid or credited as fully paid, assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reduction becomes effective. Upon completion of the Capital Reorganisation, the Company will have an authorised share capital of HK\$32,000,000 divided into 3,200,000,000 Consolidated Shares, of which 1,465,554,167 Consolidated Shares will be issued and fully paid or credited as fully paid, assuming there will be no change in the issued share capital of the Company from the Latest Practicable Date up to the date on which the Capital Reorganisation becomes effective.

Set out below are the number of shares and the nominal value per share of the Company as at the Latest Practicable Date and immediately after completion of the Capital Reorganisation:

	As at the Latest Practicable Date	Immediately after the Capital Reorganisation
<i>Authorised share capital</i>		
Number of shares	16,000,000,000	3,200,000,000
Nominal value per share	HK\$0.10	HK\$0.01
<i>Issued share capital</i>		
Number of shares	7,327,770,839	1,465,554,167
Nominal value per share	HK\$0.10	HK\$0.01

The Consolidated Shares will rank pari passu in all respect among themselves and the Consolidated Shares will be traded in board lot of 20,000 Consolidated Shares upon completion of the Capital Reorganisation. Fractional Consolidated Shares will not be issued to the Shareholders but will be aggregated and sold for the benefit of the Company.

Conditions

The Capital Reorganisation is conditional upon the followings:

- (i) the passing of the special resolution by the Shareholders at the EGM to approve the Capital Reorganisation involving the Capital Reduction and the Share Consolidation;

LETTER FROM THE BOARD

- (ii) compliance with the relevant procedures and requirements under the Listing Rules to effect the Capital Reorganisation;
- (iii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares as a result of the Capital Reorganisation; and
- (iv) the confirmation of the Capital Reduction by the High Court and the registration of the Order of the High Court and the minute thereof containing particulars required under section 61 of the Companies Ordinance by the Registrar of Companies in Hong Kong.

The Capital Reorganisation will become effective as soon as the above conditions are all satisfied. As the Capital Reduction, which forms part of the Capital Reorganisation, is subject to the confirmation by the High Court, the date on which the Capital Reorganisation becomes effective is not ascertainable as at the Latest Practicable Date. An application will be made to the High Court as soon as practicable regarding the Capital Reduction after the Capital Reorganisation is approved by the Shareholders at the EGM. Further announcement(s) will be made to inform Shareholders on the expected effective date and, as necessary or appropriate, the progress and results of the application to the High Court.

REASONS FOR THE CAPITAL REORGANISATION AND IMPACT ON THE COMPANY AND THE SHAREHOLDERS

The Capital Reorganisation, which involves the Company applying the credit arising from the Reduction of Issued Share Capital to eliminate part of the Company's accumulated losses as set out above, is proposed to facilitate the payment of dividends as and when the Directors consider it appropriate in the future. Upon completion of the Capital Reorganisation, the Company will be able to issue new Consolidated Shares at any price equal to or greater than the nominal value of HK\$0.01 per Consolidated Share, and therefore, increase flexibility for the Company to raise funds in the future. As at the Latest Practicable Date, the Company did not have any plan for and was not in any negotiation of any such fund raising activities.

The Directors (including the independent non-executive Directors) are of the view that the Capital Reorganisation will not have a material effect on the financial position of the Group. Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

Specifically, the Directors (including the independent non-executive Directors) consider that the Capital Reduction is desirable as the issued and paid-up capital so cancelled is lost or unrepresented by available assets. Further, the Capital Reduction does not involve either diminution of liability in respect of unpaid share capital or the payment to any Shareholder of any paid-up share capital of the Company.

Accordingly, the Directors consider that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole.

Application for listing of Consolidated Shares

Application will be made to the Stock Exchange for granting the listing of, and permission to deal in, the Consolidated Shares arising from the Capital Reorganisation.

LETTER FROM THE BOARD

EXCHANGE FOR NEW SHARES CERTIFICATES

Subject to the Capital Reorganisation becoming effective, which is currently expected to be 20 April 2012,

- (a) from 9:00 a.m. on 20 April 2012 to 4:30 p.m. on 29 May 2012, Shareholders may submit their Existing Share Certificates to the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for exchange, at the expense of the Company, for the New Share Certificates; and
- (b) after 29 May 2012, 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 Registrar for exchange of each Existing Share Certificate, calculated on the basis of the number of Existing Share Certificate(s) submitted for exchange or the number of New Share Certificates issued (whichever is more).

It is expected that New Shares Certificates will be available for collection within ten business days from the Registrar after submission of the Existing Share Certificates to the Registrar for exchange.

Shareholders should note that with effect from 9:00 a.m. on 20 April 2012, trading will only be in Consolidated Shares in board lots of 2,000. Existing Share Certificates for the Shares will cease to be valid for trading, settlement and delivery purpose, but will remain valid and effective as documents of title.

The New Share Certificates will be issued in pink colour in order to distinguish them from the Existing Share Certificates which are in grey colour.

Based on the closing price of HK\$0.029 per Share as at the Latest Practicable Date, the value of each board lot of 20,000 Consolidated Shares, assuming the Capital Reorganisation had already been in effect, would be HK\$2,900.

LISTING, DEALING AND TRADING ARRANGEMENTS FOR THE CONSOLIDATED SHARES IN NEW BOARD LOT SIZE

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Consolidated Shares. Dealings in the Consolidated Shares will be subject to Hong Kong stamp duty.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated 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 Consolidated 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Company's shares are not listed or dealt in on any other stock exchange and hence, no listing or permission to deal is being or is proposed to be sought from any other stock exchange.

LETTER FROM THE BOARD

Upon the Capital Reorganisation becoming effective, the arrangement proposed for dealings in the Consolidated Shares are expected to be as follows:

- (i) with effect from 9:00 a.m. on 20 April 2012, the original counter for trading in the Shares in board lots of 10,000 Shares will be temporarily closed. A temporary counter will be established for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares. Only Existing Share Certificates can be traded at this temporary counter;
- (ii) with effect from 9:00 a.m. on 7 May 2012, the original counter will be reopened for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares. Only New Share Certificates can be traded at this counter;
- (iii) from 7 May 2012 to 25 May 2012, both days inclusive, there will be parallel trading at the above two counters; and
- (iv) the temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares will be closed after the 4:00 p.m. on 25 May 2012. With effect from 9:00 a.m. on 26 May 2012, trading will only be in Consolidated Shares in board lots of 20,000 Consolidated Shares.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional account or other professional adviser if they are in doubt about any of the matter contained in this circular.

ODD LOT ARRANGEMENTS

In order to facilitate the trading of odd lots of Shares after the Capital Reorganisation, Oriental Patron Securities Limited will be appointed as an agent to arrange for matching services regarding the sale and purchase of odd lots of Shares from 7 May 2012 to 25 May 2012 (both dates inclusive). Holders of odd lots of Shares who wish to take advantage of this trading facility should contact Mr. Joe Ng of Oriental Patron Securities Limited at 27/F, Two Exchange Square, 8 Connaught Place, Central, Hong Kong (telephone number: (852) 2842 5812) during the period from 7 May 2012 to 25 May 2012 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of Shares is not guaranteed.

CHANGE OF BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded in board lots of 10,000 Shares. It is proposed that the Consolidated Shares will be changed to be traded in board lots of 20,000 Consolidated Shares upon the Share Consolidation becoming effective. The change in board lot size is expected to result in Consolidated Shares being traded in a more reasonable board lot size and value.

WARNING

Shareholders should also be aware of and take note that the Capital Reorganisation involving the Capital Reduction and the Share Consolidation is conditional upon satisfaction of the conditions precedent set out in the paragraphs headed “Conditions” in the section headed “Capital Reorganisation”. Therefore, the Capital Reorganisation may or may not proceed.

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

LETTER FROM THE BOARD

GENERAL

The Capital Reorganisation involving the Capital Reduction and the Share Consolidation, the amendments to the Articles; and the adoption of New Articles will be conditional upon the passing by the Shareholders of special resolution(s) at the EGM.

The EGM will be held to consider and, if thought fit, approve the resolutions in respect of (i) the Capital Reorganisation; (ii) the amendments to the Articles; and (iii) the adoption of New Articles. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholders will be required to abstain from voting on the resolutions.

AMENDMENTS TO THE ARTICLES AND ADOPTION OF NEW ARTICLES

The Stock Exchange has amended the Listing Rules relating to, among other things, the Articles or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules would come into effect on 1 January 2012 and 1 April 2012. Accordingly, the Directors propose to seek the approval of the Shareholders for the amendments to the existing Articles and the adoption of the New Articles, so as to bring the constitution of the Company in line with current amendments made to the Listing Rules.

The Directors propose to seek the approval of the Shareholders by way of a special resolution at the EGM. Details of the amendments to the Articles are set out in the notice of EGM.

The effects of the proposed amendments to the Articles are summarised as follows:

1. all resolution at general meetings of the Company shall be decided by poll other than resolution which relates purely to a procedural or administrative matter as may be permitted under the Listing Rules to be voted on by a show of hands;
2. subject to certain exceptions, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting; and
3. if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter shall be dealt with by a physical board meeting rather than a written resolution.

For the avoidance of doubt, the amendments to the Articles will not be applicable in relation to voting by the Shareholders on the resolution to approve the Capital Reorganisation at the EGM.

ACTION TO BE TAKEN

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM, you are requested to complete and return the enclosed form of proxy to the Company's registrar and transfer office, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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 holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the instrument appointing the proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

EGM

The notice of EGM is set out on pages 8 to 10 of this circular. A form of proxy for use at the EGM is enclosed. At the EGM, resolutions will be proposed for Shareholders to consider and, if thought fit, to approve (i) the Capital Reorganisation; (ii) the amendments to the Articles; and (iii) the adoption of New Articles. The vote of the Shareholders at the EGM will be taken by poll in accordance with Rule 13.39(4) of the Listing Rules and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made reasonable enquiries, the Directors confirm that no Shareholder is required to abstain from voting at the EGM.

Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy to the Company's registrar and transfer office, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, 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 holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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.

RECOMMENDATION AND DOCUMENTS FOR INSPECTION

The Directors believe that the Capital Reorganisation, the amendments to the existing Articles; and the adoption of New Articles are in the best interests of the Company and the Shareholders as a whole and the terms thereof are fair and reasonable. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions as set out in the notice of EGM.

Copies of the existing Articles and the proposed New Articles are available for inspection at the registered and principal office of the Company at Suit 1206, 12th Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong during normal business hours (from 9:30 a.m. to 5:00 p.m.) on any business day (excluding Saturdays, Sundays and public holidays) from the date of this circular up to the including the date of the EGM.

Yours faithfully

For and on behalf of the Board

China Seven Star Shopping Limited

Ni Xinguang

Chairman and executive director

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 the shareholders 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 20 January 2012 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:

SPECIAL RESOLUTION

1. “**THAT** pursuant to the circular of the Company dated 29 December 2011 (the “**Circular**”), (a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for the purpose of identification) condition upon: (i) the High Court of Hong Kong making an order confirming the Capital Reduction (as defined in the Circular) pursuant to sections 58 to 60 of the Companies Ordinance; (ii) the registration by the Registrar of Companies in Hong Kong a copy of the Court Order and a copy of the minute containing the required particulars pursuant to section 61 of the Companies Ordinance; and (iii) the compliance with any conditions as may be imposed by the Court in relation to the Capital Reduction,
 - (a) the nominal value of each issued shares of HK\$0.10 (an “**Issued Share**”) in the issued share capital of the Company be reduced to HK\$0.002 by cancelling the paid-up capital to the extent of HK\$0.098 on each Issued Share and the Directors be and are hereby authorised to apply the credit arising therefrom in the sum of HK\$718,121,542.222 to eliminate part of the Company’s accumulated losses as at 30 November 2011 (which amounted to approximately HK\$1,898,407,000) (the “**Reduction of Issued Share Capital**”);
 - (b) the nominal value of each authorised but unissued shares of HK\$0.10 (an “**Unissued Share**”) in the authorised but unissued share capital of the Company be diminished to HK\$0.002 by cancelling the authorised but unissued share capital to the extent of HK\$0.098 on each Unissued Share (together with Reduction of Issued Share Capital as the “**Capital Reduction**”);
 - (c) every five shares of HK\$0.002 each in the issued and unissued share capital of the Company be consolidated into one share of HK\$0.01 each in the issued and unissued share capital of the Company (together with Capital Reduction as the “**Capital Reorganisation**”); and
 - (d) any one or more of the Directors be and is/are hereby authorised to do all such acts and things, and to sign, approve and execute any documents, including under seal where applicable, which in his/their opinion may be necessary, desirable or expedient to implement and/or to give effect to the Capital Reorganisation, including but not limited

NOTICE OF EGM

to seeking confirmation from the Court, authorising Counsel to provide any undertaking on behalf of the Company as necessary to the Court in relation to the Capital Reduction.”

2. “**THAT** the articles of association of the Company (the “**Articles**”) be and are hereby amended in the following manner:

(a) Article 2

- (i) By adding the following new definition in the existing Articles after the definition of “special resolution”:

““substantial shareholder” means a person who is entitled to exercise, or to control the exercise of, 10% or more (or such other percentage as may be prescribed by the rules of The Stock Exchange of Hong Kong Limited from time to time) of the voting power at any general meeting of the Company;”

(b) Article 80

By deleting the words “At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll subject to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or any other applicable laws of Hong Kong.” in the existing Article 80 and substituting with the following:

“A resolution put to the vote of a general meeting shall be decided by way of a poll save that the Chairman may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), such proxy shall have one vote on a show of hands. For the purposes of this Article, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the Chairman’s duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members a reasonable opportunity to express their views.”

(c) Article 107(A)

By deleting paragraph (ii)(1)(e) of the existing Article 107(A) in its entirety and replaced with the word [“RESERVED”].

(d) Article 133

By adding a new sentence “Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Director has a conflict of interest and the Board has determined that such conflict of interest to be material.” in the last sentence of the existing Article 133 after the words “this Article.”

NOTICE OF EGM

3. To consider and, if thought fit, pass the following resolution, with or without amendments, as a special resolution of the Company:

“**THAT** the Articles of the Company in the form of the document marked “A” and produced to this meeting and for the purpose of identification signed by the Chairman of this meeting, which consolidates all of the proposed amendments referred to in Resolution 2 above and all previous amendments made pursuant to resolutions passed by the members of the Company at general meetings be approved and adopted as the new Articles of the Company in substitution for and to the exclusion of the existing Articles of the Company with immediate effect.”

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

Hong Kong, 29 December 2011

Registered and principal office:

Suite 1206, 12/F.
Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. 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. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. 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.
3. In order to be valid, the form of proxy, 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 must be deposited at the Company’s registrar and transfer office, Tricor Tengis Limited at 26th Floor, 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.
4. 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 holder 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.

As at the date of this notice, the board of directors of the Company comprises (1) executive directors: Mr. Ni Xinguang and Mr. Wang Zhiming; and (2) independent non-executive directors: Mr. Lu Wei, Mr. Wong Chak Keung and Mr. Ling Yu Zhang.