

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus 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 and are not a Qualifying Shareholder, you should at once hand the Prospectus Documents 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 transferee.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer 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.

Dealings in the securities of the Company may be settled through CCASS and you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the other documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 38D of the Companies Ordinance in Hong Kong (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of these documents.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



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)

**OPEN OFFER OF 732,777,083 OFFER SHARES
OF HK\$0.05 EACH TO QUALIFYING SHAREHOLDERS
ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE**

Financial Adviser to the Company



Underwriter of the Open Offer



Terms used in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance of and payment for the Offer Shares is at 4:00 p.m. on Thursday, 9 August 2012. The procedures for application of and payment for the Offer Shares are set out on pages 17 to 18 of this prospectus.

The Open Offer is conditional upon, inter alia, the fulfillment or waiver of the conditions set out under the paragraph headed "Conditions of the Underwriting Agreement" in this prospectus.

Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 11 July 2012 and that dealings in the Shares may take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions of the Underwriting Agreement are fulfilled or waived, will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholder or other person contemplating dealings in Shares are recommended to consult their professional advisers.

25 July 2012

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 June 2012 in relation to, among others, the Open Offer
“Application Form”	the form of application for use by the Qualifying Shareholders to apply for the assured allotment of the Offer Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for business other than Saturday or Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	Tuesday, 26 June 2012, the last day on which the Shares were traded on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Practicable Date”	20 July 2012, being the latest practicable date for ascertaining certain information for inclusion in this prospectus

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Thursday, 9 August 2012 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares in the manner set out in this prospectus
“Latest Time for Termination”	4:00 p.m. on the third Business Day after (but excluding) the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	732,777,083 new Shares to be offered to the Qualifying Shareholders for subscription pursuant to the Open Offer
“Open Offer”	the proposed offer of the Offer Shares by the Company to the Shareholders on the terms set out in the Underwriting Agreement and the Prospectus Documents and summarised herein
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not eligible to participate in the Open Offer
“Overseas Shareholders”	the Shareholders whose addresses on the register of members of the Company are outside Hong Kong as at the close of business on the Record Date
“PRC”	the People’s Republic of China and for the purpose of this prospectus, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prohibited Shareholders”	those Overseas Shareholders to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Prospectus Documents”	this prospectus and the Application Form

DEFINITIONS

“Prospectus Posting Date”	Wednesday, 25 July 2012 or such later date as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	the Shareholder(s), other than the Prohibited Shareholder(s), whose name(s) appear on the register of members of the Company on the Record Date
“Record Date”	Tuesday, 17 July 2012, or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements under the Open Offer
“Registrar”	Tricor Tengis Limited
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Options”	share options granted by the Company pursuant to the Share Option Scheme, conferring the holders thereof rights to subscribe in cash for new Shares at exercise prices determined in accordance with the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted on 28 May 2004
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.05 per Offer Share pursuant to the Open Offer
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Oriental Patron Securities Limited, a corporation licensed to conduct Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the conditional underwriting agreement dated 27 June 2012 as amended by a supplemental agreement dated 13 July 2012 entered into between the Underwriter and the Company in relation to the Open Offer
“Underwritten Shares”	the total number of Offer Shares which the Underwriter has agreed to underwrite pursuant to the Underwriting Agreement

DEFINITIONS

“Untaken Shares”	the Offer Shares which have not been taken up by the Qualifying Shareholders
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Open Offer.

2012

Hong Kong time

Last day of dealings in the Shares on a cum-entitlement basis	Tuesday, 10 July
Commencement of dealings in the Shares on an ex-entitlement basis	Wednesday, 11 July
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:30 p.m. on Thursday, 12 July
Register of members closes (both dates inclusive)	Friday, 13 July to Tuesday, 17 July
Record Date for the Open Offer	Tuesday, 17 July
Register of members re-opens	Wednesday, 18 July
Despatch of the Prospectus Documents	Wednesday, 25 July
Latest time for the payment for and acceptance of the Offer Shares	4:00 p.m. on Thursday, 9 August
Latest time for the Open Offer to become unconditional	4:00 p.m. on Tuesday, 14 August
Announcement of the results of the Open Offer on Stock Exchange website	Friday, 17 August
Despatch of shares certificates for the Offer Shares	Monday, 20 August
Last day for trading of Shares with old board lot size of 20,000 Shares in the original counter	Tuesday, 21 August
Expected first day of dealings in Offer Shares	Tuesday, 21 August
Effective date of change in board lot size from 20,000 Shares to 40,000 Shares	Wednesday, 22 August
Original counter for trading in board lot size of 20,000 Shares becomes counter for trading in board lot of 40,000 Shares	Wednesday, 22 August, at 9:00 a.m.
Designated broker starts to stand in the market to provide matching services for odd lot of Shares	Wednesday, 22 August
Last day for the designated broker to stand in the market to provide matching services for odd lot of Shares	Thursday, 13 September

EXPECTED TIMETABLE

Dates or deadlines specified in this prospectus for events in the above timetable for (or otherwise in relation to) the Open Offer are indicative only and may be extended or varied by the Company. Further announcement(s) will be made by the Company on any changes to the above expected timetable, if and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE OFFER SHARES

All times stated in this prospectus refer to Hong Kong time. The latest time for acceptance of and payment for the Offer Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above; or
 - a “black” rainstorm warning
1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Final Acceptance Date, the latest time for acceptance of and payment for Offer Shares will be extended to 5:00 p.m. on the same Business Day; or
 2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Final Acceptance Date, the latest time for acceptance of and payment for Offer Shares will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Offer Shares does not take place at the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

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:

Ling Yu Zhang

Wong Chak Keung

Lu Wei

Registered and principal office:

Unit A02, 11/F

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

25 July 2012

*To the Qualifying Shareholders and,
for information only, the Prohibited Shareholders*

Dear Sir or Madam,

**OPEN OFFER OF 732,777,083 OFFER SHARES
OF HK\$0.05 EACH TO QUALIFYING SHAREHOLDERS
ON THE BASIS OF ONE OFFER SHARE FOR EVERY TWO SHARES
HELD ON THE RECORD DATE**

INTRODUCTION

As announced by the Company in the Announcement published on 27 June 2012, the Board proposed to raise not less than approximately HK\$36.6 million and not more than approximately HK\$37.5 million, before expenses, by issuing not less than 732,777,083 Offer Shares and not more than 749,701,083 Offer Shares at a price of HK\$0.05 per Offer Share by way of the Open Offer on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full upon acceptance.

The Open Offer is only available to the Qualifying Shareholders and it is fully underwritten by the Underwriter.

The purpose of this prospectus is to provide you with, among others, further information in relation to the Open Offer.

LETTER FROM THE BOARD

OPEN OFFER

Issue statistics

Basis of the Open Offer	:	one Offer Share for every two existing Shares held by Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.05 per Offer Share payable in full upon acceptance
Number of existing Shares in issue as at the Latest Practicable Date	:	1,465,554,167 Shares
Number of Offer Shares	:	732,777,083 Offer Shares
Aggregate nominal value of the Offer Shares	:	HK\$7,327,770.83
Gross proceeds from the Open Offer	:	approximately HK\$36,638,854.15
Estimated net proceeds from the Open Offer	:	approximately HK\$34,800,000
Net price to be raised per Offer Share upon completion of the Open Offer	:	approximately HK\$0.04754

The Open Offer is not subject to any Shareholders' approval and the Offer Shares are not issued under the general mandate granted to the Directors.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders only.

To qualify for the Open Offer, a Shareholder must at the close of business on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) not be a Prohibited Shareholder.

In order to be registered as members of the Company on the Record Date, the Shareholders must have lodged any transfer of the Shares (with the relevant share certificates) for registration with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Thursday, 12 July 2012.

LETTER FROM THE BOARD

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements of the Offer Shares on the Stock Exchange and the Qualifying Shareholders will not be entitled to subscribe for any Offer Shares in excess of their respective assured entitlements.

Closure of register of members

The register of members of the Company have been closed from Friday, 13 July 2012 to Tuesday, 17 July 2012 (both dates inclusive) to determine the eligibility of the Shareholders to the Open Offer. No transfer of Shares was registered during this period.

Subscription Price

The Subscription Price for the Offer Shares is HK\$0.05 per Offer Share, payable in full upon acceptance. The Subscription Price represents:

- (i) a discount of approximately 28.57% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.63% to the theoretical ex-entitlement price of HK\$0.063 per Share based on the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 34.21% to the average closing price of approximately HK\$0.076 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 36.22% to the average closing price of approximately HK\$0.0784 per Share as quoted on the Stock Exchange on the last ten trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 28.57% to the closing price of HK\$0.07 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter and after having taken into account the recent price performance, liquidity and performance of the Shares and prevailing market conditions. In order to enhance the attractiveness of the Open Offer, issuance of new shares by way of open offer at a discount to the market price has been commonly adopted by listed issuers in Hong Kong. The Directors consider that the discount would encourage Qualifying Shareholders to participate in the Open Offer and participate in the future growth of the Group. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider that the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Status of the Offer Shares

The Offer Shares (when fully paid and issued) will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Fractions of the Offer Shares

Fractional entitlements to the Offer Shares will not be allotted and will not be issued but will be aggregated and taken up by the Underwriter. The Offer Shares will be issued on the basis of the whole multiple.

Certificates of the fully-paid Offer Shares

Subject to the fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted by Monday, 20 August 2012 to those entitled thereto by ordinary post at their own risks. Applicant(s) will receive one share certificate for all the Offer Shares issued to him/her/it.

Rights of Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of members of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdictions other than Hong Kong. Having reviewed the register of members of the Company as at the Record Date, the Company noted that 22 Shareholders were registered with overseas addresses in Canada, China, Japan, Macau, Singapore and United States of America. The Company has complied with all necessary requirements specified in Rule 13.36(2)(a) of the Listing Rules (including notes 1 & 2) and has made enquiry with its legal advisers regarding the feasibility of extending the Open Offer to the Overseas Shareholders under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange.

Based on the advice and replies provided by the relevant foreign legal advisers, the Directors are of the view (i) that it is inexpedient to extend the Open Offer to the Overseas Shareholders in Canada and United States of America, due to the time and costs involved in the registration of this prospectus and/or compliance with the applicable legal or regulatory requirements or special formalities in these jurisdictions if the Open Offer were to be lawfully made to such Prohibited Shareholders; and (ii) that it is expedient to extend the Open Offer to the Overseas Shareholders in China, Japan, Macau and Singapore as there are no legal restrictions prohibiting the making of Open Offer in these jurisdictions and no local legal or regulatory compliance is required to be made in these jurisdictions.

The Company will send the Overseas Letter together with this prospectus, for information only, to the Prohibited Shareholders.

LETTER FROM THE BOARD

No application for excess Offer Shares

There is no arrangement for application of Offer Shares by the Qualifying Shareholders in excess of their entitlements. Any Offer Shares not taken up by the Qualifying Shareholders and the Offer Shares to which the Prohibited Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter or subscribers procured by the Underwriter.

The Directors are of the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Shareholders.

Under the Open Offer, there will not be trading in nil-paid allotment of Offer Shares. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not considered to be cost-effective.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. The Offer Shares are expected to be traded in the board lot of 40,000 Shares. Dealings in Offer Shares on the Stock Exchange will be subject to the payment of stamp duty in Hong Kong, Stock Exchange trading fees, SFC transaction levy and other applicable fees and charges in Hong Kong.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer 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. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Date : 27 June 2012 (as amended by a supplemental agreement entered into between the same parties on 13 July 2012)

Issuer : the Company

LETTER FROM THE BOARD

- Underwriter : Oriental Patron Securities Limited
- Oriental Patron Securities Limited and its ultimate beneficial owners are third parties independent of and are not connected with the Company or any Connected Persons of the Company
- Number of Underwritten Shares : not less than 732,777,083 Offer Shares and not more than 749,701,083 Offer Shares
- Commission : 2% of the aggregate Subscription Price in respect of the maximum number of the Underwritten Shares (i.e. 749,701,083 Offer Shares)

Pursuant to the provisions of the Underwriting Agreement, the Underwriter has conditionally agreed to subscribe or procure subscribers to subscribe all the Untaken Shares. Accordingly, the Open Offer is fully underwritten.

To the best of the Directors' knowledge and information, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and any Connected Persons of the Company and are not acting in concert with any Shareholder. As at the date of the Underwriting Agreement, the Underwriter did not hold any Shares.

The 2% commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to the market rates for transactions of a similar nature. The Directors are of the opinion that the terms of the Underwriting Agreement and the amount of commission given to the Underwriter are fair as compared to the market practice and commercially reasonable as agreed between the Company and the Underwriter.

Pursuant to the Underwriting Agreement, the Company has undertaken that it shall not, without the prior consent of the Underwriter, repurchase any Shares or issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares (other than the Offer Shares) which right is exercisable on or prior to the Record Date from the date of the Underwriting Agreement until after the Latest Time For Acceptance, being at 4:00 p.m. on Thursday, 9 August 2012.

Termination of the Underwriting Agreement

The Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate its obligations thereunder if at any time prior to the Latest Time for Termination:

- (i) in the sole and absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the sole and absolute opinion of the

LETTER FROM THE BOARD

Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the sole and absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (f) any suspension in the trading of the Shares on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer; or
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the sole and absolute opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Open Offer; or
 - (iii) this prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any law or the Listing Rule or any applicable regulation) which has not prior to the date hereof been publicly announced or published by the Company and which in the sole and absolute opinion of the Underwriter is material to the Group as a whole upon completion of the Open Offer and is likely to affect materially and adversely the success of the Open Offer; or

LETTER FROM THE BOARD

- (iv) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter and which in the sole and absolute opinion of the Underwriter is materially adverse to the success of the Open Offer,

then the Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon:

- (a) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of this prospectus if required by the Listing Rules, and a letter to the Prohibited Shareholders, if any, for information purpose only, explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the first day of their dealings; and
- (d) compliance with and performance of all the undertakings and obligations of the Company under the Underwriting Agreement.

The above conditions are incapable of being waived. If the above conditions are not satisfied by the Latest Time for Termination, or where appropriate, the times stipulated in the above conditions, or such later date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and the Open Offer shall not proceed.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after completion of the Open Offer is set out below (for illustration purposes only):

	As at the Latest Practicable Date		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up their respective entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholder takes up his/her/its entitlements under the Open Offer) (Note 3)	
	Shares	% (approx.)	Shares	% (approx.)	Shares	% (approx.)
Group First Limited and its associates (Note 1)	415,448,000	28.35	623,172,000	28.35	415,448,000	18.90
Hou Chong Yu (Note 2)	169,737,767	11.58	254,606,650	11.58	169,737,767	7.72
Public						
Underwriter	—	—	—	—	732,777,083	33.33
Other public Shareholders	<u>880,368,400</u>	<u>60.07</u>	<u>1,320,552,600</u>	<u>60.07</u>	<u>880,368,400</u>	<u>40.05</u>
Total	<u><u>1,465,554,167</u></u>	<u><u>100.00</u></u>	<u><u>2,198,331,250</u></u>	<u><u>100.00</u></u>	<u><u>2,198,331,250</u></u>	<u><u>100.00</u></u>

Notes:

1. Group First Limited, currently holds 377,336,000 Shares in the Company, is a private company beneficially owned by Mr. Ni Xinguang, the Chairman and Executive Director, as to 60% and Mr. Wang Zhiming, a Director, as to 40%. Accordingly, the shareholding in the Company held by Group First Limited, Mr. Ni Xinguang and Mr. Wang Zhiming are deemed to be associated with each others. In addition, the personal interests of Mr. Ni Xinguang and Mr. Wang Zhiming of 19,156,000 Shares and 18,956,000 Shares, respectively in the Company has also been included herein.
2. Besides personally holding 4,306,000 shares in the Company, Ms. Hou Chong Yu wholly controls two corporation which hold interests in the company as follows:

Name of Corporations	<i>Number of Share held</i>
Golden Pioneer Investments Inc	11,100,000
Best Idea International Limited	<u>154,331,767</u>
	<u><u>165,431,767</u></u>

3. This scenario is for illustrative purpose and may never occur. Pursuant to the Underwriting Agreement,

LETTER FROM THE BOARD

- (a) the Underwriter (for itself and on behalf of the sub-underwriter(s)) has undertaken to the Company that the Underwriter and/or the sub-underwriter(s) and parties acting in concert with them will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Codes on the part of the Underwriter and/or the sub-underwriter(s) and parties acting in concert with them in respect of performing its/their obligations under the Underwriting Agreement; and
- (b) the Underwriter (for itself and on behalf of the sub-underwriter(s)) shall use all reasonable endeavours to ensure that, save for the Underwriter itself and its associates, each of the subscribers of the Untaken Shares procured by them, together with any party acting in concert (within the meaning of the Takeovers Code) with it, shall not hold 10% or more of the voting rights of the Company upon completion of the Open Offer.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Group incurred an audited consolidated loss of approximately HK\$106.2 million for the year ended 31 December 2011. As at 31 December 2011, the Group had audited consolidated net current liabilities and net liabilities of approximately HK\$552.7 million and HK\$17.4 million respectively. The Group intends to strengthen its financial position by the Open Offer, which will enable the Company to expand its capital base. In addition, the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Company. The Directors therefore consider that the Open Offer is in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Open Offer will be approximately HK\$36.6 million. The estimated net proceeds from the Open Offer will be approximately HK\$34.8 million. The Board intends to apply the net proceeds as additional working capital to strengthen the Group's capital base and to enhance the business operations of the Group.

ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS

The Open Offer may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options. The Company expects to make further announcement on the appropriate adjustment and the date it is to take effect in due course.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST TWELVE MONTHS

The Company did not conduct any fund raising activity during the past 12 months immediately before the Latest Practicable Date.

WARNING OF THE RISK OF DEALING IN THE SHARES

The Shareholders and potential investors of the Company should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed "Termination of the Underwriting Agreement" above). Accordingly, the Open Offer may or may not proceed.

LETTER FROM THE BOARD

The Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares, and if they are in any doubt about their positions, they should consult their professional advisers.

The Shareholders should note that the Shares have been dealt in on an ex-entitlement basis commencing from Wednesday, 11 July 2012 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject to are fulfilled (which is expected to be on Tuesday, 14 August 2012), will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

PROCEDURES FOR ACCEPTANCE AND PAYMENTS

Qualifying Shareholders will find enclosed with this prospectus the Application Form which entitles the Qualifying Shareholders to subscribe, subject to payment, for the number (or any lesser number) of Offer Shares shown therein. If a Qualifying Shareholder wishes to exercise his/her/its rights to subscribe for the Offer Shares specified in the Application Form (or a number of Offer Shares less than that specified in the Application Form), the Qualifying Shareholder must lodge the Application Form in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Company's share registrar and transfer office, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Thursday, 9 August 2012. All remittances must be made by cheques or cashier's orders in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by a licensed bank in Hong Kong and made payable to "China Seven Star Shopping Limited — Open Offer Account" and crossed "ACCOUNT PAYEE ONLY".

It should be noted that unless the duly completed Application Form, together with the appropriate remittance, has been lodged with the Company's share registrar and transfer office, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by 4:00 p.m. on Thursday, 9 August 2012, the relevant assured allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled.

The Application Form contains further information regarding the procedures to be followed if Qualifying Shareholders wish to accept the whole or part of their assured allotment.

All cheques and cashier's orders accompanying completed Application Form may be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of an Application Form with a cheque and/or a cashier's order, will constitute a warranty by the applicant that the cheque and/or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any Application Form in respect of which the accompanying cheque and/or cashier's order is dishonoured on first presentation, and, in such event, the relevant assured allotment and all rights and entitlement given pursuant to which will be deemed to have been declined and will be cancelled.

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The Application Form is for use only by the person(s) named therein and is not transferable. No receipt will be issued in respect of any acceptance monies received.

If the conditions of the Underwriting Agreement are not fulfilled and/or the Underwriting Agreement is terminated in accordance with its terms before the Latest Time for Termination, the monies received in respect of acceptance of Offer Shares will be returned to the Qualifying Shareholders or, in case of joint applicants, to the first-named person without interest by means of cheques despatched by ordinary post to the respective addresses specified in the register of members of the Company at their own risk as soon as practicable thereafter.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of applying for, holding, disposing of or dealing in the Offer Shares. It is emphasised that none of the Company, the Directors or any other parties involved in the Open Offer accepts responsibility of any tax effects or liabilities of holders of the Offer Shares resulting from the application for, holding, disposal of, or dealing in the Offer Shares.

The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee as a single Shareholder according to the register of members of the Company.

REASONS FOR REVISING THE EXPECTED TIMETABLE

As set out in the announcement of the Company dated 13 July 2012, this prospectus was expected to be despatched by the Company to the Shareholders on 18 July 2012. As additional time was required by the Company to finalise the contents of this prospectus, the date of despatch of this prospectus had been postponed to 25 July 2012.

ADDITIONAL INFORMATION

Your attention is drawn to the information contained in appendices to this prospectus.

By Order of the Board
China Seven Star Shopping Limited
Ni Xinguang
Chairman and Executive Director

1. SUMMARY OF THE FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the past three years has been published in the annual reports per below:

- (i) the financial information of the Group for the year ended 31 December 2011 is disclosed in the annual report of the Company for the year ended 31 December 2011 published on 18 April 2012, from pages 25 to 75;
- (ii) the financial information of the Group for the year ended 31 December 2010 is disclosed in the annual report of the Company for the year ended 31 December 2010 published on 12 April 2011, from pages 27 to 80; and
- (iii) the financial information of the Group for the year ended 31 December 2009 is disclosed in the annual report of the Company for the year ended 31 December 2009 published on 29 April 2010, from pages 27 to 76.

All of which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sevenstar.hk).

2. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, taking into consideration of the net proceeds from the Open Offer and the internal resources of the Group, the Group has sufficient working capital for its normal business operation for at least next 12 months from the date of publication of this prospectus.

3. INDEBTEDNESS

As at the close of business on 30 June 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the despatch of this prospectus,

Borrowings

As at the close of business on 30 June 2012, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this prospectus, the Group had secured bank loans of approximately HK\$9,752,000.

The secured bank loans are secured by a pledged bank deposit of approximately HK\$12,330,000. There was no material adverse change in the indebtedness of the Group from 30 June 2012 up to the Latest Practicable Date.

Contingent liabilities

As at the close of business on 30 June 2012, the Group did not have any significant contingent liabilities.

Disclaimers

Save as disclosed in this section and apart from intra-group liabilities and normal trade payables, the Group did not, as at the close of business on 30 June 2012, have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Subsequent change of indebtedness

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 30 June 2012.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the retail and distribution of consumer products and provision of television advertising services in the PRC. The Directors are optimistic about the prospects of the Group in light of the following reasons:

- (a) During the Twelfth Five-Year Plan period, the Government will launch a number of support policies aimed at improving people's livelihood and boosting domestic consumption. The spending power of the general public is expected to increase further, creating a solid foundation for the prosperous development of the retail industry. As income continues to rise, people will pursue a better lifestyle as well as purchase better quality goods. Local and international brands are intent on capturing a greater share of this world's biggest market, and will employ different advertising media such as television and the internet to promote their goods. This will in turn spur strong growth of the Chinese advertising industry;
- (b) With the highest penetration rate, television has become the most influential form of media, making it the top choice for many advertising customers, hence occupying the largest share of the advertising market. Also, from a CTR report, advertisement placements among provincial satellite channels and provincial channels, including Guangdong Satellite Television Channel, are increasing rapidly, and has exceeded the industry average.

The Group will therefore seek to capture the enormous opportunities emerging from favorable policies to develop television advertising agency services in the PRC, and thus support its long-term growth. The net proceeds from the Open Offer are intended to be used as additional working capital to strengthen the Group's capital base and to enhance the business operations of the Group.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP
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A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Open Offer on the unaudited consolidated net tangible assets of the Group as if the Open Offer had taken place on 31 December 2011.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Open Offer.

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is based on the audited consolidated negative net tangible assets of the Group as at 31 December 2011, adjusted as described below:

	<i>HK\$'000</i>
Audited consolidated negative net tangible assets of the Group attributable to owners of the Company as at 31 December 2011 (<i>Note 1</i>)	(240,894)
Estimated net proceeds from the Open offer (<i>Note 2</i>)	<u>34,839</u>
Unaudited pro forma adjusted consolidated negative net tangible assets	<u>(206,055)</u>
Audited consolidated negative net tangible assets per Share as at 31 December 2011 (<i>Note 3</i>)	<u>HK\$(0.164)</u>
Unaudited pro forma adjusted consolidated negative net tangible assets per Share after completion of the Open Offer (<i>Note 4</i>)	<u>HK\$(0.094)</u>

Notes:

1. The audited consolidated negative net tangible assets of the Group attributable to the owners of the Company as at 31 December 2011 are based on the consolidated net assets attributable to owners of the Company in the audited consolidated statement of financial position of the Group as at 31 December 2011 of approximately of HK\$289,952,000 less intangible assets of approximately HK\$530,846,000.
2. The estimated net proceeds from the Open Offer are based on 732,777,083 Offer Shares at the Subscription Price of HK\$0.05 per Offer Share, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$1,800,000.
3. The calculation of the audited consolidated negative net tangible assets per Share as at 31 December 2011 is based on 1,465,554,167 Shares in issue as at the Latest Practicable Date.
4. The calculation of the unaudited pro forma adjusted consolidated negative net tangible assets per Share is based on 2,198,331,250 Shares, which is an aggregate of 1,465,554,167 Shares in issue as at the Latest Practicable Date and 732,777,083 Offer Shares after the completion of the Open Offer.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.



29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

25 July 2012

The Board of Directors
China Seven Star Shopping Limited
Unit A02, 11/F
Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

We report on the unaudited pro forma statement of adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of China Seven Star Shopping Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Open Offer (as defined in the Prospectus of the Company dated 25 July 2012 (the “Prospectus”)) might have affected the consolidated negative net tangible assets of the Group as if the Open Offer had taken place on 31 December 2011, for inclusion in Appendix II to the Prospectus. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Section A of Appendix II to the Prospectus.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2011 or any future date.

We make no comments regarding the reasonableness of the amount of net proceeds from the Open Offer, the application of those net proceeds, or whether such use will actually take place as described under “Reasons for the Open Offer and Use of Proceeds” set out on page 16 of the Prospectus.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This prospectus, 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 prospectus 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 prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and upon completion of the Open Offer are as follows:

	<i>HK\$</i>
Authorised	
3,200,000,000 Shares of HK\$0.01 each	<u>32,000,000.00</u>
Issued and Fully Paid	
1,465,554,167 Shares as at the Latest Practicable Date	14,655,541.67
732,777,083 Offer Shares	<u>7,327,770.83</u>
2,198,331,250 Shares upon completion of Open Offer	<u>21,983,312.50</u>

All the Offer Shares to be issued will rank pari passu with each other in all respects including the right to vote, dividends and return of capital, and with all the Shares in issue as at the date of allotment and issue of the Offer Shares. The Offer Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Offer Shares or any other securities of the Company to be listed or dealt in on any other Stock Exchange.

There is no arrangement under which future dividends are/will be waived or agreed to be waived.

As at the Latest Practicable Date, save for the outstanding Share Options entitling the holders thereof to subscribe for 33,848,000 new Shares, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, no capital of any member of the Group are under option, or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the following Directors were interested, or were deemed to be interested in the following long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

Long position in Shares

Name of Director	Personal interests	Corporate interests	Total	% (Note (b))
	<i>Number of Shares</i>			
Ni Xingguang	19,156,000	377,336,000	396,492,000	27.05%
Wang Zhiming	18,956,000	377,336,000	396,292,000	27.04%

Notes:

- (a) 377,336,000 shares were owned by Group First Limited, a private company beneficially owned by Mr. Ni Xingguang as to 60% and Mr. Wang Zhiming as to 40%, representing approximately 25.75% of the issued share capital of the Company.
- (b) Based upon 1,465,554,167 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors were interested, or were deemed to be interested in the long and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors were aware, the following persons (other than a director or chief executive of the Company) who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long positions in the shares and underlying shares of the Company

Name	Capacity	Number of Shares	% (Note (c))
Group First Limited and its associates	Beneficial owner (Note (a))	415,448,000	28.35%
Hou Chong Yu	Beneficial owner	4,306,000	0.29%
	Interest controlled through corporations (Note (b))	165,431,767	11.29%
Best Idea International Limited (Note (b))	Beneficial owner	154,331,767	10.53%

Notes:

- (a) Group First Limited is a private company beneficially owned by Mr. Ni Xinguang as to 60% and by Mr. Wang Zhiming as to 40%. Both Mr. Ni Xinguang and Mr. Wang Zhiming are executive Directors. Accordingly, the 377,336,000 shares owned by Group First Limited is also deemed to be the corporate interests of each of Mr. Ni Xinguang and Mr. Wang Zhiming.
- (b) The following corporations, which are wholly controlled by Ms. Hou Chong Yu, hold the following interests in the company:

Name of Corporations	Number of Share held
Golden Pioneer Investments Inc	11,100,000
Best Idea International Limited	<u>154,331,767</u>
	<u>165,431,767</u>

- (c) Based upon 1,465,554,167 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, the Directors were not aware of any other persons (other than a director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

6. MATERIAL CONTRACTS

Within the two years immediately preceding the date of this prospectus, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Company and is or may be material:

- (a) A memorandum of understanding dated 26 April 2011 made between Fujian Wintown Investment (Holding) Limited as vendor and the Company as purchaser in relation to a possible acquisition of the 35% equity interests of 福建省萬星電影發展有限公司 (translated as Fujian Province Million Stars Movie Development Limited) at a consideration which is subject to further negotiation between the parties, a company engaged in film production, film distribution and screening and cinemas development and construction in the PRC; and
- (b) Underwriting Agreement.

7. LITIGATION

The Company is currently seeking legal advice on a potential claim against a vendor, a director of the vendor and two ex-directors of the Company arising from an acquisition of a PRC hotel at a total consideration of HK\$120 million undertaken by the Group in September 2010. The Group may claim the costs and expenses associated with the acquisition. As at the Latest Practicable Date, the potential claim is still at a preliminary stage and no hearing date has yet been fixed.

The Directors believe that appropriate provisions have been made in the financial statements of the Group and the Group has a legitimate claim and a strong defence regarding the above potential claim and consider that this potential claim would not have material impact on the Group.

As at the Latest Practicable Date, save as disclosed above, neither the Company nor its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

8. COMPETING INTERESTS

So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete with the business of the Group.

9. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS OF THE GROUP

- a. So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors had any interest, either direct or indirect, in any assets which had been since 31 December 2011 (being the date to which the latest published audited accounts were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- b. So far as the Directors were aware, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of hereof which was significant in relation to the business of the Group.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this prospectus or has given opinion or letter contained in this prospectus:

Name	Qualifications
RSM Nelson Wheeler	Certified Public Accountants

RSM Nelson Wheeler has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion therein of its letter and/or references to its name, in the form and context in which it appears.

As of the Latest Practicable Date, RSM Nelson Wheeler did not have any shareholding in any member of the Group and did not have the right to subscribe for or to nominate persons to subscribe for shares in any member of the Group.

11. EXPENSES

The expenses in connection with the Open Offer, including the underwriting commission, professional fee payable to lawyers, accountants, financial printer, share registration and other related expenses, are estimated to be approximately HK\$1.8 million and will be payable by the Company.

12. PARTIES INVOLVED IN THE OPEN OFFER AND CORPORATE INFORMATION

Registered and principal office	Unit A02, 11/F Bank of East Asia Harbour View Centre 56 Gloucester Road Wanchai, Hong Kong
Auditor	RSM Nelson Wheeler <i>Certified Public Accountants</i> 29/F, Caroline Centre, Lee Garden Two 28 Yun Ping Road Causeway Bay, Hong Kong
Financial adviser	Oriental Patron Asia Limited 27/F, Two Exchange Square 8 Connaught Place Central, Hong Kong
Underwriter	Oriental Patron Securities Limited 27/F, Two Exchange Square 8 Connaught Place Central, Hong Kong
Legal adviser to the Company	Michael Li & Co. 19/F, Prosperity Tower 39 Queen's Road Central Central, Hong Kong
Principal Bankers	China Merchants Bank 161 Lujiazui Road Pudong Shanghai, PRC China Construction Bank No. 900, Lujiazui Ring Road Pudong Shanghai, PRC Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC Tower, 3 Garden Road Central, Hong Kong

Industrial Bank Co., Ltd.
2/F, 168 Jiangning Road
Jingan District
Shanghai, PRC

The Hongkong and Shanghai Banking Corporation Limited
China Insurance Group Building
141 Des Voeux Road Central
Central, Hong Kong

UBS
46/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Share registrar and transfer
office of the Company

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Authorised representatives

Ni Xinguang, Wang Zhiming

Company secretary

Law Gerald Edwin

13. PARTICULARS OF THE DIRECTORS AND COMPANY SECRETARY

Name	Address
Executive Directors:	
Mr. Ni Xinguang	Room 2602 No. 26, Yanlord Gardens Lane 99, Puming Road Pudong New District Shanghai PRC
Mr. Wang Zhiming	Room 1704 No. 29, Yanlord Gardens Lane 99, Puming Road Pudong New District Shanghai PRC
Independent non-executive Directors:	
Mr. Lu Wei	Room 2401, Block 1 Lane 199, Shi Men Er Road Shanghai PRC
Mr. Wong Chak Keung	Flat B, 26/F Tower 3 Metro Town Tseung Kwan O Hong Kong
Mr. Ling Yu Zhang	Flat D, 2/F, Block 6 Xinquan Apartment 20 Jinquan Road Fuzhou Fujiang PRC

Brief biographical details of Directors and company secretary*Executive Directors*

Mr. Ni Xinguang, aged 43, was appointed as chairman and executive Director on 12 March 2004 and a director of a subsidiary of the Company. Mr. Ni has extensive experience in the retail, distribution and printing business in the PRC. Further to a Diploma in Education, Mr. Ni also has a Degree of Master of Business Administration from the Nanyang Technological University in the Republic of Singapore.

Mr. Wang Zhiming, aged 41, was appointed as an executive Director on 12 March 2004 and resigned on 11 November 2005 due to personal commitments. Mr. Wang remained thereafter as a business consultant of the Company and Director of the operating subsidiaries of the Company and was appointed as an executive Director again on 18 November 2006 and a Director of several subsidiaries of the Company. Mr. Wang was also appointed as a managing Director of the Company on 15 October 2007. Mr. Wang obtained a Certificate in Law in the PRC and a Degree of Master of Business Administration from the Nanyang Technological University in the Republic of Singapore. Mr. Wang has extensive experience in marketing and management of retail and distribution operations in the PRC.

Independent non-executive Directors

Mr. Wong Chak Keung, aged 45, was appointed as an independent non-executive Director on 31 January 2011. Mr. Wong is also the chairmen and members of audit committee and corporate governance committee and members of remuneration committee and nomination committee of the Company. Mr. Wong holds a bachelor degree in business from The University of Southern Queensland in Australia. Mr. Wong is also a member of the Hong Kong Institute of Certified Public Accountants and CPA Australia respectively. Mr. Wong has been in the accounting profession for over 15 years. Before joining the Company, Mr. Wong has the working experience in international accounting firms, listed and other companies involved in investment, accounting, educational business, manufacturing, corporate finance and mergers and acquisitions. Mr. Wong is an executive director of China Investment Development Limited (stock code: 204) which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and an independent non-executive director of Bingo Group Holdings Limited (stock code: 8220) which is listed on the Growth Enterprise Market of the Stock Exchange (the "GEM") respectively. Mr. Wong was an executive director of China Innovation Investment Limited (stock code: 1217) during the period from November 2007 to June 2011 and an executive director of China Trends Holdings Limited (stock code: 8171) during the period from February 2008 to June 2011 and the two companies are listed on the Main Board of the Stock Exchange and the GEM respectively.

Mr. Ling Yu Zhang, aged 68, was appointed as an independent non-executive Director on 1 September 2011. Mr. Ling is also chairman and member of the remuneration committee and members of the audit committee, nomination committee and corporate governance committee of the Company. He graduated from the Department of Mechanical Engineering of Beijing Institute of Technology and is a Senior Economist.

Mr. Ling has more than 40 years of experience in the automobile and mechanical industry. Mr. Ling has been appointed as Vice-director of Provincial Machinery and Industry Department in Fujian, Chairman of Fujian Motor Industry Group Company and member of the 9th committee of the Chinese People's Political Consultative Conference in Fujian.

Mr. Lu Wei, aged 48, was appointed as an independent non-executive Director on 15 June 2005. Mr. Lu is also the chairman and member of nomination committee and members of audit committee, corporate governance committee and remuneration committee of the Company. Mr. Lu is currently a professor and Associate Dean of the Antai College of Economics & Management of Shanghai Jiao Tong University in the PRC. He graduated from the School of Management in Shanghai Fu Dan University with a Ph.D. degree. Mr. Lu is also an independent non-executive director of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd., Shanghai Guangdian Electric Group Co., Ltd., Luolai Home Textile Co., Ltd. and China Yongda Automobiles Services Holdings Limited, all are companies listed on the Shanghai/Shenzhen/Hong Kong Stock Exchange.

Company secretary

Mr. Law Gerald Edwin, aged 35, was appointed as the company secretary of the Company on 17 March 2011. Mr. Law has over 10 years of experience in accounting, taxation, financing and auditing in Hong Kong. Mr. Law holds an Honor Diploma in Accounting and Master's degree in Financial Management. He is a fellow member of Association of International Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a Certified Tax Adviser (Hong Kong) and an associate member of The Taxation Institute of Hong Kong.

14. MISCELLANEOUS

In the event of inconsistency, the English text shall prevail over the Chinese text.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, from the date of this prospectus up to and including the Latest Time for Acceptance:

- (a) the memorandum and articles of association of the Company;
- (b) the audited annual reports of the Company for the three years ended 31 December 2009, 2010 and 2011;
- (c) the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this prospectus;

- (d) the letter from RSM Nelson Wheeler in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the text of which is set out in Appendix II to this prospectus;
- (e) the written consent from the expert referred to in paragraph headed “Expert and consent” in this prospectus;
- (f) the material contracts referred to under the paragraph headed “Material contracts” in this prospectus; and
- (g) this prospectus.

16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of this Prospectus Documents and the consent letter referred to in paragraph headed “Expert and consent” in this appendix have been registered with the Registrar of Companies in Hong Kong pursuant to Section 38D of the Companies Ordinance.

17. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. When an acceptance or application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance.