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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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

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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

- (1) PROPOSED GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;**
- (2) PROPOSED RE-ELECTION OF DIRECTORS;**
- (3) PROPOSED ADOPTION OF SHARE AWARD SCHEME;**
- (4) PROPOSED AMENDMENTS TO SHARE OPTION SCHEME;**
- (5) PROPOSED GRANT AND ISSUE OF AWARDED SHARES TO
AN EXECUTIVE DIRECTOR;**
- (6) PROPOSED ADOPTION OF NEW BYE-LAWS
AND**
- (7) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Star Entertainment Limited (the “**Company**”) to be held at Golden Restaurant, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 29 June 2023 at 4:00 p.m. is set out on pages 161 to 167 of this circular. A proxy form for use at the Annual General Meeting is enclosed with this circular. Such proxy form is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.chinastar.com.hk.

Whether or not you intend to attend the meeting, you are requested to complete and return the enclosed proxy form in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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DEFINITIONS

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

“Amended Rules”	the amendments to Chapter 17 of the Listing Rules relating to share schemes of listed issuers, which took effect on 1 January 2023
“Amended Share Option Scheme”	the amended share option scheme which incorporates all of the Proposed Amendments to the Share Option Scheme
“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at Golden Restaurant, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 29 June 2023 at 4:00 p.m., a notice of which is set out on pages 161 to 167 of this circular
“associates”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the Audit Committee of the Company
“Award”	an award of Awarded Shares to Selected Participant pursuant to the Share Award Scheme
“Awarded Shares”	the Shares to be awarded to a Selected Participant under the Share Award Scheme
“Board”	the board of Directors for the time being or a duly authorised committee thereof
“Bonus CBs”	the outstanding bonus convertible bonds constituted by the deed polls executed by the Company on 9 January 2013 and 22 January 2014 respectively and issued on the respective dates which are convertible into Shares at the conversion price of HK\$0.25 per Share (after adjustment)
“Bye-laws”	the bye-laws of the Company, as may be amended from time to time
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	China Star Entertainment Limited (stock code: 326), an exempted company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange

DEFINITIONS

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Douyin”	a short-form video hosting service which allows users to create and share short videos with various visual effects, filters, music and other creative tools and is owned by ByteDance Ltd., a Chinese technology company headquartered in Beijing
“Eligible Employee(s)”	any Director or employee (whether full time or part time, including any executive Director and including any person who has entered into an employment contract with the Group, provided that the commencement date of his/her tenure under the employment contract shall fall on a date before the Vesting Date and such employment contract shall remain valid and subsisting up to and including the Vesting Date, and provided further that such person shall not be regarded as an Eligible Employee if he/she dies before the commencement date of his/her tenure under the employment contract and including those who are granted Awards under the Share Award Scheme as an inducement to enter into employment contracts with any member of the Group) of the Group
“Eligible Participant(s)”	any person who is eligible to receive an Award under the Share Award Scheme who could be (i) an Eligible Employee; (ii) a Related Entity Participant or (iii) a Service Provider and/or share option under the Amended Share Option Scheme, who could be (i) an Employee Participant; (ii) a Related Entity Participant; or (iii) a Service Provider
“Excluded Participant(s)”	any Eligible Participant who is resident in a place where an Award and/or the vesting and transfer of Awarded Shares pursuant to the terms of the Share Award Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant
“Employee Participant(s)”	any Director or employee (whether full time or part time) of the Company or any of its subsidiaries (and including persons who are granted Options under the Amended Share Option Scheme as an inducement to enter into employment or service contracts with these companies)

DEFINITIONS

“General Mandates”	the Repurchase Mandate and the general mandate to issue securities to be sought at the Annual General Meeting
“GMV”	the gross merchandise value generated through the Influencer Business
“Grant”	the grant of 164,000,000 Awarded Shares to the Grantee pursuant to the Share Award Scheme
“Grantee”	Ms. Chen Ming Yin, Tiffany, vice chairman and executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Independent Shareholders”	Shareholders other than the Grantee and her associates
“Individual Limit” or “1% Individual Limit”	a limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to any grantee in the 12-month period up to and including the date of relevant offer, which must not exceed 1% of the issued Shares
“Influencer Business”	the development, promotion and operation of internet platforms for the Group which uses the Grantee’s social influence, social followers and opinion as a key opinion leader for marketing, endorsement and product placements of products and services for generating revenue, profit, branding and awareness for the Group
“Influencer Subsidiary”	杭州英明向太多媒體有限公司, a company established in The People’s Republic of China with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in the Influencer Business
“Latest Practicable Date”	2 June 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Nomination Committee”	the Nomination Committee of the Company
“Option(s)”	option(s) to subscribe for Shares granted pursuant to the Share Option Scheme and the Amended Share Option Scheme
“Proposed Amendments to the Share Option Scheme”	the proposed amendments to the Share Option Scheme
“Related Entity Participant(s)”	any Director or employee (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company
“Remuneration Committee”	the Remuneration Committee of the Company
“Repurchase Mandate”	the proposed new general mandate, to be sought at the Annual General Meeting, to authorise the Directors to repurchase Shares in the manner as set out in the notice of the Annual General Meeting
“RMB”	Renminbi, the lawful currency of The People’s Republic of China
“Scheme Mandate Limit”	the total number of Shares which may be issued in respect of all Options and Awards to be granted under the Amended Share Option Scheme, the Share Award Scheme and any other Share Schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Amended Share Option Scheme, the Share Award Scheme and any other Share Schemes of the Group
“Selected Participant(s)”	Eligible Participant(s) selected by the Board pursuant to the Share Award Scheme for participation in the Share Award Scheme (or in the case of a Selected Participant, his legal personal representative or lawful successor as the case may be)

DEFINITIONS

“Service Provider(s)”	any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and excludes (for the avoidance of doubt) (i) placing agents or financial advisers providing advisory services for fund-raising, mergers or acquisitions; and (ii) professional service providers (such as auditors or valuers) who provide assurance, or are required to perform their services with impartiality and objectivity
“Service Provider Sublimit”	the total number of Shares which may be issued in respect of all Options and Awards to be granted under the Amended Share Option Scheme, the Share Award Scheme and any other Share Schemes of the Group to the Service Provider shall not in aggregate exceed 1% of the total number of Shares in issue as at the date of approval of the Amended Share Option Scheme, the Share Award Scheme and any other Share Schemes of the Group
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Award Scheme”	the Company’s share award scheme proposed to be approved and adopted by the Shareholders in the Annual General Meeting, the details of which are set out in Appendix III of this circular
“Shareholder(s)”	holder(s) of Shares from time to time
“Share Option Scheme”	the share option scheme adopted by the Company on 29 June 2022
“Share Scheme(s)”	share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time, including the Share Award Scheme and the Amended Share Option Scheme
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	any subsidiary(ies) of the Company for the time being within the meaning of Part 1, Division 4 of the Companies Ordinance (Cap. 622)
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“Trust Deed”	the trust deed (if applicable) to be executed by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms of the Share Award Scheme, as amended from time to time
“Trustee”	such trustee or trustees (if any) as shall be from time to time appointed by the Company for the administration of Shares and other trust assets to be held by the Trustee for the implementation of the Share Award Scheme pursuant to and in accordance with the terms of the Trust Deed and to the extent that the trustee is a committee, it must comprise a majority of the independent non-executive Directors
“Vesting Date”	in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Participant pursuant to an Award
“%”	per cent.

LETTER FROM THE BOARD



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

Executive Directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung

Independent non-executive Directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Tai Kwok Leung, Alexander

Registered office:

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

*Head office and principal place
of business in Hong Kong:*

Unit 3409
Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

6 June 2023

*To the Shareholders and, for information only,
the holders of Bonus CBs*

Dear Sir or Madam,

- (1) PROPOSED GENERAL MANDATES TO ISSUE
AND TO REPURCHASE SECURITIES;
(2) PROPOSED RE-ELECTION OF DIRECTORS;
(3) PROPOSED ADOPTION OF SHARE AWARD SCHEME;
(4) PROPOSED AMENDMENTS TO SHARE OPTION SCHEME;
(5) PROPOSED GRANT AND ISSUE OF AWARDED SHARES TO
AN EXECUTIVE DIRECTOR;
(6) PROPOSED ADOPTION OF NEW BYE-LAWS
AND
(7) NOTICE OF ANNUAL GENERAL MEETING**

PROPOSED GENERAL MANDATES TO ISSUE AND TO REPURCHASE SECURITIES

The Directors have taken the opportunity to convene a meeting of the Shareholders to propose a resolution to grant a general mandate to the Directors to exercise the powers of the Company to allot, issue and deal with securities not exceeding 20% of the total number of Shares in the issued share capital

LETTER FROM THE BOARD

of the Company as at the date of the passing of the resolution. As at the Latest Practicable Date, there were 2,460,850,479 Shares in issue. Assuming no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the general mandate to be sought at the Annual General Meeting will allow the Company to allot, issue and deal with securities not exceeding 492,170,095 Shares. An ordinary resolution will also be proposed at the Annual General Meeting to grant to the Directors a general mandate to repurchase Shares not exceeding 10% of the total number of Shares in the issued share capital of the Company as at the date of the passing of such resolution. In addition, if the General Mandates are granted, an ordinary resolution will also be proposed at the Annual General Meeting to grant to the Directors an extension of general mandate to allot, issue and deal with additional Shares repurchased under the Repurchase Mandate.

The General Mandates will end on the earliest of (i) the date of the next annual general meeting; (ii) the date by which the next annual general meeting of the Company is required to be held by law, the Bye-laws and the Companies Act; or (iii) the date upon which such authority is revoked or varied by ordinary resolution of the Company in general meeting.

The Directors believe that it is in the interests of the Company and the Shareholders as a whole if the General Mandates were granted at the Annual General Meeting. The need for an issue of securities under the general mandate to issue securities could, for example, arise in the context of a transaction, such as an acquisition by the Group where securities are to be issued as consideration, which has to be completed speedily. The Directors currently have no intention of any acquisition by the Company nor any plan for raising capital by issuing new securities.

In accordance with the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the granting of a mandate to the Directors to exercise the powers of the Company to repurchase its own Shares. Such explanatory statement is set out in the Appendix I to this circular.

PROPOSED RE-ELECTION OF DIRECTORS

Pursuant to Bye-laws 99(A) and 99(B) of the Bye-laws, Mr. Ho Wai Chi, Paul shall retire from office by rotation at the Annual General Meeting and, being eligible, offer himself for re-election at the Annual General Meeting. Pursuant to code provision B.2.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, as Mr. Ho Wai Chi, Paul has served as independent non-executive Director for more than nine years, his re-election will be subject to a separate resolution to be approved by the Shareholders.

Pursuant to Bye-laws 102(B) of the Bye-laws, Mr. Tai Kwok Leung, Alexander, appointed on 4 January 2023, will hold office until the next annual general meeting of the Company. Mr. Tai Kwok Leung, Alexander shall then retire at the Annual General Meeting and, being eligible, will offer himself for re-election at the Annual General Meeting.

LETTER FROM THE BOARD

The Nomination Committee has reviewed the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company's Board diversity policy and the Company's policy for nomination of Directors as set forth in the terms of reference of the Nomination Committee, the Company's corporate strategy, and the independence of all independent non-executive Directors. Having evaluated the re-election, the Nomination Committee considers that the retiring Directors continue to satisfy the selection criteria as set out in the Company's policy. In addition, Mr. Ho Wai Chi, Paul has been appointed as independent non-executive Director since 18 July 1996 and has served the Company for more than nine years. The Board and the Nomination Committee believe Mr. Ho Wai Chi, Paul is still independent and should be re-elected for the reasons set out in his particulars in Appendix II to this circular.

With the recommendation of the Nomination Committee, the Board proposes to re-elect Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander as independent non-executive Directors at the Annual General Meeting.

Particulars relating to Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander are set out in the Appendix II to this circular.

Length of tenure of independent non-executive Directors

As at the Latest Practicable Date, the length of tenure of each of Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Tai Kwok Leung, Alexander was 26 years, 26 years and 5 months respectively.

PROPOSED ADOPTION OF SHARE AWARD SCHEME

The Share Award Scheme will constitute a share scheme involving the grant of new Shares for the purposes of the Amended Rules. Pursuant to the Amended Rules, share schemes involving the grant of new shares must be approved by shareholders of the listed issuer in general meeting. Accordingly, the adoption of the Share Award Scheme will be subject to, among others, Shareholders' approval at the Annual General Meeting.

Purposes and objectives

The purposes and objectives of the Share Award Scheme are: (i) to recognise the contributions by certain Eligible Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on the date on which the Share Award Scheme is adopted by the Company.

LETTER FROM THE BOARD

Administration

The Share Award Scheme shall be subject to the administration of the Board in accordance with the Share Award Scheme, the Trust Deed and all applicable laws and regulations. Any Award to any of the Eligible Participants pursuant to the rules of the Share Award Scheme may be satisfied by (i) existing issued Shares to be transferred to the Trustee or purchased by the Trustee in the market; or (ii) new Shares to be allotted and issued by the Company and to be subscribed by the Trustee. The Company will appoint the Trustee to assist with the administration and vesting of the Awards granted pursuant to the Share Award Scheme, and the Trustee will hold the Awarded Shares (and the related income, if any) on trust for the benefit of the Selected Participants under the Share Award Scheme pursuant to the terms of the Trust Deed.

Eligible Participants

Eligible participants under the Share Award Scheme include any Eligible Employee, Related Entity Participants and Service Providers.

In determining the number of Award to any Selected Participant, the Board or the committee of the Board shall take into consideration matters including, but without limitation to:

- (i) the present and expected contribution of the relevant Selected Participant to the profits growth of the Group;
- (ii) the general financial condition of the Group;
- (iii) the Group's overall business objectives and future development plan; and
- (iv) any other matter which the Board or the committee considers relevant.

Further, the Board or the committee will consider the following in determining the eligibility of each category of the Service Providers:

- (i) supplier of services, including suppliers, advisors, consultants, agents or other professional firms with expertise in the research, development, production, marketing of (i) film related business operations; (ii) property development and investment and (iii) multi-media and entertainment businesses to any member of the Group. When considering eligibility of, and terms of Award to the Service Providers under this category, the Board or the committee of the Board will consider, among other things: (a) the nature, scope and frequency of services supplied; (b) the reliability and quality of services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period); or

LETTER FROM THE BOARD

- (ii) business partners, including distributors, joint venture partners or other contractual parties that collaborate with the Group on continuing or discrete consulting projects. When considering eligibility of, and terms of Award to the Service Providers under this category, the Board or the committee will consider, among other things: (a) the nature, scope and frequency of services supplied; (b) the reliability and quality of services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration, the contract value and the number or variety of deliverables produced from such engagement for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period),

who are, or anticipated to be going forward, significant suppliers of services or business partners, or otherwise significant to the Group's business. Such persons may be remunerated with equity incentives to align the long-term interests of such persons with the Group.

The Directors (including the independent non-executive Directors) consider that each of the Related Entity Participants and proposed categories of Service Providers are in line with the Company's business needs and the industry norm, and the criteria for the election of Eligible Participants and the terms of the Grant align with the purpose of the Share Award Scheme, based on the following reasons:

(i) In relation to the Related Entity Participants –

- (a) the close working relationship with Related Entity Participants. Despite that Related Entity Participants may not be directly appointed or employed by the members of the Group (who would otherwise be categorised as Employee Participants), they are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships with the Group, as well as involvement in joint work projects in close connection with the Group's business. As such, the Company recognises the importance of their past or future contribution and wish to incentivise them by including them as Eligible Participants and granting Awards to them accordingly based on their performance, which may in turn further strengthen the collaboration and ties with Group. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the Share Award Scheme to include the Related Entity Participants in recognition of their contribution to the Company, even though they may not be directly working as an employee or officer of the Group;

LETTER FROM THE BOARD

(ii) *In relation to Service Providers –*

- (a) the nature and norm of the film related, property development and investment and multi-media and entertainment businesses industry. It is in line with the industry norm to co-operate with former employees or management or seasoned professionals by engaging them as service providers instead of employing them as full-time or part-time employees, directors or officers of the Group for various reasons, including their preference or compliance with legal requirements to be engaged on self-employment basis, and/or their in-depth industry know-how which is highly regarded by comparable companies and thus unwillingness to serve the Group exclusively. The industry-specific knowledge and connections accumulated based on their years of experience in the film related, property development and investment and multi-media and entertainment businesses industry and/or with the Group are key to the successful business development in such industry;
- (b) the engagement of service providers by the Group. The Group has collaborated with independent contractors, consultants, advisors and joint venture partners who provide advisory, consultancy and/or other professional services to the Group on areas relating to, inter alia, the Group's film related, property investment and development, multi-media and entertainment businesses.

(iii) *In relation to eligibility criteria and terms of Award –*

- (a) adequate factors in determining eligibility and terms of Award. As elaborated above, the Board or the committee of the Board will take into account a number of qualitative and quantitative factors when assessing the eligibility of and actual or potential contribution by the different categories of Eligible Participants who are not Employee Participants on a case-by-case basis and, in particular, each category of Service Providers Participant will be evaluated against additional aspects. Additionally, the Board or the committee of the Board has the discretion to impose different terms and conditions (including but not limited to vesting conditions such as performance targets) on Awards to be granted to these Eligible Participants, which allows the Board having greater flexibility to impose appropriate conditions in light of the particular circumstances of each Award, which would place the Group in a better position to assess the contribution of Eligible Participants and align with the purpose of the Share Award Scheme.

LETTER FROM THE BOARD

Grant of awards

The Board may, from time to time, subject to the provisions of the Share Award Scheme, select any Eligible Participant (other than any Excluded Participant) for participation in the Share Award Scheme as a Selected Participant, and grant such number of Awarded Shares to any Selected Participant at nil consideration and in such number and on such terms and conditions as it may in its absolute discretion determine.

Pursuant to Rule 17.04(1), where any grant of Awarded Shares is proposed to be made to any Selected Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the Selected Participant of the Awarded Shares). Such requirements do not apply where the Selected Participant is only a proposed Director or proposed chief executive of the Company. Pursuant to Rule 17.04(2), Shareholders' approval is required at a general meeting where any grant of Awarded Shares to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of the Award granted to such person under the Share Award Scheme (excluding any awards lapsed in accordance with the terms of the Share Award Scheme) in any 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company. Pursuant Rule 17.04(3), Shareholders' approval is required at a general meeting where any grant of Awarded Shares to an independent non-executive Director or substantial shareholders of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the Share Award Scheme and all other share schemes (excluding any awards lapsed in accordance with the terms of the Share Award Scheme) in any 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company. In the circumstances described in Rules 17.04(2) and 17.04(3), the Company must send a circular to the Shareholders. The grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

In determining the number of Awarded Shares to be granted to any Selected Participant (excluding any Excluded Participant), the Board shall take into consideration matters including, but without limitation to (i) the present contribution and expected contribution of the relevant Selected Participant to the profits of the Group; (ii) the general financial condition of the Group; (iii) the Group's overall business objectives and future development plan; and (iv) any other matters which the Board considers relevant.

LETTER FROM THE BOARD

Vesting of Awarded Shares

The Share Award Scheme shall be subject to a minimum vesting period of twelve (12) months, subject to a shorter vesting period for the Awarded Shares granted to Employee Participants at the discretion of the Remuneration Committee or the Board under each of the following circumstances:

- (a) grants of “make-whole” rewards to new employees to replace the share awards they forfeited when leaving the previous employers;
- (b) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event or retired at his/her normal retirement date or retired of an earlier retirement date (with prior written agreement given by the Company or the affected company);
- (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant;
- (d) grants that are made in batches during a year for administrative and compliance reasons; and
- (e) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting. These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period as set out in the consultation conclusions. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the purpose of the Share Award Scheme (and other share scheme(s), where applicable).

Vesting shall only occur upon satisfaction (or where applicable, waived by the Remuneration Committee and the Board) of the conditions imposed by the Remuneration Committee and the Board. The Remuneration Committee and the Board or person(s) to which the Remuneration Committee and the Board delegated their authority may either direct and procure the Trustee(s) to release from the Trusts the Awarded Shares to the Selected Participants by transferring the number of Awarded Shares to the Selected Participants in such manner as determined by the Remuneration Committee and the Board from time to time.

Subject to the Amended Rules, save as determined otherwise by the Board at its sole discretion, the Selected Participant shall cease immediately to be entitled to all his/her rights and benefits to the Awarded Shares outstanding and unvested in the event that (i) the Selected Participant ceases to be an Eligible Participant (otherwise than by reason of redundancy or by unilateral termination of employment by the Company without cause); (ii) the Selected Participant has been summarily dismissed by the Company; (iii) the Selected Participant has been convicted for any criminal offence involving his/her integrity or honesty; (iv) the Selected Participant has been charged, convicted or held liable for any offence under the relevant securities laws in the PRC, Hong Kong or any other applicable laws or

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regulations in force from time to time; (v) the Selected Participant has committed any material breach of any contract entered into between the Selected Participant on the one hand and any member of the Group on the other hand; (vi) the Selected Participant has become bankrupt or unable to pay his or her debts, or is subject to any bankruptcy or analogous proceedings or has made any arrangement or composition with his or her creditors generally; (vii) the Selected Participant is deceased, disabled or becomes mentally incapacitated; (viii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); (ix) any of the vesting conditions upon an Award to the relevant Selected Participant as determined by the Remuneration Committee and the Board was not fulfilled; or (x) the Selected Participant retires by agreement with the Company at any time prior to or on the Vesting Date.

Scheme Mandate Limit, Service Provider Sublimit and 1% Individual Limit

The maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under the Share Award Scheme, and the Options and awards to be granted under the Amended Share Option Scheme or any other Share Scheme(s) shall not in aggregate exceed 10% of the number of Shares in issue as at the date on which the Share Award Scheme is adopted by the Company.

Any grant of awards in excess of the 1% Individual Limit must be separately approved by the Shareholders in general meeting with such Selected Participant and his/her close associates (or his associates if the Selected Participant is a connected person of the Company) abstaining from voting. The number and terms of awards to be granted to such grantee must be fixed before Shareholders' approval.

Further, based on Rule 17.03B(2) of the Amended Rules and the Share Award Scheme (and other share scheme(s), where applicable), within the Scheme Mandate Limit, the Service Provider Sublimit, being the total number of Shares which may be allotted and issued in respect of all Options and Awards to be granted to the Service Providers under the Share Award Scheme, the Amended Share Option Scheme and any other Share Scheme(s) existing at such time, must not in aggregate exceed 1% of the total number of Shares in issue as at the date of separate approval of this sub-limit by the Shareholders at the AGM.

As at the Latest Practicable Date, the Company had a total of 2,460,850,479 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the adoption date of the Share Award Scheme, (i) the Scheme Mandate Limit will be 246,085,047 Shares, representing 10% of the total number of Shares in issue as at the adoption date of the Share Award Scheme; and (ii) the Service Provider Sublimit will be 24,608,504 Shares, representing 1% of the total number of Shares in issue as at the adoption date of the Share Award Scheme.

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The Board has determined the Service Provider Sublimit, and the Directors (including the independent non-executive Directors) are of the view that it is appropriate and reasonable, by taking into account, among other things, the following factors:

- (i) the business expansion and development needs of the Group, which may require further engagement of service providers;
- (ii) the actual or potential benefits, commercially and/or financially, to be brought by service providers to facilitate the long-term and sustainable growth of the Group;
- (iii) the nature and norm of the film related, property investment and development, multi-media and entertainment businesses and companies in the same industry. Please refer to the above for details;
- (iv) the engagement practice and remuneration package for the service providers adopted by the Group. Please refer to the above for details;
- (v) the major portion of the Scheme Mandate Limit to be reserved for Awards to the Eligible Participants other than the Service Providers; and
- (vi) the minimal potential dilution to the shareholding of public Shareholders following the Award to Service Providers under the Service Provider Sublimit of 1%, considering that the individual limit (under the Listing Rules) is also 1% of the issued Shares in relevant period.

The Service Provider Sublimit is subject to separate approval by the Shareholders at the Annual General Meeting.

Lapse of Awards

In the event that prior to or on the Vesting Date, a Selected Participant is found to be an Excluded Participant or is deemed to cease to be an Eligible Participant pursuant to the Share Award Scheme, the relevant Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares shall not vest on the relevant Vesting Date but shall remain part of the trust fund under the Trust Deed. Such Eligible Participant shall have no right or claim against the Company, any other member of the Group, the Board, the Trust or the Trustee or with respect to those or any other Shares or any right thereto or interest therein in any way.

Furthermore, unless otherwise waived by the Board, in the event that the vesting conditions specified in the relevant grant instrument are not fully satisfied prior to or on the relevant Vesting Date, the award of the Awarded Shares in respect of the relevant Vesting Date shall lapse, such Awarded Shares shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company, the Board, the Trust or the Trustee.

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Vesting conditions

The Board may at its discretion specify any condition in the offer letter at the grant of the Award which must be satisfied before the Awarded Shares may be vested. Save as determined by the Board and provided in the offer letter of the grant of the Award, there is no clawback mechanism for the Company to recover or withhold any Awards granted to any Eligible Participant.

Rights attaching to the Awards and the Awarded Shares

A Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares prior to the Vesting Date. A Selected Participant shall also have no rights in the residual cash of the Trust or such other trust fund under the Trust Deed or property held by the Trust or any of the returned shares.

Voting rights

The Trustee holding unvested Shares in the Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by the law to vote in accordance with the beneficial owner's discretion and such a discretion is given.

Alteration of the Share Award Scheme

Subject to the provisions of the Share Award Scheme, the Share Award Scheme may be altered in any respect by resolution of the Board except that certain provisions of the Share Award Scheme shall not be altered to the advantage of the Selected Participants or Eligible Participants except with the sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required of the holders of the Shares under the Bye-laws for the time being of the Company for a variation of the rights attached to the Shares.

Termination

The Share Award Scheme shall terminate on the earlier of: (i) the 10th anniversary date of the date on which the Share Award Scheme is adopted by the Company; and (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participants.

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Purchase price of Awarded Shares

Subject to the provisions of the Listing Rules, the purchase price (if any) in respect of any particular Awarded Shares under the Share Award Scheme shall depend on the sources of the funds. If the funds are allocated by the Board out of the Company's resources, the purchase price for such purchases shall be determined solely by the Trustee by reference to the prevailing and recent market prices. If the funds are being transferred to the Trustee by way of gift or for nominal consideration from any person other than the Group, the purchase price for such purchases be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five (5) preceding trading days on which the Shares were traded on the Stock Exchange.

The Directors are of the view that such room for discretion on purchase price provides the Board with flexibility to stipulate, if necessary, a purchase price for the Awarded Shares, while balancing the purpose of the Share Award Scheme and the interests of Shareholders.

PROPOSED AMENDMENTS TO THE SHARE OPTION SCHEME

Pursuant to the Amended Rules and the Share Option Scheme, alterations to the terms and conditions of a share scheme which are of a material nature must be approved by the Shareholders in general meeting. As the Proposed Amendments to the Share Option Scheme are of a material nature, the Proposed Amendments to the Share Option Scheme will be subject to, among others, Shareholders' approval at the AGM.

The key changes entailed by the Proposed Amendments to the Share Option Scheme are set out below:

- (a) to revise the definition of "eligible participants" by only including:
 - (i) any Employee Participant;
 - (ii) any Related Entity Participant; and
 - (iii) any Service Provider, who falls under the category(ies) or may meet with the eligibility criteria as stipulated under the Amended Share Option Scheme;
- (b) to include a scheme mandate limit of not exceeding 10% of the Company's issued shares to all Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) and to set a sublimit under the Scheme Mandate Limit for share grants to Service Providers;
- (c) to require independent Shareholders' approval for refreshment of Scheme Mandate Limit (and Service Provider Sublimit for share grants to Service Providers) within a three-year period from the date of Shareholders' approval for the last refreshment (or, as the case may be, the date of the adoption of the Amended Share Option Scheme);

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- (d) to require approval by the Shareholders for grant of Options over new shares of the Company to an individual participant if the maximum number of Shares which may be allotted and issued in respect of all Options and Awards granted under the Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) to an individual participant will exceed 1% of the issued share capital of the Company in any 12-month period (i.e. the 1% Individual Limit);
- (e) to require approval by the Shareholders for grant of Options over new shares of the Company to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, if the maximum number of Shares which may be allotted and issued in respect of all Options and Awards granted under the Share Schemes (which includes the Amended Share Option Scheme and the Share Award Scheme) to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, will exceed 0.1% of the issued shares of the Company in any 12-month period;
- (f) to include a minimum vesting period of 12 months, where grant of Options to Employee Participants are subject to a shorter vesting period under specific circumstances, and grant of Options to Directors and senior management of the Company with a shorter vesting period must be approved by the Board and/or Remuneration Committee;
- (g) to allow the Board or the Remuneration Committee (as the case may be) to establish (i) performance targets for the grant of Options; and (ii) clawback mechanism for the Company to recover or withhold the Options granted; and
- (h) to include other house-keeping amendments for the purpose of making consequential amendments in line with the Proposed Amendments to the Share Option Scheme, and to better align the wording with that of the Amended Rules.

Eligible Participants

Eligible Participants under the Amended Share Option Scheme include any Employee Participant, Related Entity Participant and Service Provider.

In order to allow the Board to have more flexibility in the administration of the Amended Share Option Scheme and to expand the scope of the Share Option Scheme to include persons who have otherwise made contributions or will otherwise make contributions to the Group and improve the attractiveness of the Amended Share Option Scheme as incentive or reward, the Board proposes to amend certain provisions in relation to participants of the Share Option Scheme to include any person who provides services to the Company and/or its subsidiaries who the Board considers, in its sole discretion, have contributed or will contribute to the Group as Eligible Participants in the Amended Share Option Scheme. For the better development of the Group, it is important that the Group is able to maintain a good relationship with its Service Providers, who play a role in the continuous development of the business of the Group, as they provide fundamental services to the Group's businesses, including but not limited to assisting the Group to formulate strategic directions and providing industry experience. Expanding the scope of the Share Option Scheme to include such Service Providers is one of the means

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to attract and retain those persons who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or support to the Group on a long-term basis. The Board also believes it is in the interest of the Group by giving incentive to its Service Providers to participate in the growth of, and contribute to the Group in the form of Options, as the broadened category of Eligible Participants will share common interests and objectives with the Group upon their exercise of the Options. The eligibility of the Service Providers will be determined by the Board considering, among others, (i) the potential and/or actual contribution of these Service Providers to the operation and business of the Group with regard to the quality or importance of services provided or expected to be provided to the Group; (ii) the period of engagement/cooperation/business relationship with the Group and the frequency of the provision of services; (iii) their work experience, professional qualifications and knowledge in the industry; and (iv) any potential business development opportunities to the Group and other relevant factors which could be valuable to the Group.

Accordingly, the Board considers that the proposed inclusion of Service Providers of the Company and/or its subsidiaries who the Board considers, in its sole discretion, have contributed or will contribute to the Group as Eligible Participants under the Amended Share Option Scheme would induce and provide further incentive to both current and future Service Providers of the Company and/or its subsidiaries to contribute to the development, growth and success of the Group, and is in line with the modern commercial practice with reference to other companies listed on the Stock Exchange to include Eligible Participants, such as Service Providers of the Company and/or its subsidiaries, to be given incentives to work towards enhancing the value and attaining the long-term objectives of the Company and for the benefit of the Group as a whole.

In addition, the Directors (including the independent non-executive Directors) consider that each of the Related Entity Participants and proposed categories of Service Providers are in line with the Company's business needs and the industry norm, and the criteria for the election of Eligible Participants and the terms of the Option align with the purpose of the Amended Share Option Scheme, based on the following reasons:

(i) In relation to the Related Entity Participants –

- (a) the close working relationship with Related Entity Participants. Despite that Related Entity Participants may not be directly appointed or employed by the members of the Group (who would otherwise be categorised as Employee Participants), they are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships with the Group, as well as involvement in joint work projects in close connection with the Group's business. As such, the Company recognises the importance of their past or future contribution and wish to incentivise them by including them as Eligible Participants and granting Options to them accordingly based on their performance, which may in turn further strengthen the collaboration and ties with Group. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the Amended Share Option Scheme to include the Related Entity Participants in recognition of their contribution to the Company, even though they may not be directly working as an employee or officer of the Group;

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(ii) In relation to Service Providers –

- (a) the nature and norm of the industry. It is in line with the industry norm to co-operate with former employees or management or seasoned professionals by engaging them as service providers instead of employing them as full-time or part-time employees, directors or officers of the Group for various reasons, including their preference or compliance with legal requirements to be engaged on self-employment basis, and/or their in-depth industry know-how which is highly regarded by comparable companies and thus unwillingness to serve the Group exclusively. The industry-specific knowledge and connections accumulated based on their years of experience in the film related, property development and investment and multi-media and entertainment businesses industry and/or with the Group are key to the successful business development in such industry;
- (b) the engagement of service providers by the Group. The Group has collaborated with independent contractors, consultants, advisors and joint venture partners who provide advisory, consultancy and/or other professional services to the Group on areas relating to, inter alia, the Group's film related, property investment and development, multi-media and entertainment businesses.

(iii) In relation to eligibility criteria and terms of Option –

- (a) adequate factors in determining eligibility and terms of Option. As elaborated above, the Board or the committee of the Board will take into account a number of qualitative and quantitative factors when assessing the eligibility of and actual or potential contribution by the different categories of Eligible Participants who are not Employee Participants on a case-by-case basis and, in particular, each category of Service Providers Participant will be evaluated against additional aspects. Additionally, the Board or the committee of the Board has the discretion to impose different terms and conditions (including but not limited to vesting conditions such as performance targets) on Options to be granted to these Eligible Participants, which allows the Board having greater flexibility to impose appropriate conditions in light of the particular circumstances of each Option, which would place the Group in a better position to assess the contribution of Eligible Participants and align with the purpose of the Amended Share Option Scheme.

Vesting Period

The vesting period for any Option granted under the Amended Share Option Scheme shall not be less than twelve (12) months from the date of grant of such Option, unless a shorter vesting period under specific circumstances as set out in the Amended Share Option Scheme.

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The Board may determine a shorter vesting period on Options granted to any Employee Participants at the discretion of the Board and/or the Remuneration Committee under each of the following circumstances:

- (a) grants of “make-whole” Options to the Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the vesting date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
- (d) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; and
- (e) grants of Options with a total vesting and holding period of more than 12 months.

Such discretion gives the Company more flexibility to (i) adapt to exceptional and justified circumstances; or (ii) attract talents or reward exceptional performers with accelerated vesting. These circumstances are also considered by the Stock Exchange to be justifiable reasons for having a shorter vesting period as set out in the consultation conclusions. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the discretion in allowing a shorter vesting period in each of the circumstances as detailed above is appropriate and in line with the purpose of the Amended Share Option Scheme (and other share scheme(s), where applicable).

Performance Targets

There is no specified minimum period under the Amended Share Option Scheme for which an Option must be held or the performance target which must be achieved by the grantee under the Amended Share Option Scheme before an Option can be exercised under the terms of the Amended Share Option Scheme save as otherwise imposed by the Board as it thinks fit in the relevant offer made pursuant to the Amended Share Option Scheme.

Exercise Price of the Options

The exercise price per Share at which a grantee under the Amended Share Option Scheme may subscribe for Shares on the exercise of an Option (“**Exercise Price**”) shall, subject to any adjustments made pursuant to the rules of the Amended Share Option Scheme, be determined at the absolute discretion of the Board, provided that it shall be not less than the highest higher of: (a) the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; and (b) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five (5) business days immediately preceding the offer date.

Clawback Mechanism

There is no clawback mechanism for the Company to recover or withhold any Options granted under the Amended Share Option Scheme.

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The Proposed Amendments to the Share Option Scheme are set out in Appendix IV to this circular.

Reference is made to the Company's announcement dated 29 May 2023 (the "Announcement"), in relation to, among others, the Proposed Amendments to the Share Option Scheme. As disclosed in the Announcement, key changes entailed by the Proposed Amendments to the Share Option Scheme included (i) revising the definition of "eligible participants" to include, among others, service providers as defined in the Announcement ("Service Providers"); (ii) setting a sublimit under the scheme mandate limit for Options to Service Providers; and (iii) requiring independent Shareholders' approval for refreshment of sublimit for Options to Service Providers.

As at the Latest Practicable Date, no share options have been granted under the Share Option Scheme.

PROPOSED GRANT AND ISSUE OF AWARDED SHARES TO AN EXECUTIVE DIRECTOR

Reference is made to the Company's announcement dated 29 May 2023 in relation to, amongst others, the proposed Grant of 164,000,000 Awarded Shares to an Eligible Employee and executive Director, Ms. Chen Ming Yin, Tiffany, under the Share Award Scheme. The Grant shall be satisfied by allotment and issue of new Shares under the Scheme Mandate Limit.

The Grant

Details of the Grant are as follows:

Name of Grantee	Position(s) held at the Company	Maximum number of Awarded Shares	Approximate percentage of the total issued Shares	Market value of Awarded Shares	Market value of Awarded Shares
			as at the Latest Practicable Date (Note 2) %	as at the date of the Grant HK\$	as at the Latest Practicable Date HK\$
Ms. Chen Ming Yin, Tiffany	Vice chairman and executive Director	164,000,000	6.67	(Note 1)	132,840,000

Notes:

1. The Company will announce the market value of the Awarded Shares on the date of the Grant as soon as possible upon approval of the Grant in the AGM.
2. The market value of the Awarded Shares was calculated based on the closing price of the Shares as quoted on the Stock Exchange of HK\$0.81 per Share as at the Latest Practicable Date.

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The key terms of the Grant are set out below:

Date of the Grant: As soon as possible upon the Shareholders' approval on the adoption of the Share Award Scheme and the Grant in the AGM

Maximum number of Awarded Shares to be issued under the Grant: 164,000,000 Awarded Shares

Market price of the Shares on the date of Grant: The Company will announce the market price of the Shares on the date of the Grant as soon as possible upon approval of the Grant in the AGM

Consideration for the Award: There is no amount payable on acceptance of the Award

Vesting Date: The Vesting Date shall be the business day immediately after the date of satisfaction of the relevant vesting conditions

Vesting conditions and the number of relevant Shares vesting upon satisfaction:	Condition	Number of Shares vesting
	The GMV from the Influencer Business based on the statements provided by all legal sales channel, including but not limited to Douyin	
	(i) for the financial year ending 31 December 2023, being not less than HK\$1,000,000,000	7,000,000 Shares
	(ii) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$1,000,000,000	7,000,000 Shares
	(iii) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the statements as stated in (i) and (ii) above,	
	(a) being equal to or more than HK\$3,000,000,000 but less than HK\$4,500,000,000	7,000,000 Shares
	(b) being equal to or more than HK\$4,500,000,000 but less than HK\$6,000,000,000	17,000,000 Shares
	(c) being equal to or more than HK\$6,000,000,000	27,000,000 Shares
	The total revenue derived from the Influencer Business based on the unaudited management accounts of the Influencer Subsidiary	
	(iv) for the financial year ending 31 December 2023, being not less than HK\$200,000,000	7,000,000 Shares
	(v) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$200,000,000	7,000,000 Shares

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Condition	Number of Shares vesting
(vi) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the accounts as stated in (iv) and (v) above,	
(a) being equal to or more than HK\$600,000,000 but less than HK\$900,000,000	7,000,000 Shares
(b) being equal to or more than HK\$900,000,000 but less than HK\$1,200,000,000	17,000,000 Shares
(c) being equal to or more than HK\$1,200,000,000	27,000,000 Shares

The unaudited net profit derived from the Influencer Business based on the unaudited management accounts of the Influencer Subsidiary

(vii) for the financial year ending 31 December 2023, being not less than HK\$100,000,000	14,000,000 Shares
(viii) for the period from 1 January 2024 to 30 June 2024, being not less than HK\$100,000,000	14,000,000 Shares
(ix) for the period commencing from the date of establishment of the Influencer Subsidiary (i.e. 24 March 2023) to 30 June 2024 based on the accounts as stated in (vii) and (viii) above,	
(a) being equal to or more than HK\$300,000,000 but less than HK\$450,000,000	14,000,000 Shares
(b) being equal to or more than HK\$450,000,000 but less than HK\$600,000,000	34,000,000 Shares
(c) being equal to or more than HK\$600,000,000	54,000,000 Shares

Rights of Awarded Shares upon vesting: The Grantee shall have no right, benefit or interest in any Awarded Shares unless and until the Trustee has vested the legal and beneficial ownership of such Awarded Shares in the Grantee. The Awarded Shares shall rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Awarded Shares.

Clawback mechanism: None

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Upon vesting, the Grantee will have an unconditional right to obtain the Awarded Shares.

Pursuant to the rules of the Share Award Scheme, the new Shares to be allotted and issued to satisfy the Grant shall be held on trust by the Trustee for the Grantee until such Awarded Shares are vested with the Grantee in accordance with the rules of the Share Award Scheme and the Trust Deed. As such, no funds will be raised by the Company as a result of the allotment and issue of the new Shares. Pursuant to the rules of the Share Award Scheme, the Trustee shall not exercise any voting rights attached to the Awarded Shares held by it. The Trustee will be (a) a third party independent of the Company and not connected with any of its connected persons (as defined under the Listing Rules) or (b) a committee comprising a majority of the independent non-executive Directors.

Pursuant to Rule 17.04(1) of the Amended Rules, the grant of Awards by the Company to a Director, chief executive or substantial Shareholder or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Directors who are the grantees of the Awards). On 29 May 2023, the independent non-executive Directors approved the Grant to Ms. Chen Ming Yin, Tiffany.

The Awarded Shares

The new Shares to be allotted and issued by the Company to the Trustee to satisfy the Grant of up to 164,000,000 Awarded Shares to Ms. Chen Ming Yin, Tiffany represent approximately 6.67% and 6.25% of the total issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) as enlarged by the allotment and issue of such new Shares (assuming that there is no share option being exercised and there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the proposed date for allotment and issue of such new Shares), respectively.

Based on the closing price of HK\$0.81 per Share as quoted on the Stock Exchange as at the Latest Practicable Date, the market value of the 164,000,000 Awarded Shares to be allotted to Ms. Chen Ming Yin, Tiffany is HK\$132,840,000.

Conditions precedent

The proposed allotment and issue of new Shares to the Trustee to satisfy the Grant shall be conditional upon (i) the Shareholders having passed all necessary resolution(s) at the AGM approving the adoption of the Share Award Scheme; and (ii) the Independent Shareholders having passed all necessary resolution(s) at the AGM approving the Grant.

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Scheme Mandate Limit

Conditional upon the Scheme Mandate Limit to be approved by the Shareholders at the AGM, the Company is authorised to allot and issue up to 246,085,047 Shares for the purpose of the Share Award Scheme, the Amended Share Option Scheme and any other Share Scheme(s). The Scheme Mandate Limit will be sufficient for the allotment and issue of new Shares to the Trustee to satisfy the Grant. After the Grant under the Share Award Scheme, the number of Shares available for future allotment and issue for the purpose of the Share Award Scheme, the Amended Share Option Scheme and any other Share Scheme(s) is 82,085,047 Shares, representing approximately 3.33% of the total issued Shares as at the Latest Practicable Date.

Reasons for the Grant

The Company is an investment holding company. The Group is principally engaged in (i) film-related business operations; (ii) property development and investment and (iii) multi-media and entertainment businesses.

The purposes and objectives of the Share Award Scheme is, through an award of Shares, to (i) recognise and reward the contribution of certain Eligible Participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Board considers that the Grant will enable the Company (i) to recognise the contributions made by the Grantee in advancing the continual business operation and development of the Group; and (ii) to give incentives thereto in order to retain her for further development of the Group.

The Grantee has performed essential duties and responsibilities in and for the Group. The Company established its indirect wholly-owned subsidiary, 杭州英明向太多媒體有限公司, and started its Influencer Business on 7 May 2023 and has, in this first run, generated GMV of approximately RMB80 million and Ms. Chen Ming Yin, Tiffany was the anchor for this inaugural livestream. The Company is of the view that Ms. Chen Ming Yin, Tiffany, being an internet celebrity and the network anchor, will be the essential factor in the success of our Influencer Business. Having considered (i) the Grantee's pivotal role as the Company's vice chairman as well as her critical responsibility for the Group's corporate strategy formulation and overall management are crucial to the future development of the Group; (ii) the Grantee's current and future contribution to the Group's multi-media and entertainment businesses including the Influencer Business and the raising of the Group's branding and awareness as a result; (iii) the expected financial contribution to be derived from the Influencer Business to the Group led by the Grantee; and (iv) her serving the Group with dedication and commitment for over 25 years, the Board is of the view that the Grant is the proper and appropriate way to recognise the Grantee's past and future contributions to the Group and to motivate her further in applying her expertise, experience and leadership to the development of the Group in the future, in particular, in the area of multi-media and internet marketing.

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As the Grant will be satisfied by the allotment and issue of new Shares, there will not be any material cash outflow by the Group under the Grant. In light of the above, the Directors consider that the number of Awarded Shares, the terms and conditions of the Grant as well as the allotment and issue of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

In determining the number of the Award Shares to be granted to the Grantee, the Board has considered various factors including but not limited to, (i) the historical contributions of the Grantee; (ii) the functions, job responsibilities, duty importance and personnel seniorities of the Grantee; (iii) the recent price of the Shares and the annual salary of the Grantee, and (iv) in respect of the aforesaid, whether the Grant is sufficient to retain the Grantee for the continual operation and development of the Group. The remuneration committee of the Company is of the view that the number of the Award Shares to be granted to the Grantee is fair and reasonable as the number of the Award Shares was determined with reference to, among other things, (i) the past contributions of the Grantee as mentioned above; (ii) the Grantee's essential duties and responsibilities in the Group of being the vice chairman and executive Director of the Company; and (iii) the estimated value of the Grant, which was based on the recent price of the Shares.

Having considered the above, the Board (including all the independent non-executive Directors, and excluding Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, who abstained from voting on the Board resolutions to approve the Grant) consider that the Grant and its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Equity Fund Raising Activities of the Company in the Past 12 Months

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

Effect on Shareholding Structure of the Company

As at the Latest Practicable Date, the Company has 2,460,850,479 Shares in issue. Save for the aforesaid and the Bonus CBS, the Company does not have other classes of securities, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

LETTER FROM THE BOARD

Set out below is a table showing the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment, issue and full vesting of the Awarded Shares, assuming that there is no share option being exercised and there is no other change to the share capital and shareholding structure of the Company from the Latest Practicable Date up to the proposed date for allotment, issue and full vesting of such new Shares:

Name	As at the Latest Practicable Date ⁽¹⁾		Immediately after the allotment, issue and full vesting of the Awarded Shares ⁽¹⁾	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<i>Substantial Shareholder</i>				
Heung Wah Keung Family Endowment Limited	1,640,375,595	66.65%	1,640,375,595	66.65%
<i>Directors</i>				
Mr. Heung Wah Keung ⁽³⁾	1,640,375,595 ⁽²⁾	66.65%	1,804,375,595	68.74%
Ms. Chen Ming Yin, Tiffany ⁽³⁾	1,640,375,595 ⁽²⁾	66.65%	1,804,375,595	68.74%
<i>Trustee</i>	–	–	–	–

Notes:

1. All interests stated are long positions.
2. These shares are held by Heung Wah Keung Family Endowment Limited which is beneficially owned as to 50% by Mr. Heung Wah Keung and as to 50% by Ms. Chen Ming Yin, Tiffany.
3. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are spouses. Thus, they are deemed to be interested in the Shares held by each other.

Listing Rules Implications

Pursuant to Rule 17.04(1) of the Amended Rules, any grant of Awards to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, under the Share Award Scheme must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the Awards). On 29 May 2023, the Grant to the Grantee, being a Director, was approved by all the independent non-executive Directors.

Pursuant to Rule 17.04(2) of the Amended Rules, where any grant of Awards (excluding grant of options) to a Director (other than an independent non-executive director) or chief executive of the issuer, or any of their associates would result in the Shares issued and to be issued in respect of all Awards granted (excluding any Awards lapsed in accordance with the terms of the Share Award Scheme) to such person in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the relevant class of Shares in issue, such further grant of Awards must be approved by Shareholders in general meeting whereby such grantee and his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

LETTER FROM THE BOARD

As the total number of Shares to be issued in respect of all Awards conditionally granted to the Grantee would, in a 12-month period up to and including the date of such grant, represent over 0.1% of the Shares in issue, the Grant is subject to the approval by the Independent Shareholders, where the Grantee, her associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution(s) at the AGM pursuant to the Listing Rules and the Amended Rules.

Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany have abstained from approving the relevant board resolution on the Grant under the Share Award Scheme. Save as disclosed, none of the other Directors had any interest in the Grant and therefore no other Directors abstained from voting on the relevant resolution of the Board in respect of the Grant.

To the extent that the Company is aware having made all reasonable enquiries as at the Latest Practicable Date, Heung Wah Keung Family Endowment Limited is a core connected person of the Company. Mr. Heung Wah Keung, being an executive Director and the spouse of Ms. Chen Ming Yin, Tiffany and therefore an associate and a core connected person, Ms. Chen Ming Yin, Tiffany, their associate, Heung Wah Keung Family Endowment Limited are entitled to exercise control over the voting right in respect of an aggregate of 1,640,375,595 Shares and representing approximately 66.65% of the total number of Shares in issue as at the Latest Practicable Date, are thus required to abstain from voting in favour on the resolution in respect of the Grant as set out in the notice of the Annual General Meeting. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, no other Shareholders will be required to abstain from voting in favour on the resolution in respect of the Grant as set out in the notice of the Annual General Meeting.

As at the Latest Practicable Date, none of the Shareholders who are required to abstain from voting in favour of the resolutions approving the Grant have given the Company notice of their intention to vote against the resolutions at the Annual General Meeting.

PROPOSED ADOPTION OF NEW BYE-LAWS

As announced by the Company on 2 June 2023, the Board proposed to make certain amendments to the existing Bye-laws of the Company for the purposes of, among others, (i) bringing the existing Bye-laws in line with the relevant requirements of the Listing Rules, including the core shareholder protection standards set out in Appendix 3 to the Listing Rules, and the applicable laws of Bermuda; (ii) allowing general meetings to be held as a physical meeting, an electronic meeting or a hybrid meeting where shareholders of the Company may attend by electronic means in addition to physical attendance in person, and the powers of the Board and the chairman of the meeting in relation thereto; (iii) incorporating and consolidating previous amendments; and (iv) making other housekeeping amendments, including consequential amendments in line with the above amendments to the existing Bye-laws (collectively, the “**Proposed Amendments**”). The Board proposed to adopt a new bye-laws (the “**New Bye-laws**”), incorporating and consolidating the Proposed Amendments, in substitution for, and to the exclusion of, the existing Bye-laws.

Details of the Proposed Amendments are set out in Appendix V to this circular. The Chinese translation of the proposed New Bye-laws is for reference only. In case of any discrepancy or inconsistency between the English version and its Chinese translation, the English version shall prevail.

LETTER FROM THE BOARD

The legal advisers to the Company as to Hong Kong laws and Bermuda have respectively confirmed that the Proposed Amendments conform with the applicable requirements under the Listing Rules and are not inconsistent with laws of Bermuda. The Company confirms that there is nothing unusual about the Proposed Amendments for a Bermuda company listed in Hong Kong.

The Directors believe that the Proposed Amendments and the proposed adoption of the New Bye-laws of the Company are in the interests of the Company and its shareholders as a whole. A special resolution will be proposed at the Annual General Meeting to approve the adoption of the New Bye-laws. Prior to the passing of the special resolution at the Annual General Meeting regarding the adoption of the New Bye-laws, the Existing Bye-laws shall remain valid.

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.

VOTING BY POLL

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting (except resolution relates purely to procedural or administrative matter) must be taken by poll. Therefore, the Chairman of the Annual General Meeting will demand a poll for all the resolutions set out in the notice of the Annual General Meeting. After the conclusion of the Annual General Meeting, the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.chinastar.com.hk).

ANNUAL GENERAL MEETING

Set out on pages 161 to 167 of this circular is the notice dated 6 June 2023 convening the Annual General Meeting.

A proxy form for use at the Annual General Meeting is enclosed with this circular. Such proxy form is also published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.chinastar.com.hk. Whether or not you intend to attend the meeting, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Monday, 26 June 2023 to Thursday, 29 June 2023, both days inclusive, during which period no transfer of Shares can be registered. In order to ascertain shareholders' rights for the purpose of attending and voting at the Annual General Meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 June 2023.

RECOMMENDATION

The Directors are of the opinion that the proposed grant of the General Mandates, the extension of the general mandate to allot, issue and deal with additional Shares, the proposed re-election of Directors, the proposed adoption of the Share Award Scheme, the Proposed Amendments to the Share Option Scheme, the proposed grant and issue of Awarded Shares to the Grantee and the proposed adoption of new Bye-laws are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the Appendices to this circular.

By Order of the Board
China Star Entertainment Limited
Heung Wah Keung
Chairman

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their own shares on the Stock Exchange subject to certain restrictions.

The following is an explanatory statement required to be sent to the Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the granting of the Repurchase Mandate to be proposed at the Annual General Meeting.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued and fully paid up share capital of the Company comprised 2,460,850,479 Shares.

Assuming no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 246,085,047 Shares during the relevant period referred to in ordinary resolution numbered 5 of the notice of the Annual General Meeting.

2. REASONS FOR SHARE REPURCHASES

The Directors believe that the grant of the Repurchase Mandate is in the interests of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

3. FUNDING OF REPURCHASES

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association, the Bye-laws and the Companies Act. Any Shares repurchased pursuant to the Repurchase Mandate would be funded out of the capital paid up on the purchased Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for such purpose.

The Company is empowered by its memorandum of association and the Bye-laws to repurchase its Shares.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the latest published audited accounts contained in the annual report of the Company for the year ended 31 December 2022) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

4. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention to sell Shares to the Company in the event that the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the Repurchase Mandate in accordance with the Listing Rules, the Bye-laws and the applicable laws of Bermuda.

No core connected person of the Company has notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so in the event that the Repurchase Mandate is approved by the Shareholders.

5. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all Shares not already owned by such Shareholder or a group of Shareholders.

As at the Latest Practicable Date, the controlling Shareholders of the Company, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Heung Wah Keung Family Endowment Limited (collectively "**Mr. Heung and his associates**") were interested in an aggregate of 1,640,375,595 issued Shares, representing approximately 66.65% of the issued share capital of the Company.

To the best of the knowledge and belief of the Company, save as disclosed above, no other person, together with his/her associates, was beneficially interested in issued Shares representing 10% or more of the issued share capital of the Company.

On the basis that no further Shares are allotted and issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting and assuming that none of the Bonus CBs will be exercised prior to the exercise in full of the Repurchase Mandate, in the event that the Directors exercise in full the power to repurchase Shares pursuant to the Repurchase Mandate, the shareholding percentage of Mr. Heung and his associates would be increased to approximately 74.06%.

The Directors are not aware of any consequences which would arise under the Takeovers Code as a result of any repurchase made under the Repurchase Mandate.

The Directors have no present intention to repurchase any Shares to the extent that it will trigger the obligations under the Takeovers Code to make a mandatory offer or which will result in the number of issued Shares held by the public being reduced to less than 25% of the total issued shares of the Company.

APPENDIX I EXPLANATORY STATEMENT ON REPURCHASE MANDATE

6. SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve months immediately preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2022		
June	0.88	0.77
July	0.90	0.76
August	0.85	0.71
September	0.81	0.75
October	0.80	0.72
November	0.75	0.69
December	0.80	0.70
2023		
January	1.00	0.20
February	0.91	0.75
March	0.84	0.60
April	0.88	0.64
May	0.78	0.64
June (up to and including the Latest Practicable Date)	0.86	0.80

7. REPURCHASE OF SHARES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the previous six months immediately preceding the Latest Practicable Date.

Particulars of the Directors who will retire from office at the Annual General Meeting and, being eligible, will offer themselves for re-election at the Annual General Meeting are set out below:

Mr. HO Wai Chi, Paul, aged 71, is an independent non-executive Director. Mr. Ho was appointed as an independent non-executive Director in 1996. He was also the chairman of the Audit Committee.

Mr. Ho is the managing partner of Paul W. C. Ho & Company, Certified Public Accountants (Practising), and is an associate of the Institute of Chartered Accountants in England and Wales, United Kingdom and a fellow of the Hong Kong Institute of Certified Public Accountants.

Mr. Ho is currently an independent non-executive director of Ngai Hing Hong Company Limited (stock code: 1047), a company listed on the Main Board of the Stock Exchange.

As at the Latest Practicable Date, Mr. Ho was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did he has any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

There is no service contract between the Company and Mr. Ho. Mr. Ho is not appointed for a specific term since he is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the provision of the Bye-laws. The emolument of Mr. Ho is expected to be HK\$240,000 per annum, which will be approved by the board of Directors as authorized by the Shareholders at the Annual General Meeting. For the year ended 31 December 2022, Mr. Ho received emoluments of HK\$240,000.

Save as disclosed above, there is no other information relating to Mr. Ho that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in respect of Mr. Ho's re-election.

Mr. Ho has served as an independent non-executive Director for more than nine years. Mr. Ho possesses professional knowledge and practical experiences in accounting, taxation and auditing, etc. As independent non-executive Director with in-depth understanding of the Group's operations and business, Mr. Ho has been contributing objective views and giving independent guidance to the Company over the years.

Mr. Ho has met the independence guidelines set out in Rule 3.13 of the Listing Rules and has provided an annual confirmation of his independence to the Company. Mr. Ho also confirmed that he has no relationship with any directors, senior management members, or substantial or controlling shareholders of the Company. Mr. Ho has not held any executive or management role or position within the Group and has not been involved in the daily operations and management of the Group during the years that he has been a Director, and has clearly demonstrated to the Company his willingness to exercise independent judgement and to provide objective views to the Company.

In this respect, the Remuneration Committee and Nomination Committee re-assessed the independence of Mr. Ho, and was satisfied (among other things) that Mr. Ho would be independent in accordance with Rule 3.13 of the Listing Rules. On the basis of the recommendation from the Remuneration Committee and Nomination Committee and after taking into account the above factors, the Board is not aware of any circumstance which would cause it to believe that the independence of Mr. Ho has been impaired. After a comprehensive review of all the skillsets, experience and qualifications of Mr. Ho, the Board and the Remuneration Committee and Nomination Committee are of the view that Mr. Ho possesses the required character, competence, integrity and experience to continue fulfilling his role as an independent non-executive Director, and his continued tenure will continue to bring valuable insights, diversity and fresh perspectives to the Board.

Mr. TAI Kwok Leung, Alexander, aged 65, is an independent non-executive Director. Mr. Tai was appointed as an independent non-executive director of the Company on 4 January 2023. He was also the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

Mr. Tai graduated from Victoria University of Wellington in New Zealand with a degree in Bachelor of Commerce and Administration in 1982 and became an associate member of the Hong Kong Institute of Certified Public Accountants in 1983. Mr. Tai has extensive accountancy, corporate finance and investment experience in Hong Kong and overseas. Mr. Tai is a partner of VMS Group, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities. Mr. Tai is a member of Shandong Committee of the Chinese People's Political Consultative Conference.

Mr. Tai is currently an independent non-executive director of G & M Holdings Limited (Stock Code: 6038), Shengjing Bank Co, Ltd. (Stock Code: 2066) and AAG Energy Holdings Limited (Stock Code: 2686) which are all listed on the Main Board of the Stock Exchange, since 12 May 2017 and 7 August 2018 and 24 August 2018, respectively. He was also an independent non-executive director of Anhui Conch Cement Company Limited (Stock Code: 0914) and Luk Fook Holdings (International) Limited (Stock Code: 0590) and Jiayuan International Group Limited (Stock Code: 2768), which are all listed on the Main Board of the Stock Exchange, from 28 May 2013 to 30 May 2019, from 24 July 2008 to 20 August 2020 and from 12 February 2016 to 30 June 2022, respectively.

As at the Latest Practicable Date, Mr. Tai was not interested or deemed to be interested in any Shares or underlying Shares pursuant to Part XV of the SFO nor did he has any relationship with any Directors, senior management of the Company, substantial Shareholders or controlling Shareholders.

There is no service contract between the Company and Mr. Tai. Mr. Tai is not appointed for a specific term since he is subject to retirement by rotation and re-election at the annual general meeting of the Company at least once every three years in accordance with the provision of the Bye-laws. The emolument of Mr. Tai is expected to be HK\$240,000 per annum, which will be approved by the board of Directors as authorized by the Shareholders at the Annual General Meeting.

Save as disclosed above, there is no other information relating to Mr. Tai that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders in respect of Mr. Tai's re-election.

CHINA STAR ENTERTAINMENT LIMITED

**RULES RELATING TO
SHARE AWARD SCHEME**

(Amended, approved and adopted by shareholders at an annual general meeting on 29 June 2023)

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5	Vesting of the Awarded Shares
6	Lapse of Awards and Returned Shares
7	Maximum number of Shares to be purchased, subscribed and/or Allocated to Selected Participants
8	Voting rights re Shares in Shares Pool and Selected Participants having no rights
9	Reorganisation of Capital Structure and Distribution of Company's Assets
10	Disputes
11	Alteration of the rules of this Scheme
12	Termination
13	Cancellation
14	Miscellaneous
15	Governing Law

1. DEFINITIONS AND INTERPRETATION

1.1 In this Scheme, except where the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which this Scheme is adopted by the Shareholders.
“associate(s)”	shall have the meaning ascribed thereto under the Listing Rules.
“Award”	a provisional award of the Awarded Shares made in accordance with paragraph 3.
“Award Notice”	the notice to be sent to the Trustee upon the making of an Award containing the particulars referred to in paragraph 3.4.
“Awarded Share(s)”	the Share(s) provisionally awarded to a Selected Participant pursuant to an Award.
“Board”	the board of directors of the Company, such committee or such sub-committee or person(s) delegated with the power and authority by the board of directors of the Company to administer this Scheme.
“Business Day”	any day (other than Saturday or Sunday) on which the Stock Exchange is open for the trading of securities and on which banking institutions in Hong Kong are open generally for normal banking business.
“Bye-laws”	the bye-laws of the Company as adopted or amended from time to time.
“Companies Act”	the Companies Act 1981 of Bermuda (as amended).
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda under the Companies Act as an exempted company and whose Shares are listed on the Main Board of the Stock Exchange (stock code: 326).
“Connected Person”	shall have the meaning ascribed thereto under the Listing Rules.
“Directors”	the director(s) of the Company for the time being or the member(s) of a duly authorised committee thereof.
“Earliest Vesting Date”	shall have the meaning as set out in paragraph 3.4(C).

- “Eligible Employee”** any Director or employee (whether full time or part time, including any executive director and including any person who has entered into an employment contract with the Group, provided that the commencement date of his/her tenure under the employment contract shall fall on a date before the Vesting Date and such employment contract shall remain valid and subsisting up to and including the Vesting Date, and provided further that, for the purpose of paragraphs 5.1 and 5.5, such person shall not be regarded as an Eligible Employee if he/she dies before the commencement date of his/her tenure under the employment contract and including those who are granted Awards under this Scheme as an inducement to enter into employment contracts with any member of the Group) of the Group. 17.03(2)
17.03A(1)(a)
- “Eligible Participant”** any person belonging to the following classes of participants: 17.03(2)
17.03A(2)
- (a) any Eligible Employee;
 - (b) any director or employee (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies (the **“Related Entity Participants”**); and
 - (c) any person (whether a natural person, a corporate entity or otherwise) who provide services to any member of the Group in a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, as further identified in paragraphs 3.3(b) and 3.3(C) of this Scheme (the **“Service Providers”**), excluding any placing agent or financial adviser providing advisory services for fundraising, mergers or acquisitions, or any professional service provider such as auditor or valuer who provides assurance, or is required to perform its services with impartiality and objectivity;
- and, for the purposes of this Scheme, the Award may be made to any company wholly-owned by one or more of the above participants.
- “Excluded Participant”** any Eligible Participant who is resident in a place where an Award and/or the vesting and transfer of Awarded Shares pursuant to the terms of this Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be) compliance with applicable laws or regulations in such place make it necessary or expedient to exclude such Eligible Participant.

“Further Shares”	Shares purchased and/or subscribed for by the Trustee out of net proceeds of sale of non-cash and non-scrip distributions declared and distributed by the Company in respect of Shares held upon the trust constituted by the Trust Deed.
“Gift Contribution”	shall have the meaning as set out in paragraph 4.4.
“Group”	the Company and the Subsidiaries.
“Group Contribution”	shall have the meaning as set out in paragraph 4.2.
“Group Contribution Threshold”	shall have such meaning as set out in paragraph 4.2(A) in respect of any particular financial year.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time.
“Scheme Mandate Limit”	shall have the meaning as set out in paragraph 7.1.
“Service Provider Sublimit”	shall have the meaning as set out in paragraph 7.2.
“Other Distributions”	shall have the meaning as set out in paragraph 5.4(A).
“Partial Lapse”	shall have the meaning as set out in paragraph 6.4.
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Selected Participant (being an individual), is or are entitled to the Awarded Shares to be vested in such Selected Participant.
“Scheme”	the “Share Award Scheme” constituted by the rules hereof, in its present form or as may be altered from time to time in accordance with paragraph 11.
“Residual Cash”	being cash remaining in the trust fund in respect of an Awarded Share and a Returned Share (including interest income derived from deposits maintained with licensed banks in Hong Kong, and cash which has not been applied in the acquisition of Further Shares).
“Request”	shall have the meaning as set out in paragraph 8.3.

“Returned Shares”	such Awarded Shares and Other Distributions which are not vested and/or forfeited in accordance with the terms of this Scheme (whether as a result of a Total Lapse or a Partial Lapse or otherwise), or was forfeited in accordance with the terms of this Scheme, or such Shares being deemed to be Returned Shares.
“Selected Participant”	any Eligible Participant for whom Shares have been provisionally set aside pursuant to an Award or (where the context so permits and as referred to in paragraph 5.1) his/her Personal Representative.
“Shareholder(s)”	the holder(s) of Share(s).
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company, or if there has been a sub-division, consolidation, reclassification or reconstruction or reduction or reorganisation of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any of such sub-division, consolidation, re-classification or re-construction or reduction or reorganisation.
“Shares Pool”	shall have the meaning as set out in paragraph 4.1.
“SPV”	shall have the meaning as set out in paragraph 4.2(I).
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or, if the context so requires, other principal stock exchange in Hong Kong for the time being or such other stock exchange which is the principal stock exchange (as determined by the Board) on which the Shares are for the time being and from time to time listed or traded.
“Subsidiary”	any subsidiary(ies) of the Company for the time being within the meaning of Part 1, Division 4 of the Companies Ordinance.
“Total Lapse”	shall have the meaning as set out in paragraph 6.3.
“Trust Deed”	the trust deed (if applicable) to be executed by the Company as settlor and the Trustee as trustee in respect of Shares and other trust fund (if any) to be held by the Trustee subject to the terms thereof, as amended from time to time.
“Trustee”	such trustee or trustees (if any) as shall be from time to time appointed by the Company for the administration of Shares and other trust assets to be held by the Trustee for the implementation of this Scheme pursuant to and in accordance with the terms of the Trust Deed and to the extent that the trustee is a committee, it must comprise a majority of the independent non-executive Directors.

“Vesting Date” in relation to any Selected Participant, the date on which the legal and beneficial ownership of the Awarded Shares are transferred to and vested in such Selected Participant pursuant to an Award as referred to in paragraph 5.3.

“Vesting Period” in relation to any Selected Participant, the period commencing on the date on which the Awarded Shares have been provisionally set aside pursuant to an Award to such Selected Participant as referred to in paragraph 4.1 and ending on the Vesting Date (both dates inclusive).

1.2 In this rules:

- (A) the headings are for ease of reference only and shall be ignored in construing these rules of this Scheme;
- (B) references to paragraphs or sub-paragraphs are references to paragraphs or sub-paragraphs hereof;
- (C) words importing the singular include the plural and vice versa;
- (D) words importing one gender include both genders and the neuter and vice versa;
- (E) references to persons include bodies corporate and unincorporated;
- (F) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (G) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. PURPOSES, ADMINISTRATION AND DURATION

2.1 The purpose of this Scheme is, through an award of Shares, to:

17.03(1)

- (A) recognise the contributions by certain Eligible Participants and to provide them incentives in order to retain them for the continual operation and development of the Group; and
- (B) to attract suitable personnel for further development of the Group.

2.2 This Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to this Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice:

- (A) the powers of the Trustee as provided under the Trust Deed, or
- (B) the powers of the remuneration committee of the Board (or such committee or such sub-committee or person(s) delegated with such power and authority by the Board) on recommending and/or deciding (on and subject to the terms and conditions provided under this Scheme) the selection of the Selected Participants, the number of Awarded Shares to be awarded to the respective Selected Participants and other related matters as expressly provided under this Scheme.

2.3 A Selected Participant shall ensure that the acceptance, vesting and the holding of any Awarded Shares under this Scheme and the exercise of all rights attaching thereto are valid and comply with all laws, legislation and regulations including all applicable exchange control, fiscal and other laws to which he/she is subject. The Board may, as a condition precedent of making an Award, require an Eligible Participant to produce such evidence as it may reasonably require for such purpose.

2.4 Subject to paragraph 12, this Scheme shall be valid and effective for a term of ten (10) years commencing from the Adoption Date, and after the expiry of such 10-year term no further Awards may be made but these rules of this Scheme shall remain in full force and effect to the extent necessary to give effect to any Awards made prior thereto and the administration of the trust property held by the Trustee pursuant to the Trust Deed. 17.03(11)

3. AWARD OF SHARES

3.1 The Board shall, subject to and in accordance with these rules of this Scheme, be entitled (but shall not be bound) to, at any time during the continuation of this Scheme, make an Award out of the Shares Pool to any of the Eligible Participants (excluding any Excluded Participant) such number of issued Shares, fully paid or credited as fully paid, at nil consideration as the Board shall, subject to paragraph 7, determine (including the imposition of conditions of vesting) pursuant to these rules of this Scheme. For the avoidance of doubt:

- (A) until so selected, no Eligible Participant shall be entitled to participate in this Scheme;
- (B) the Board shall not make any Award unless and until it has received confirmation from the Trustee or SPV (as the case may be) as to the number of Shares held under the Shares Pool and which are not already the subject of any Awards;

- (C) the number of Awarded Shares to be provisionally awarded by the Board to any Selected Participant (or, where the Board at the same meeting is to consider the making of any Awards to two or more Selected Participants, the total number of Awarded Shares to be provisionally awarded to such Selected Participants) shall not exceed the difference between the following:

TT-LL

where

TT = the total number of Shares held under the Shares Pool, and

LL = the aggregate number of (i) Shares which have been provisionally awarded under this Scheme and which then remain outstanding, and (ii) Shares which are proposed to be considered and approved at the same meeting to be provisionally awarded to other Selected Participants

3.2 Without prejudice to paragraph 4.2,

- (A) the making of an Award to any Connected Person or their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director to whom an Award is proposed to be granted).
- (B) The maximum number of Shares issued or to be issued in respect of all options and Awards granted to a Selected Participant at any one time or in aggregate under the Scheme and all other share schemes (excluding any options and Awards lapsed in accordance with the terms of the respective share schemes) in any 12-month period up to and including the date of such relevant grant should not exceed 1% of the issued share capital of the Company (the “**1% Individual Limit**”). Where any grant to a Selected Participant may result in exceeding the 1% Individual Limit, the Company shall not grant such Shares unless it is separately approved beforehand by the Shareholders in general meeting, with such Selected Participant and his/her close associates (or associates if the Selected Participant is a connected person) abstaining from voting. The number and terms of awards to be granted to such Selected Participant must be fixed before Shareholders’ approval. 17.03(4)
- (C) Where any grant to a Director (other than an independent non-executive Director) or chief executive of the Company, or any of his/her associates would result in the Shares issued and to be issued in respect of all Awards granted to such person under the Scheme and all other share award schemes (excluding any awards lapsed in accordance with the terms of the respective share award schemes) in any 12-month period up to and including the date of such relevant grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant must be approved beforehand by the Shareholders in general meeting, with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.

- (D) Where any grant to an independent non-executive Director or substantial shareholder of the Company, or any of his/her associates would result in the Shares issued and to be issued in respect of all options and Awards granted to such person under the Scheme and all other share schemes (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the issued share capital of the Company, such further grant must be approved beforehand by the Shareholders in general meeting, with such Selected Participant, his/her associates and all core connected persons of the Company abstaining from voting in favour at such general meeting.
- 3.3 (A) In determining the number of Award to any Selected Participant, the Board shall take into consideration matters including, but without limitation to:
- (i) the present and expected contribution of the relevant Selected Participant to the profits of the Group;
 - (ii) the general financial condition of the Group;
 - (iii) the Group's overall business objectives and future development plan; and
 - (iv) any other matter which the Board considers relevant.
- (B) In addition and without prejudice to Clause 3.3(A), only Service Providers of the following categories may qualify as Selected Participants: 17.03A
- (i) supplier of services, including suppliers, advisors, consultants, agents or other professional firms with expertise in the research, development, production, marketing of (i) film-related business operations; (ii) property development and investment and (iii) multi-media and entertainment businesses to any member of the Group. When considering eligibility of, and terms of Award to the Service Providers under this category, the Board or the committee of the Board will consider, among other things: (a) the nature, scope and frequency of services supplied; (b) the reliability and quality of services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such supply, the aggregate supply volume, the procurement cost, the contract value and the relative concentration in the particular supply category for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period); or

- (ii) business partners, including distributors, joint venture partners or other contractual parties that collaborate with the Group on continuing or discrete consulting projects. When considering eligibility of, and terms of Award to the Service Providers under this category, the Board or the committee of the Board will consider, among other things: (a) the nature, scope and frequency of services supplied; (b) the reliability and quality of services supplied; and (c) their potential and/or actual contribution or significance to the financial performance and business development of the Group, evaluated in terms of the revenue generated from such engagement, the expenses in establishing and maintaining collaboration, the contract value and the number or variety of deliverables produced from such engagement for the relevant engagement period (or the corresponding growth rate comparing with that of the preceding period),

who are, or anticipated to be going forward, significant suppliers of services or business partners, or otherwise significant to the Group's business. Such persons may be remunerated with equity incentives to align the long-term interests of such persons with the Group.

- (C) In assessing the eligibility of each category of Service Provider and whether such Service Provider provides services on a continuing or recurring basis in the Group's ordinary and usual course of business, the Board or the Committee of the Board shall consider whether the frequency of the services provided by a Service Provider is akin to that of its regular employees. Relevant factors will be considered as appropriate, including, among others, the following:
 - (i) the type(s) of services the Service Provider had performed for the Group in the past 12 months;
 - (ii) the industry experience of the Service Provider;
 - (iii) the period of engagement of the Service Provider, including whether the Service Provider had entered into an agreement with the Group in the past 12 months with a term of no less than two (2) years; and
 - (iv) the Service Provider's contribution and/or future contribution to the development and growth of the Group with reference to, among other metrics, include metrics considerable provided by the Group, or otherwise contribute significantly to the growth of the Group's financial or business performance, based on quantitative performance indicators to be determined by the Board or the committee of the Board on a case-by-case basis.

- 3.4 The Board shall notify the Trustee in writing upon the making of an Award under this Scheme and, in the Award Notice, the Board shall specify the following:
- (A) the name, address, identity card (or, as the case may be, passport) number and position of the relevant Selected Participant;
 - (B) the number of Awarded Shares provisionally awarded to the relevant Selected Participant pursuant to such Award;
 - (C) the earliest date (unless otherwise determined by the Board at its discretion), on which the Trustee (or SPV as authorised by the Trustee) may vest the legal and beneficial ownership of the Awarded Shares (or the relevant portions thereof) in the relevant Selected Participant under paragraph 5.3;
 - (D) the condition(s) or performance target(s), if any, that must be attained by the relevant Selected Participant before any of the Awarded Shares may be transferred to and vested in such Selected Participant under such Award. Such performance target may include: (i) aggregate revenue of the Group generated by the Selected Participant for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (ii) market share of the Group's relevant products or services for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (iii) net profit of the Group for the relevant financial year (or the corresponding annual growth rate comparing with that of the immediately preceding financial year); (iv) contribution to the branding/reputation of the Group; and/or (v) other targets to be determined in the sole discretion of the Board or the committee of the Board; 17.03(7)
 - (E) the lock-up period, if any, of the Awarded Shares transferred to and vested in such Selected Participant under such Award; and
 - (F) such other terms and conditions of such Award as may be imposed by the Board as are not inconsistent with these rules of this Scheme and the Trust Deed on either the Trustee (with the prior written consent of the Trustee unless the same has already been provided for in the Trust Deed) and the relevant Selected Participant, or any of them before the Awarded Shares may be transferred to and vested in such Selected Participant.
- 3.5 The Board shall notify the Selected Participant in writing within three (3) Business Days (or otherwise determined) after an Award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the Award Notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the Awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such Awarded Shares in the Selected Participant in accordance with these rules of this Scheme. An Award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such notice from the Board notify the Company in writing that he/she would decline to accept such Award.

- 3.6 For so long as the Shares are listed on the Stock Exchange:
- (A) an Award or, as the case may be, any instruction of the Board to the Trustee (who will authorise SPV, if so established and subsisting) to subscribe or acquire Shares for purpose of increasing the Shares in the Shares Pool may not be made after an inside information event has occurred or an inside information matter has been the subject of a decision until such inside information has been published in accordance with the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). In particular, during the period preceding the publication of financial results in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company and up to the date of publication of the relevant financial results, no Award may be made;
 - (B) the Board may not make an Award to any Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; and
 - (C) during the periods referred to in paragraphs (A) and (B) above, no purchases, subscriptions and/or vesting of Shares can be effected by the Trustee.
- 3.7 An Award shall be personal to the Selected Participant and shall not be transferable or assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any security or adverse interest whatsoever in favour of any third party over or in relation to an Award or enter or purport to enter into any agreement to do so provided that the Selected Participant may assign the Award to a company beneficially wholly-owned by the Selected Participant. Any breach of the foregoing by any Selected Participant shall entitle the Company to cancel the Award made to such Selected Participant. 17.03(10)
17.03(17)
- 3.8 The Selected Participants shall not be required to bear or pay any price or fee for the acceptance of the Award. 17.03(8)

4. POOL OF AWARDED SHARES

4.1 Following the receipt of an Award Notice, the Trustee shall as and when practicable set aside from the Shares Pool the Awarded Shares provisionally awarded to the Selected Participant to whom such Award Notice relates pending the transfer and vesting of the Awarded Shares under the Award to which such Award Notice relates in accordance with paragraph 5. The Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall hold the Awarded Shares so set aside during the Vesting Period on the terms of the Trust Deed. The Trustee may, at any time during the continuation of this Scheme and the Trust Deed, set aside the appropriate number of Awarded Shares out of a pool of issued Shares, fully paid or credited as fully paid, for the time being and from time to time held by the Trustee (or SPV as authorised by the Trustee) pursuant to the Trust Deed (the “**Shares Pool**”) comprising the following:

- (A) such Shares as may be (i) transferred to the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) from any person (other than the Group) by way of gift, or (ii) subscribed or purchased by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) in accordance with paragraph 4.4 by utilising the funds received by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) from the Gift Contribution, but subject to the limitations set out in paragraph 7;
- (B) such Shares as may be subscribed or purchased by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) in accordance with paragraph 4.2 by utilising the Group Contribution, but subject to the limitations set out in paragraph 7;
- (C) such Shares as may be subscribed or purchased by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) at its discretion pursuant to paragraphs 4.4 or 5.4(B) by utilising any surplus Gift Contribution or, as the case may be, the net proceeds of the sale of the relevant nil-paid rights, options or warrants;
- (D) such Returned Shares which remain unvested and revert to the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) pursuant to paragraphs 5.5 or 6.

4.2 The following provisions of this paragraph 4.2 shall provide for and govern the subscription and purchase of the Awarded Shares by utilising the funds allocated by the Board out of the Company’s resources (“**Group Contribution**”): 17.03(9)

- (A) At the beginning of each financial year of the Company or at such other times as the Board shall determine, the Board shall (after having regard to all relevant circumstances and affairs of the Group (including without limitation the Group’s business and financial performance, its business plans and cashflow requirements)) determine the amount of the Group Contribution (which may be varied from time to time by the Board) (“**Group Contribution Threshold**”) to be allocated to the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) during such financial year for subscribing or purchasing Shares pursuant to this paragraph 4.2 for the purpose of implementation of this Scheme.

- (B) The Group Contribution Threshold shall (and is intended to) be applied to cover (i) the subscription or purchase prices for the Shares to be subscribed or purchased for implementation of this Scheme (as the case may be), and (ii) all related expenses (including for the time being, the brokerage fee, stamp duty, SFC transaction levy, Stock Exchange trading fee and investor compensation levy and such other necessary expenses) required for the completion of the subscription or purchase of all the Awarded Shares (as the case may be)).
- (C) At any time during any particular financial year, the Board, after having regard to all relevant circumstances and affairs of the Group (including without limitation the Group's business and operational conditions, its business plans and cashflow requirements currently and in the near future), may from time to time cause to be paid to the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) from the Company's resources such amount of moneys which may be utilised by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) to subscribe for or purchase Shares which will constitute the Shares Pool, PROVIDED that the amount of moneys so paid together with any moneys paid for that financial year shall not in any event exceed the Group Contribution Threshold.
- (D) Within thirty (30) Business Days on which the trading of the Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to the circumstances of the purchase concerned, which extended period of time shall be brought to the attention of SPV (if so established and subsisting and authorised by the Trustee) on a concurrent basis)) after receiving the Group Contribution or any proceeds arising from such sales as mentioned in paragraph 5.4(B), the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall apply the same towards the purchase of the maximum number of board lots of Shares or the Further Shares, respectively at the prevailing market price. In the event that the Trustee (or, as the case may be, SPV) effects any purchases by off-market transactions, the purchase price for such purchases shall be determined solely by the Trustee by reference to the prevailing and recent market prices.
- (E) In the event that the Board shall considers it appropriate for the Trustee to subscribe for Shares by utilising the Group Contribution, the Board shall notify the Trustee in writing upon the satisfaction of the condition referred to in paragraphs 4.2(J) and, subject to paragraph 3.6(A), the Board shall instruct the Trustee in writing to apply to, and the Trustee shall within ten (10) Business Days after receipt of such instruction apply to, the Company for the allotment and issue of the appropriate number of new Shares at par or at such other subscription price as instructed by the Board.

- (F) If during any financial year:
- (i) the Group Contributions received by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) have been applied for subscription and/or purchases of such number of Shares which reaches the maximum number of issued Shares as provided under paragraph 7.1, if any, and
 - (ii) there are any excess Group Contributions after all the said subscription and/or purchases,

the excess Group Contributions shall be returned by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) to the Company as soon as reasonably practicable after completion of all such subscription and/or purchases, unless otherwise directed by the Board.

- (G) If any Award is proposed to be made to a Connected Person, any such Award shall satisfy all applicable requirements of Chapter 14A of the Listing Rules.
- (H) For the avoidance of doubt, Shares subscribed and/or purchased under this paragraph 4.2 shall form part of the capital of the trust fund of the trust constituted by the Trust Deed.
- (I) Subject to the provisions of the Trust Deed, the Trustee may establish a special purpose vehicle (“SPV”) for the purpose of this Scheme and, subject to the authorisation given by the Trustee to SPV, SPV may subscribe or purchase Shares to constitute the Shares Pool and to liaise with brokers and/or other parties to effect the above subscription or purchases). The composition of the board of directors of SPV shall be decided by the Trustee after consulting the Board. The Trustee (after consulting the Board) may establish policies, rules and regulations to be followed by SPV in connection with the exercise of the powers as authorised by the Trustee.
- (J) The Company shall seek separate Shareholders’ approval in general meeting to authorise the Directors to allot and issue new Shares at par to the Trustee to the extent that the Directors do not already have in existence sufficient and unused general mandate to allot and issue such new Shares, provided that the total number of Shares to be allotted and issued to the Trustee under this Scheme shall not exceed the limit specified in paragraph 7.1 and any allotment and issue of such Shares by the Company to the Trustee pursuant to this paragraph 4.2 shall only be made after the Listing Committee of the Stock Exchange has granted the listing of and permission to deal in such Shares.

- 4.3 If any proposed purchase of Shares under paragraph 4.2(D) shall fall on any day on which the Directors are restricted from making any Award or giving any instruction as referred to in paragraph 3.6(A), the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall not effect the relevant purchase. The Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall notify the Board in writing at least three (3) Business Days in advance of a proposed date of purchase under paragraph 4.2(D) and the Board shall instruct the Trustee (and concurrently SPV, if so established and subsisting and authorised by the Trustee) in writing at least two (2) Business Days prior to such proposed date of purchase if such purchase has to be postponed by reason of this paragraph 4.3, whereupon such purchase shall be postponed to such date as notified by the Board (to the Trustee and SPV (if established and subsisting and authorised by the Trustee) in writing (and in case the Shares are not traded on the Stock Exchange on such date, the next Business Day on which the Shares are traded on the Stock Exchange).
- 4.4 In the event of any Shares or moneys being transferred to the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) by way of gift or for nominal consideration (“**Gift Contribution**”) from any person other than the Group, the following provisions of this paragraph 4.4 shall provide for and govern the subscription or purchase of the Awarded Shares by utilising the funds so received and the allocation of the Awarded Shares so received or acquired by funds arising from the Gift Contribution: 17.03(9)
- (A) In respect of the making of any Award to any Eligible Participants:
- (i) the provisions in paragraph 3.1 shall be applicable mutatis mutandis, except to the extent that the reference as provided under paragraph 3.1 to “paragraph 7.1” for the purpose of prescribing the maximum number of Awarded Shares which may be subscribed for and/or purchased during each financial year under this Scheme shall become reference to “the amount of Gift Contribution actually received by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee)” for the purpose of this paragraph 4.4; and
 - (ii) the provisions in paragraphs 3.2 to 3.8 (both inclusive) shall be applicable mutatis mutandis.

- (B) Where the Gift Contribution is received by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) in the form of assets (whether money or otherwise) other than Shares:
- (i) Within thirty (30) Business Days on which the trading of the Shares has not been suspended (or such longer period as the Trustee and the Board may agree from time to time having regard to all the circumstances of the purchase concerned and also the size of the Gift Contribution) after receiving the Gift Contribution, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall apply the relevant Gift Contribution towards the purchase of the maximum number of board lots of Shares at the prevailing market price. If the Gift Contribution is in the form of listed securities, the Trustee (or SPV, as the case may be) shall have the power to sell those securities and apply the proceeds therefrom for the acquisition of Shares for the purpose of this Scheme. In the event that the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) effects any purchases by off-market transactions, such purchases shall not be made with any Connected Person, nor shall the purchase price for such purchases be higher than the lower of the following: (i) the closing market price on the date of such purchase, and (ii) the average closing market price for the five (5) preceding trading days on which the Shares were traded on the Stock Exchange.
 - (ii) Any surplus Gift Contribution received under this paragraph 4.4 but not fully utilised for purchasing Awarded Shares shall be retained by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) and may be applied to purchase Shares for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and shall, if remains unutilised upon the termination of this Scheme, be treated and dealt with as Residual Cash.
 - (iii) The provisions in sub-paragraphs 4.2(G) shall be applicable *mutatis mutandis*.
 - (iv) For the avoidance of doubt, Shares received as Gift Contribution or purchased by using the funds received by way of Gift Contribution under this paragraph 4.4 shall form part of the capital of the trust fund of the trust constituted by the Trust Deed.
 - (v) The amount of funds to be applied by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee)) for the purpose of purchasing any Shares pursuant to this paragraph 4.4(B) shall not exceed the total of (a) the amount of money received as Gift Contribution by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee), and (b) (where applicable) proceeds arising from the disposal of the relevant assets (excluding any Shares transferred to the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) as Gift Contribution) received as Gift Contribution by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee).

- (C) For the purpose of this paragraph 4.4, the provisions in paragraph 4.3 shall be applicable mutatis mutandis.
- (D) Where any Shares are received by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) as Gift Contribution, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall not sell or dispose of such Shares but shall treat and account for all such Shares as assets in the Shares Pool.

5. VESTING OF THE AWARDED SHARES

- 5.1 The Vesting Period shall not be less than twelve (12) months, subject to a shorter vesting period for the Awarded Shares granted to Employee Participants at the discretion of the remuneration committee or the Board under each of the following circumstances in respect of Eligible Employee: 17.03(6)
- (a) grants of “make-whole” rewards to new employees to replace the share awards they forfeited when leaving the previous employers;
 - (b) grants to a participant whose employment is terminated due to death or disability or occurrence of any out-of-control event or retired at his/her normal retirement date or retired of an earlier retirement date (with prior written agreement given by the Company or the affected company);
 - (c) grants with performance-based vesting conditions in lieu of time-based vesting criteria as determined in the conditions of grant;
 - (d) grants that are made in batches during a year for administrative and compliance reasons; and
 - (e) grants with a mixed or accelerated vesting schedule such as where the Awards may vest evenly over a period of twelve (12) months.
- 5.2 The Board may at its discretion specify any condition in the offer letter at the grant of the Award which must be satisfied before the Awarded Shares may be vested. Vesting shall only occur upon satisfaction (or where applicable, waived by the remuneration committee and the Board) of the conditions imposed by the remuneration committee and the Board. The remuneration committee and the Board or person(s) to which the remuneration committee and the Board delegated their authority may either direct and procure the Trustee(s) to release from the Trusts the Awarded Shares to the Selected Participants by transferring the number of Awarded Shares to the Selected Participants in such manner as determined by the remuneration committee and the Board from time to time. Save as determined by the Board and provided in the offer letter of the grant of the Award, there is no clawback mechanism for the Company to recover or withhold any Awards granted to any Eligible Participant. 17.03(19)

5.3 Subject to paragraph 6, the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall transfer to and vest in the relevant Selected Participant (but may be held by the Trustee or SPV on their behalf) if determined by the Board the legal and/or beneficial ownership of the Awarded Shares to which such Selected Participant is entitled under the relevant Award and all the Other Distributions attributable to such Awarded Shares within ten (10) Business Days after the latest of:

- (a) the Earliest Vesting Date as specified in the Award Notice to which such Award relates; and
- (b) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participant as specified in the related Award Notice have been attained and notified to the Trustee by the Board in writing.

If the Vesting Date falls on any day on which the Directors are restricted from making any Award as referred to in paragraph 3.6, the Vesting Date shall be postponed. The Trustee (or SPV) shall notify the Board in writing at least three (3) Business Days in advance of a proposed Vesting Date and the Board shall instruct the Trustee and concurrently SPV (if so established and subsisting and authorised by the Trustee) in writing at least two (2) Business Days in advance if such proposed Vesting Date has to be postponed by reason of this paragraph 5.3, whereupon such proposed Vesting Date shall be postponed to such date as notified by the Board to the Trustee (and SPV, if so established and subsisting and authorised by the Trustee) in writing.

5.4 During the Vesting Period:

- (A) any dividends and other distributions (“**Other Distributions**”) declared and made in respect of any Awarded Shares shall be held by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) for the benefit of, and shall only be payable or transferable (as the case may be) to, the relevant Selected Participant when such Awarded Shares are vested in such Selected Participant in accordance with paragraph 5.3; 17.03(10)
- (B) if the Company offers to its Shareholders new Shares or other securities for subscription by way of rights, options or warrants and no amount is required to be payable by the Shareholders for such rights, options or warrants, the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall sell any nil-paid rights, options or warrants allocated to it in respect of the Awarded Shares held by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) if there is an open market for such rights, options or warrants. The net proceeds of such sale (if so sold) shall be applied to purchase and/or subscribed for Shares at such time and for such number at the sole discretion of the Trustee for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of this Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any nil-paid rights, options or warrants (or the underlying Shares, or the proceeds of sale of any such nil-paid rights, options or warrants) allocated under such offer;

- (C) if the Company offers to the Shareholders new shares or other securities for subscription by way of rights, options, warrants or other open or preferential offer and consideration is required to be paid for the taking up and/or the exercise of such rights, options, warrants or open or preferential offer, the Trustee shall (or via SPV, if so established and subsisting and authorised by the Trustee) decline to take up, purchase and/or subscribe for such rights, options, warrants or open or preferential offer. For the avoidance of doubt, no Selected Participants shall have any right to, or interest in, any such offer;
- (D) without prejudice to sub-paragraph (A) above, with respect to any dividends declared by the Company and in connection with which the Company allows its Shareholders to elect to receive Shares in lieu of cash (as provided for in the relevant announcement and/or circular of the Company), then in respect of the Awarded Shares provisionally set aside for any Selected Participant which have not vested, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) (after consulting the Board) shall have the right (in its absolute discretion) to determine whether it shall elect to receive Shares in lieu of cash or cash in respect of such dividends, and any such scrip dividend or cash dividend so elected and received by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall be treated as and constitute Other Distributions referred to in paragraph 5.4(A). For the avoidance of doubt, no Selected Participants shall have any right to give any direction to, or make any claim against, the Trustee in relation to the making of the said election; and
- (E) in case of a general or partial offer, whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner is made to all the Shareholders (or all Shareholders other than the offeror, any persons controlled by the offeror and any persons acting in association or concert with the offeror), and such offer becomes or is declared unconditional prior to the vesting of the Awarded Shares in the relevant Selected Participants pursuant to paragraph 5.3, the Board shall have the right in its absolute discretion to determine whether the Trustee shall elect to accept such offer (or any revised offer) and, if applicable, shall direct the Trustee in writing to accept such offer accordingly. For the avoidance of doubt, the Board shall be deemed to have directed the Trustee not to accept that offer (or revised offer) if no direction in writing in relation to that offer (or revised offer) is actually received by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) within ten (10) Business Days after the date of that offer (or revised offer). In the event that the offer (or revised offer) is so elected to be accepted, all proceeds in respect of the Awarded Shares paid or payable to the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) by reason of such acceptance shall be held by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) for the benefit of the relevant Selected Participant, and the same shall only be payable to the relevant Selected Participant on the Vesting Date of the Award relating to such Selected Participant has not lapsed or been cancelled under paragraph 6.

5.5 In the event of the death of a Selected Participant who is an Eligible Employee, the Trustee (or SPV, if so established and subsisting and authorised by the Trust) shall hold the vested Awarded Shares and the Other Distributions (hereinafter referred to as “**Benefits**”) upon trust and to transfer the same to the legal personal representatives of the Selected Participant and subject as aforesaid the Trustee (or SPV, if so established and subsisting and authorised by the Trust) shall hold the Benefits or so much thereof as shall not be transferred or applied under the foregoing powers within:

(A) two years of the death of the Selected Participant (or such longer period as the Trustee and the Board shall agree from time to time) or

(B) the Trust Period,

(whichever is shorter) upon trust to transfer the same to the legal personal representatives of the Selected Participant, as notified by the Board in writing together with a copy of the death certificate of such Selected Participant or such other documents or evidence of death of such Selected Participant as may be reasonably required by the Trustee, whereupon the Trustee shall be discharged from all duties and liabilities in respect of such Selected Participant or, if the Benefits would otherwise become *bona vacantia*, the Benefits shall be forfeited and cease to be transferable and such Benefits (other than such Other Distributions in cash so forfeited which shall be applied to subscribe for or purchase Shares at such time and for such number at the sole discretion of the Trustee for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of this Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally) shall be held as Returned Shares for the purposes of this Scheme. Notwithstanding the foregoing, the Benefits held upon the trusts hereof shall until transfer is made in accordance herewith be retained and may be invested and otherwise dealt with by the Trustee (or SPV as authorised by the Trustee) in every way as if they had remained part of the trust fund of the trust constituted by the Trust Deed.

5.6 If the Selected Participant is a company wholly owned by one or more Eligible Participants:

(A) the provisions of paragraphs 5.1, 5.5, 6.1 to 6.5, 8.2(E) and 8.2(F) shall apply to the Selected Participant and to the Awards granted to such Selected Participant, *mutatis mutandis*, as if such Awards had been granted to the relevant Eligible Participant, and such Awards shall accordingly lapse or (deem to be) vest(ed) or such Benefits shall be forfeited after the event(s) referred to in paragraphs 5.1, 5.5, 6.1 to 6.5, 8.2(E) and 8.2(F) shall occur with respect to the relevant Eligible Participant; and

(B) the Awards granted to the Selected Participant shall lapse and determine on the date the Selected Participant ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Awards or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

6. LAPSE OF AWARDS AND RETURNED SHARES

17.03(12)

- 6.1 In the event that any Selected Participant who is an Eligible Employee ceases to be an Eligible Employee by virtue of a corporate reorganisation of the Group, then any Award made to such Selected Participant shall forthwith lapse and be cancelled unless otherwise determined by the Board.
- 6.2 In the event the Award is cancelled but a new Award is made to the same Selected Participant, such new Award may only be made with available Scheme Mandate Limit approved by Shareholders. The Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.
- 6.3 Save as provided in paragraph 5.1 and subject to the Listing Rules and determined otherwise by the Board at its sole discretion, in the event:
- (A) a Selected Participant who is an Eligible Employee ceases to be an Eligible Employee (other than death or retirement, or by reason of redundancy or by unilateral termination of employment by the Company without cause); or
 - (B) the Subsidiary by which a Selected Participant is employed as an Eligible Employee ceases to be a Subsidiary (or of a member of the Group); or
 - (C) the Selected Participant has been summarily dismissed by the Company; or
 - (D) the Selected Participant has been charged, convicted or held liable for any offence under the relevant securities laws in The People's Republic of China, Hong Kong or any other applicable laws or regulations in force from time to time; or
 - (E) the Selected Participant is deceased, disabled or becomes mentally incapacitated; or
 - (F) any of the vesting conditions upon an Award to the relevant Selected Participant as determined by the remuneration committee and the Board was not fulfilled; or
 - (G) the Selected Participant retires by agreement with the Company at any time prior to or on the Vesting Date; or

- (H) the Board shall at its absolute discretion determine in respect of a Selected Participant (other than an Eligible Employee) that (a) the Selected Participant or his/her associate has committed any material breach of any contract entered into between the Selected Participant on the one hand and any member of the Group on the other hand; or (b) the Selected Participant has become bankrupt or unable to pay his/her debts, or is subject to any act of bankruptcy or analogous proceedings or has made any arrangement or composition with his/her creditors generally or (c) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group by reason of the cessation of its relationship with the Group or by any other reason whatsoever; or
- (I) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company)

(each of these, an event of “**Total Lapse**”), the Award shall automatically lapse forthwith and all the Awarded Shares and Other Distributions (other than such Other Distributions in cash which shall be applied to subscribe for or purchase Shares at such time and for such number at the sole discretion of the Trustee for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of this Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally) attributable thereto shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of this Scheme.

- 6.4 In the event (i) a Selected Participant is found to be an Excluded Participant or (ii) (subject to paragraph 5.3) a Selected Participant fails to return duly executed transfer documents prescribed by the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) (or such later date as may be determined by the Trustee at its sole and absolute discretion having regard to all relevant circumstances) for the relevant Awarded Shares and the Other Distributions within the stipulated period as provided in or determined in accordance with these rules of this Scheme (each of these, an event of “**Partial Lapse**”), the relevant part of an Award made to such Selected Participant shall automatically lapse forthwith and the relevant Awarded Shares and Other Distributions (other than such Other Distributions in cash which shall be applied to subscribe for or purchase Shares at such time and for such number at the sole discretion of the Trustee for the purpose of satisfying any further Awards by the Board in accordance with paragraph 4.1 and, upon termination of this Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally) attributable thereto shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of this Scheme.

- 6.5 Except in the circumstances as set out in paragraph 5.1 in respect of the death of a Selected Participant (being an Eligible Employee) or retirement of a Selected Participant (being an Eligible Employee) at his/her normal retirement date or earlier by agreement with the Company or the Subsidiary, or a Total Lapse,
- (A) subject to sub-paragraph (C) and barring any unforeseen circumstances, unless otherwise agreed between the Board and the Trustee, one (1) month prior to any Vesting Date, the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall send to the relevant Selected Participant (with a copy to the Company) a notice in writing together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares and Other Distributions attributable thereto on the relevant Vesting Date;
 - (B) subject to the receipt by the Trustee no later than the date falling seven (7) Business Days before the Earliest Vesting Date of (i) transfer documents prescribed by the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) and duly signed by the Selected Participant within the period stipulated in the notice in writing referred to in paragraph 6.5(A) hereof, and (ii) a confirmation from the Company that all vesting conditions having been fulfilled, the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall transfer the relevant Awarded Shares and the Other Distributions in respect thereof to the relevant Selected Participant; and 17.03(10)
 - (C) in the event that the number of Business Days between the date of the Award Notice and the Earliest Vesting Date is less than one month, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) shall (within five (5) Business Days from the date of it being notified by the Board of the making of the Award in accordance with paragraph 3.4) send to the relevant Selected Participant (with a copy to the Company) a notice in writing together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares and Other Distributions attributable thereto on the relevant Vesting Date.
- 6.6 The Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) shall hold Returned Shares exclusively for the benefit of all or one or more of the Eligible Participants (excluding any Excluded Employees) as the Board shall in its absolute discretion at any time determine and select in writing as the Selected Participant(s).

7. MAXIMUM NUMBER OF SHARES TO BE PURCHASED, SUBSCRIBED AND/OR ALLOCATED TO SELECTED PARTICIPANTS

- 7.1 The maximum number of Shares which may be allotted and issued in respect of all Awards to be granted under this Scheme and any the options and Awards to be granted under any other share schemes to an Eligible Participant (not taking into account any refreshments as detailed in Clause 7.3) shall not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval of this Scheme (i.e. 246,085,047 Shares) (“**Scheme Mandate Limit**”). Notwithstanding that the Group Contribution Threshold may be sufficient to subscribe or purchase such number of Shares that is greater than the Scheme Mandate Limit, the Board shall not instruct the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) to subscribe or purchase any Shares for the purpose of this Scheme when such subscription or purchase will result in the Scheme Mandate Limit, if any, being exceeded. 17.03(3)
- 7.2 The maximum number of Shares which may be awarded under this Scheme and any other share schemes to a Service Provider (“**Service Provider Sublimit**”) (not taking into account any refreshments as detailed in Clause 7.3) shall not exceed 1% of the total number of Shares in issue as at the date of approval of the Shareholders at a general meeting (i.e. 24,608,504 Shares) unless otherwise determined by independent shareholders in general meeting. For the avoidance of doubt, the Service Provider Sublimit is a sub-limit within and subject to the Scheme Mandate Limit. 17.03(3)
- 7.3 The Board may determine from time to time the maximum number of Awarded Shares which may be provisionally awarded to any Selected Participant. The Board may seek approval by Shareholders in general meeting for refreshing the Scheme Mandate Limit and Service Provider Sublimit after three years from the respective approval date or the date of approval of the last refreshment (as the case may be). Any refreshment of each of the Scheme Mandate Limit and the Service Provider Sublimit must be approved by the independent Shareholders subject to the following provisions:
- (A) any the controlling shareholders and their associates (or if there is no controlling shareholder, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (B) the Company must also comply with the requirements under rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

The requirements set out in (A) and (B) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in rule 13.36(2)(a) of the Listing Rules such that the unused part of the scheme mandate (as a percentage of the relevant class of Shares in issue) upon refreshment is the same as the unused part of the scheme mandate immediately before the issue of securities, rounded to the nearest whole share.

- 7.4 In any event, the total number of new Shares that may underlie the options and Awards granted under all the share schemes following the date of approval of the refreshed Scheme Mandate Limit or Service Provider Sublimit (as the case may be) (the “**New Approval Date**”) must not exceed 10% of the number of Shares in issue as of the New Approval Date. The Shares that underlie the options and Awards granted under all the Company’s share schemes (including those outstanding, cancelled or vested) prior to the New Approval Date will not be counted for the purpose of determining, in the preceding sentence, the maximum aggregate number of Shares granted following the New Approval Date.

8. VOTING RIGHTS RE SHARES IN SHARES POOL AND SELECTED PARTICIPANTS HAVING NO RIGHTS

- 8.1 The Trustee or SPV (if so established and subsisting) shall not exercise the voting rights in respect of any Shares held by them for the purpose of this Scheme (including but not limited to any Shares in the Shares Pool, the Awarded Shares, the Further Shares, the Returned Shares, any bonus Shares and scrip Shares) save that if the Shares held by the Trustee or SPV, as the case may be, is vested and held on behalf of a Connected Person who is a party to a connected transaction with the Group, then the Trustee or SPV (as the case may be) shall not vote those relevant Shares in respect of such transaction. For the avoidance of doubt, the Trustee holding unvested Shares in the Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given. 17.03(10)
- 8.2 The Selected Participants shall not have any right to receive any Awarded Shares set aside for them pursuant to paragraph 4 and all Other Distributions attributable thereto unless and until the Trustee (or via SPV, if so established and subsisting and authorised by the Trustee) has transferred and vested the beneficial ownership of such Awarded Shares to and in the Selected Participants in accordance with the terms hereof. For the avoidance of doubt:
- (A) a Selected Participant shall not have any interest or rights (including the right to receive dividends) in the Awarded Shares prior to the Vesting Date, and shall only have a contingent interest in the Awarded Shares and the Other Distributions which are referable to him/her subject to the vesting of such Shares in accordance with paragraph 5.3;
 - (B) a Selected Participant shall have no rights in the Residual Cash or such other trust fund or property held by the Trust or any of the Returned Shares;
 - (C) no instructions may be given by a Selected Participant to the Trustee (or SPV) in respect of the Awarded Shares and/or the Other Distributions and/or such other properties or assets of the trust constituted by the Trust Deed;
 - (D) a Selected Participant shall have no rights in the balance fractional share of the Other Distributions of an Award and the fractional share arising out of consolidation of Shares (and such Shares shall be deemed as Returned Shares for the purposes of this Scheme); 17.03(13)

- (E) where a Selected Participant ceases to be an Eligible Employee on the relevant Vesting Date, the award of the Awarded Shares and the Other Distributions in respect of the relevant Vesting Date shall lapse, such Awarded Shares and Other Distributions shall not vest on the relevant Vesting Date and the Selected Participant shall have no claims against the Company or the Trustee or SPV; and
- (F) in the case of the death of a Selected Participant who is an Eligible Employee, the Benefits shall be forfeited if no transfer of the Benefits to the legal personal representatives of the Selected Participant is made within the period prescribed in paragraph 5.5, and the legal personal representatives of the Selected Participant shall have no claims against the Company or the Trustee or SPV.
- 8.3 If, after vesting of Awarded Shares on a Selected Participant, the Selected Participant requests (“**Request**”) that the Awarded Shares continued to be held on his/her behalf or sold on his/her behalf, the Board shall in its sole discretion consider whether such Request is reasonable and/or feasible and, after discussing with the Trustee or the board of directors of SPV (as applicable), inform the relevant Selected Participant the decision in relation to such Request. If the Request is accepted, the Trustee or SPV (as the case may be) shall either hold the Awarded Shares for a period as agreed by the Selected Participant and the Board after which the Awarded Shares shall be transferred to the Selected Participant or the Awarded Shares shall be sold on market and the net proceeds therefrom transferred to the Selected Participant. The Selected Participant shall bear all costs, fees, brokerages and expenses in connection with the sale of such Awarded Shares. If the Request is denied, the Awarded Shares shall be transferred to the relevant Selected Participant as soon as practicable.
- 8.4 The Awarded Shares do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

9. REORGANISATION OF CAPITAL STRUCTURE AND DISTRIBUTION OF COMPANY’S ASSETS

In the event of (i) any alteration in the capital structure of the Company whilst any Award remains unvested, such as capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party or an issue of shares pursuant to, or in connection with, any share scheme or any arrangement for remunerating or incentivising any employee, consultant or adviser to the Company or any Subsidiary), or (ii) in the event of any distribution of the Company’s capital assets to its shareholders on a pro rata basis (whether in cash or in specie) other than dividends paid out of the net profits attributable to its shareholders for each financial year of the Company, the Board shall determine and make alterations (if any) to the number of Shares to be granted subject to the Award so far as unvested.

17.03(13)

Any such alteration shall be subject to a written confirmation from an independent financial adviser or the Company's auditors to the Directors, either generally or as regard any particular Selected Participant, to have given the Selected Participants the same proportion (or rights in respect of the same proportion) of the equity capital value as that to which that person was previously entitled, provided that no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. The capacity of the independent financial adviser or the Company's auditors (as the case may be) in this paragraph is that of experts and not of arbitrators and their confirmation shall, in the absence of manifest error, be final and binding on the Company and the Selected Participant.

10. DISPUTES

Any dispute arising in connection with this Scheme shall be referred to the decision of the Board who shall act as experts and not as arbitrators and whose decisions shall be final, conclusive and binding on all persons who may be affected thereby.

11. ALTERATION OF THE RULES OF THIS SCHEME

- 11.1 This Scheme may be amended in any respect by the Board or the Board by a board resolution provided that no such amendment shall operate to affect adversely the terms of any Award granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Selected Participants as would be required of the holders of the Shares under the Bye-laws for the time being for a variation of the rights attached to the Shares, and provided that no such amendment or alteration to the Scheme which affects the Trustee's rights and obligations under this Trust Deed shall be made without the prior written consent of the Trustee (save as may be required to comply with the applicable laws, rules or regulations including amongst others the Listing Rules and/or the SFO), subject to Clause 11.2 below. 17.03(18)
- 11.2 Any alteration, amendment or waiver to the Scheme (i) of a material nature; (ii) relates to the matters set out in rule 17.03 of the Listing Rules to the advantage of the Selected Participants or the Eligible Participants; or (iii) relates to the authority of the Board or Trustee to alter this Scheme, shall be approved by the Shareholders. The Board shall have the right to determine whether any proposed alteration, amendment or waiver is material, and such determination shall be conclusive.
- 11.3 Any change to the terms of any Award granted to a Selected Participant must be approved by the Directors, the remuneration committee, the non-independent executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Awards was approved by the Directors, the remuneration committee, the non-independent executive Directors and/or the Shareholders (as the case may be), in accordance with the terms of this Scheme and Chapter 17 of the Listing Rules, except where the alterations take effect automatically under the existing terms of this Scheme.
- 11.4 The Company shall notify the Trustee in writing as soon as practicable after such amendment or alteration is made to the Scheme by the Board or the Board by a board ordinary resolution.

11.5 In case there is more than one (1) Trustee, written notice of any amendment to this Scheme made by Board directly or Board resolution shall be given to all Trustees.

11.6 The amended terms of the Scheme shall comply with applicable laws, rules and regulations including but not limited to the Listing Rules and/or the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

12. TERMINATION

12.1 This Scheme shall terminate on the earlier of:

- (i) the 10th anniversary date of the Adoption Date; and
- (ii) such date of early termination as determined by the Board by a resolution of the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant hereunder.

12.2 If, at the date of the termination of this Scheme, the Trustee (or SPV, if so established and subsisting and authorised by the Trustee) holds any Shares which has not been set aside pursuant to paragraph 4 in favour of any Selected Participant or retains any unutilised funds received as the Group Contribution or Gift Contribution or otherwise, then the Trustee (or SPV, as the case may be) shall, within thirty (30) Business Days of receiving actual notice of such termination (or such longer period as the Board may otherwise determine), sell such Shares and forthwith after the sale remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company.

12.3 Upon termination of this Scheme:

- (A) all the Awarded Shares and the Other Distributions attributable thereto shall become vested on the Selected Participant so referable on the Vesting Date, save in respect of the Total Lapse; 17.03(16)
- (B) Returned Shares and such non-cash income remaining in the trust fund (but not constituting to Other Distributions attributable to any particular Selected Participants) shall be sold by the Trustee (or via SPV, if so established and subsisting and authorised by the Board), within thirty (30) Business Days (on which the trading of the Shares has not been suspended) of receiving actual notice of such termination of this Scheme (or such longer period as the Board may otherwise determine); and

(C) Residual Cash, net proceeds of sale referred to in paragraph 12.3(B) hereof and such other funds remaining in the trust constituted by the Trust Deed (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the Trust Deed) shall be remitted to the Company forthwith after the sale or on termination, as the case may be. For the avoidance of doubt, neither the Trustee nor SPV (if so established and subsisting) may transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to paragraph 12.3(B) hereof).

12.4 For the avoidance of doubt, the temporary suspension of the granting of any Award shall not be construed as a decision to terminate the operation of this Scheme.

13. CANCELLATION

13.1 An Award that has not been vested may be cancelled by the Board (i) with the consent of the relevant Selected Participant; or (ii) the Selected Participant committing the breach as referred to in paragraph 3.7 above. For the avoidance of doubt, where the Company cancels Awards granted to a Selected Participant and makes a new grant to the same Selected Participant, such new grant may only be made with available Scheme Mandate Limit, and that Awards cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. 17.03(14)

14. MISCELLANEOUS

14.1 These rules of this Scheme shall not form part of any contract of employment between the Company or any Subsidiary and any Eligible Employee, and the rights and obligations of any Eligible Employee under the terms of his/her office or employment shall not be affected by his/her participation in this Scheme or any right which he/she may have to participate in it and this Scheme shall afford such Eligible Employee no additional rights to compensation or damages in consequence of the termination of his/her office or employment for any reason.

14.2 The Company shall bear the costs and expenses of establishing, administering and implementing this Scheme (including, for the avoidance of doubt, the Trustee's fees and costs, any transaction levy, investor compensation levy, brokerage, trading fee, trading tariff, stamp duty and any other tax and expenses of whatsoever nature payable on the part of a Selected Participant or the Trustee in respect of any sale, purchase, vesting or transfer of, or subscription for, Shares pursuant to this Scheme, but excluding any costs, expenses, levies and taxes which are determined by the Board (in its absolute discretion) to be payable due to reasons, factors or circumstances which are personal or pertaining to the relevant Selected Participant(s) or otherwise unrelated to the making of the relevant Award under this Scheme and which shall be payable by the relevant Selected Participant(s).

- 14.3 Any notice or other communication between the Company, the Board, any Selected Participant, the Trustee and/or SPV (where applicable) may be given by sending the same by prepaid post or by personal delivery to:
- (A) in the case of the Company or the Board, the principal place of business of the Company in Hong Kong, or the place determined by the Board from time to time;
 - (B) in the case of the Trustee or SPV, its principal place of business in Hong Kong or such other address as notified by the Trustee or by SPV to the Company from time to time; and
 - (C) in the case of any Selected Participant, his/her last known address as notified by such Selected Participant to the Company from time to time or, if none or incorrect or out of date, his/her last place of employment with the Group or the Company's principal place of business in Hong Kong from time to time.
- 14.4 Any notice or other communication:
- (A) if sent by any Selected Participant, shall be irrevocable and shall not be effective until actually received by the Company, the Board, and the Trustee or SPV (as the case may be);
 - (B) if sent to any Selected Participant shall be deemed to be given or made three (3) days after the date of posting, if sent by local postage pre-paid registered mail to an address in Hong Kong; and five (5) days after the date of posting, if sent by postage pre-paid registered airmail to an address outside Hong Kong; and when delivered, if delivered by hand; and
 - (C) if sent to the Trustee or SPV (as the case may be), shall be irrevocable and shall not be effective until actually received by the Trustee or SPV (as the case may be).
- 14.5 This Scheme shall not confer on any person any legal or equitable rights against the Company and the Trustee, or any of them, directly or indirectly or give rise to any cause of action at law or in equity against the Company and the Trustee, or any of them.
- 14.6 A Selected Participant shall, before accepting an Award and taking the transfer and vesting of the related Awarded Shares and the Other Distributions to and in him/her, obtain all necessary consents that may be required to enable him/her to accept such Award and take such transfer and vesting of the related Awarded Shares and the Other Distributions, as the case may be, in accordance with these rules of this Scheme. By accepting an Award, the Selected Participant is deemed to have represented to the Company and the Trustee (and, where applicable, SPV) that he/she has obtained all such consents. Compliance with this paragraph shall be a condition precedent to an acceptance of an Award by a Selected Participant. A Selected Participant shall indemnify the Company and the Trustee and SPV, as the case may be, fully against all claims, demands, liabilities, actions, proceedings, fees, costs and expenses which the Company or the Trustee or SPV, as the case may be, may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of such Selected Participant to obtain any necessary consent or to pay tax or other liabilities in relation to or in connection with his/her acceptance of the Award and taking the transfer and vesting of the related Awarded Shares and Other Distributions to and in him/her as referred to in this paragraph 14.6.

- 14.7 A Selected Participant shall pay all tax and discharge all liabilities to which he/she may become subject or liable as a result or consequence of his/her participation in this Scheme, acceptance of any Award made hereunder, and taking the transfer and vesting of the related Awarded Shares to and in him/her, or any of the foregoing.
- 14.8 The Trustee may rely on the Award Notices and instructions and directions in writing, or any of them, given to it by the Directors (or any one or more of them) from time to time under this Scheme, and the contents thereof, without further and/or independent inquiry or verification, and may assume the same and the transactions contemplated thereby to be in compliance with all applicable laws, rules, regulations, codes, and guidelines, whether statutory, regulatory, administrative or otherwise and whether having the force of law, and these rules of this Scheme and the Trust Deed.
- 14.9 In respect of the administration of this Scheme, the Company shall comply with all applicable disclosure regulations including without limitation those imposed by the Listing Rules from time to time.

15. GOVERNING LAW

- 15.1 This Scheme shall operate subject to the Bye-laws and any applicable law of Bermuda (being the place of incorporation of the Company).
- 15.2 This Scheme shall be governed by and construed in accordance with the laws of Hong Kong.

***** *End of these rules of this Scheme* *****

CHINA STAR ENTERTAINMENT LIMITED
(incorporated in Bermuda with limited liability)

**RULES OF THE
SHARE OPTION SCHEME
ADOPTED BY THE SHAREHOLDERS
AT THE ANNUAL GENERAL MEETING
HELD ON 29 JUNE 2022 AND AMENDED ON 29 JUNE 2023**

DEFINITIONS

1.1 In this Scheme, the following expressions shall have the following meanings:

<u>“1% Individual Limit”</u>	<u>shall have the meaning ascribed to it in sub-paragraph 8.3;</u>
“Adoption Date”	the date on which this Scheme is conditionally adopted by an ordinary resolution of the Shareholders in general meeting <u>on 29 June 2022 and amended on 29 June 2023 respectively;</u>
“associates”	has the same meaning as defined in the Listing Rules;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of Directors for the time being or a duly authorised committee thereof;
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon;
“Bye-laws”	the bye-laws of the Company as amended from time to time;
“chief executive”	has the same meaning as defined in the Listing Rules;
“close associates”	has the same meaning as defined in the Listing Rules;
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the same meaning as defined in the Listing Rules;
“core connected person”	has the same meaning as defined in the Listing Rules;
“Directors”	the directors of the Company for the time being;
“Eligible Participant(s)”	<u>includes Employee Participants, Related Entity Participants and Service Providers;</u> Rule 17.03(2)
	full time or part time employees of the Group or any Invested Entity (including any directors, whether executive or non-executive and whether independent or not, of the Company or any Subsidiary or any Invested Entity); and any business or joint venture partners, contractors, agents or representatives, consultants, advisers, producers or licensors, licensees (including any sub-licensees) or distributors of the Group or any Invested Entity, as determined by the Board in its absolute discretion;

<u>“Employee Participant(s)”</u>	<u>any Director or employee (whether full time or part time) of the Company or any of its subsidiaries (and including persons who are granted Option under this Scheme as an inducement to enter into employment or service contracts with these companies)</u>	Rule 17.03(2); 17.03A(1)
“Exercise Date”	has the meaning ascribed to it in sub-paragraph 6.4;	
“Exercise Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option pursuant to paragraph 6 and subject to any adjustments made pursuant to paragraph 9;	
“Grantee(s)”	Any Eligible Participant(s) who accept(s) an Offer in accordance with the terms of this Scheme or (where the context so permits and as referred to in sub-paragraph 6.3(a)) his Personal Representative(s);	
“Group”	the Company and its Subsidiaries;	
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;	
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;	
“inside information”	has the same meaning as defined in the Listing Rules;	
“Invested Entity”	any entity in which the Group holds an equity interest;	
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;	

“Macau”	the Macau Special Administrative Region of the People’s Republic of China;	
“Offer”	an offer for the grant of an Option made in accordance with this Scheme;	
“Offer Date”	the date on which an Offer is made to an Eligible Participant;	
“Option”	an option to subscribe for Shares granted pursuant to this Scheme;	
“Option Period”	in respect of any particular Option, the period to be determined and notified by the Directors to the Grantee thereof at the time of making an Offer provided that such period shall not exceed the period of ten (10) years from the date of the grant of the particular Option but subject to the provisions for early termination thereof contained in paragraph 7;	Rule 17.03(5)
<u>“Related Entity Participant(s)”</u>	<u>any director or employee (whether full time or part time) of the holding companies, fellow subsidiaries or associated companies of the Company;</u>	Rule 17.03(2); 17.03A(1)
“Participant Limit”	has the meaning ascribed to it in sub-paragraph 8.4;	
“Personal Representative(s)”	the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Grantee (to the extent not already exercised);	
“Scheme”	this Share Option Scheme in its present form or as may be amended in accordance with paragraph 13;	
“Scheme Mandate Limit”	has the meaning ascribed to it in sub-paragraph 8.1(a);	
“Scheme Period”	means the period commencing on the Adoption Date and expiring on the earlier of the Termination Date or the date on which this Scheme is terminated pursuant to paragraph 14;	

<u>“Service Provider”</u>	<u>any person (natural person, corporate entity or otherwise) who provides services to any member of the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, taking into account the length and nature of the services provided or which are expected to be provided, the terms of engagements (including the hours, places and mode of services), and the business segments and focuses of the Group from time to time, which shall be the Group’s contractor, supplier, agent or representative, consultant, adviser, producer or licensor, licensee (including any sub-licensee) or distributor who (i) provides consultancy services, sales and marketing services, technology services, administrative services and other services to the Group where the continuity and frequency of their services are akin to those of employees; or (ii) provides services to the various projects of the Group, but exclude any placing agent or financial advisers providing advisory services for fundraising, mergers or acquisitions, and other professional services providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity;</u>	Rule 17.03(2); 17.03A(1); 17.03A(2)
<u>“Service Provider Sublimit”</u>	<u>shall have the meaning set out in sub-paragraph 8.1(b);</u>	
“Share Registrar”	branch share registrar of the Company in Hong Kong for the time being;	
“Share(s)”	share(s) of HK\$0.01 each of the Company, or, if there has been a sub-division, consolidation, re-classification or re-construction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such sub-division, consolidation, re-classification or re-construction;	
<u>“Share Scheme(s)”</u>	<u>share option schemes and/or share award schemes involving issuance of new Shares adopted and to be adopted by the Company from time to time;</u>	
“Shareholder(s)”	holder(s) of the issued Share(s) from time to time;	
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or such other stock exchange which is the principal stock exchange (as determined by the Directors) on which Shares are for the time being listed or traded;	

“Subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Companies Act 1981 of Bermuda), whether incorporated in Hong Kong, Macau, the British Virgin Islands, or elsewhere;
“substantial shareholder”	has the same meaning as defined in the Listing Rules;
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers;
“Termination Date”	close of business of the Company on the date immediately preceding the tenth anniversary of the Adoption Date; and
<u>“Vesting Date”</u>	<u>in relation to any Grantee, the earliest date on which the Option (or a tranche thereof) granted to him/her may be exercised by such Grantee, pursuant to which Shares (or separate tranches of Shares) may be subscribed for pursuant to the terms of such Options;</u>
<u>“Vesting Period”</u>	<u>in relation to any Grantee, the period commencing on the date on which the Grantee accepts the Option granted to him/her and ending on the Vesting Date (both dates inclusive); and</u>
“%”	per cent.

1.2 In this Scheme, save where the context otherwise requires:

- (a) paragraph headings are for ease of reference only and shall be ignored in construing this Scheme;
- (b) references to paragraph or paragraphs are references to paragraph or paragraphs hereof;
- (c) words importing the singular include the plural and vice versa;
- (d) words importing one gender include both genders and the neuter and vice versa;
- (e) references to persons include bodies corporate and unincorporated;
- (f) references to any statutory provisions or rules prescribed by any statutory bodies shall include the same as from time to time amended, consolidated and re-enacted; and
- (g) references to any statutory body shall include the successor thereof and any body established to replace or assume the functions of the same.

2. CONDITIONS

2.1 The adoption of this Scheme is conditional upon:

- (a) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in any Shares which may fall to be issued by the Company pursuant to the exercise of Options granted under this Scheme; and Rule 17.02(1)(a)
- (b) the passing of an ordinary resolution by the Shareholders in general meeting to approve and adopt this Scheme and to authorise the Directors to grant Options and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of any Options granted under this Scheme. Rule 17.02(1)(a)

2.2 If the conditions referred to in sub-paragraph 2.1 are not satisfied on or before the date falling six calendar months after the Adoption Date, this Scheme shall forthwith determine and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of this Scheme.

2.3 Reference in sub-paragraph 2.1 to the Listing Committee of Stock Exchange formally granting the approvals, listing and permission referred to therein shall include any such approvals, listing and permission which are granted subject to conditions.

2.4 A certificate of a Director that the conditions set out in sub-paragraph 2.1 have been satisfied and the date on which such conditions were satisfied or that such conditions have not been satisfied as of any particular date and the exact date of the Adoption Date shall be conclusive evidence of the matters certified.

2.5 The Company shall publish an announcement on the outcome of the Shareholders' meeting as referred to in sub-paragraph 2.1(b) for the adoption of this Scheme in the manner as set out in rule 13.39(5) of the Listing Rules ~~soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Business Day after such general meeting, in accordance with the requirements under the Listing Rules.~~ Rule 17.02(1)(a)

3. PURPOSE, DURATION AND ADMINISTRATION

3.1 The purpose of the Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group ~~or any Invested Entity~~ and/or to recruit and retain high caliber Eligible Participants and attract human resources that are valuable to the Group. The Scheme shall be subject to the administration of the Board whose decision on all matters arising from or in relation to this Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby. Rule 17.03(1)

3.2 The basis of eligibility of any Eligible Participant to the grant of any Option shall be determined by the Board (or where necessary, the independent non-executive Directors and/or the remuneration committee of the Board) from time to time at its absolute discretion on the basis of the Eligible Participant's contribution or potential contribution to the Group ~~or any Invested Entity~~. In determining whether a person has contributed or will contribute to the Group, the Company will take into account, among other things, whether contribution has been made to or will be made to the Group in terms of operation, financial performance, prospects, growth, development, reputation and image of the Group. In assessing the eligibility of any Eligible Participant, the Board will consider all relevant factors as appropriate, including, among others, (i) in respect of employees and directors of the Group ~~or any Invested Entity~~: (a) his responsibilities and contributions made or to be made to the Group; (b) his ability to further promote the development of the Group; (c) his years of service; and (d) his professional qualifications and knowledge in the industry; and (ii) in respect of all other Eligible Participants (i.e. those who are not employees or directors of the Group ~~or any Invested Entity~~): (a) the quality of services provided; (b) the scale of their business involvements or dealings with the Group (e.g. in terms of fees payable, where applicable); (c) the length of their respective business relationships with the Group; and (d) the benefits and positive impacts they have brought about to the Group's business development.

Rule 17.03(2);
17.03A(2)

3.3 Subject to paragraphs 2 and 14, this Scheme shall be valid and effective until the Termination Date, after which period no further Options ~~will~~ shall be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme. Options granted during the life of this Scheme shall continue to be valid and exercisable in accordance with their terms of grant and provisions of this Scheme ~~within the Option Period~~ after the Termination Date.

Rule 17.03(11)

3.4 An Eligible Participant shall ensure that any exercise of his Option under paragraph 6 is valid and complies with all laws, legislations and regulations to which he is subject. The Directors may, as a condition precedent of issuing Shares upon an exercise of an Option, require the relevant Grantee to produce such evidence as it may reasonably require for such purpose.

3.5 There is no ~~specified minimum period under this Scheme for which an Option must be held or the performance target which must be achieved~~ by the Grantee before an Option can be exercised under the terms of this Scheme save as otherwise imposed by the Board as it thinks fit in the relevant Offer.

Rules 17.03(6)
17.03(7)

3.6 The Vesting Period for any Option granted to any Grantee shall not be less than twelve (12) months from the date of grant of such Option, unless a shorter Vesting Period under specific circumstances as set out in the Scheme.

Rule 17.03(6);
17.03F

3.7 The Board may determine a shorter Vesting Period on Options granted to any Employee Participants at the discretion of the Board and/or the remuneration committee under each of the following circumstances: Rule 17.03F

- (a) grants of “make-whole” Options to the Employee Participants who newly joined the Group to replace the share options they forfeited when leaving the previous employers;
- (b) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out of control event;
- (c) grants that are made in batches during a year for administrative and compliance reasons, which may include Options that should have been granted earlier but had to wait for a subsequent batch, in such cases, the Vesting Date may be adjusted to take account of the time from which the Options would have been granted if not for such administrative or compliance requirements;
- (d) grants of Options with a mixed or accelerated vesting schedule such that the Options may vest evenly over a period of 12 months; and
- (e) grants of Options with a total vesting and holding period of more than 12 months.

3.8 Subject to compliance with the requirements of the Listing Rules and the provisions of this Scheme, the Board shall have the right to (a) interpret and construe the provisions of this Scheme; (b) to determine the persons (if any) who will be offered Options under this Scheme; (c) determine the Exercise Price; (d) make such appropriate and equitable adjustments to the terms of the Options granted under this Scheme to the relevant Grantee as the Board deems necessary, and shall notify the relevant Grantee of such adjustment by written notice; and (e) make such other decisions, determinations or regulations as it shall deem appropriate in the administration of this Scheme.

4. GRANT OF OPTIONS

4.1 The Board shall, subject to and in accordance with the provisions of this Scheme and the Listing Rules, be entitled (but shall not be bound) at any time and from time to time on any Business Day within the Scheme Period to make an Offer to such Eligible Participant as it may in its absolute discretion select, in the absence of any clawback mechanism, and subject to such conditions as the Board may think fit, to subscribe during the Option Period for such number of Shares as the Board may, subject to paragraph 10, determine at the Exercise Price provided that no Option shall be granted by the Board: Rule 17.03(19)

- (a) after inside information has come to the knowledge of the Board until the Board has announced the information pursuant to the requirements of the Listing Rules; Rule 17.05

- (b) during the period commencing one month immediately before the earlier of: (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly ~~quarter~~ or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly ~~quarter~~ or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement;
- (c) during any period of delay in publishing a results announcement; and
- (d) to any of the Directors during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

4.2 An Offer shall be made to an Eligible Participant on a Business Day in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine either generally or on a case-by-case basis specifying the number of Shares, the Exercise Price, the Option Period (including the minimum period, if any, for which the Option, or any part thereof, must be held before it, or the relevant part, can be exercised), any performance targets that must be achieved any other conditions (including vesting conditions) that must be fulfilled before an Option can be exercised in respect of which the Offer is made and further requiring the Eligible Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of this Scheme and shall include a statement to the effect that any acceptance thereof shall render the Eligible Participant who is being offered bound by the provisions of this Scheme, and shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including his Personal Representative(s)) for a period of thirty (30) days inclusive of, and from the Offer Date provided that no such Offer shall be open for acceptance after the earlier of the Termination Date or the date on which this Scheme is terminated pursuant to paragraph 14.

4.3 An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant with the number of Shares in respect of which the Offer is accepted stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within thirty (30) days inclusive of, and from the Offer Date. Such remittance shall in no circumstances be refundable. Rule 17.03(8)

4.4 Any Offer may be accepted by an Eligible Participant in respect of less than the number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate letter comprising acceptance of the Offer duly signed by such Eligible Participant and received by the Company together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof within thirty (30) days from the Offer Date (or such shorter period referred to in sub-paragraph 4.2). To the extent that the Offer is not accepted within the stated period, it will be deemed to have been irrevocably declined by the Eligible Participant and the Offer shall lapse and become null and void. Rule 17.03(8)

4.5 Upon an Offer being accepted by an Eligible Participant in whole or in part in accordance with sub-paragraphs 4.3 or 4.4, an Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted by the Company to such Eligible Participant on the date of such acceptance provided that if such date of acceptance shall fall on a non-Business Day, the Business Day immediately following such date of acceptance shall be taken to be the date of acceptance for the grant of such Option. The Company shall, within seven (7) Business Day following the receipt of such acceptance and payment, issue an Option Certificate specifying details of the grant to the Grantee as confirmation of the grant. To the extent that the Offer is not accepted within thirty (30) days from the Offer Date (or such shorter period referred to in sub-paragraph 4.2) in the manner indicated in sub-paragraphs 4.3 or 4.4 it will be deemed to have been irrevocably declined by the Eligible Participant and the Offer shall lapse and become null and void.

4.6 Any grant of Options to any Director, chief executive, or substantial shareholder of the Company (excluding the proposed Director or proposed chief executive of the Company) or any of their respective associates under the Scheme shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who ~~or whose associate~~ is the proposed Grantee of an Option) and shall comply with the relevant provisions of Chapter 17 of the Listing Rules.

Rule 17.04(1);
~~17.04(3)~~

5. EXERCISE PRICE

5.1 The Exercise Price shall, subject to any adjustments made pursuant to paragraph 9, be determined at the absolute discretion of the Board, provided that it shall be not less than the ~~highest~~ higher of:

Rule 17.03(9);
17.03E

- (a) the closing price of the Shares on the Stock Exchange as stated in the daily quotations sheet of the Stock Exchange on the Offer Date, which must be a Business Day; and
- (b) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five (5) Business Days immediately preceding the Offer Date; ~~and~~
- (c) ~~the nominal value of the Share on the Offer Date.~~

6. EXERCISE OF OPTIONS

6.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement to do so. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Option or part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.

Rule 17.03(17)

6.2 Subject to sub-paragraph 15.8, an Option shall be exercisable in whole or in part in the circumstances and in the manner as set out in this sub-paragraph 6.2 or sub-paragraph 6.3 (as the case may be) by the Grantee (or, as the case may be, his Personal Representative(s)) giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price for Shares in respect of which the notice is given. Within thirty (30) days (seven (7) days in the case of exercise pursuant to sub-paragraph 6.3(e)) after receipt of the notice and, where appropriate, receipt of the Auditors' or independent financial adviser's certificate pursuant to paragraph 9, the Company shall accordingly allot the relevant number of Shares to the Grantee (or, in the event of an exercise of Option by a Personal Representative pursuant to sub-paragraph 6.3(a), to the estate of the Grantee) credited as fully paid and instruct the Share Registrar to issue to the Grantee (or his estate in the event of an exercise by his Personal Representative(s) as aforesaid) a share certificate for the Shares so allotted.

6.3 Subject as hereinafter provided, an Option may (and may only) be exercised by the Grantee at any time or times during the Option Period provided that: Rule 17.03(5)

- (a) in the event of the Grantee ceasing to be an Eligible Participant by reason of his death before exercising the Option in full and where the Grantee is an employee or a director of a member of the Group ~~or any Invested Entity~~ none of the events which would be a ground for termination of his employment or directorship under sub-paragraph 7.1(c) arises, his Personal Representative(s) may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of sub-paragraph 6.2 within a period of six (6) months following the date of death, or up to the expiration of the Option Period, whichever is earlier, and such Option to the extent not so exercised shall lapse and determine at the end of the period of six (6) months or at the expiration of the Option Period, whichever is earlier, or if any of the events referred to in sub-paragraphs 6.3(e), 6.3(f) or 6.3(g) occur during such period, exercise the Option pursuant to sub-paragraphs 6.3(e), 6.3(f) or 6.3(g) respectively; Rule 17.03(12)
- (b) in the event of the Grantee who is an employee or a director of a member of the Group ~~or any Invested Entity~~ ceasing to be an Eligible Participant by reason of ill-health or retirement as an employee or director in accordance with his contract of employment or service contract before exercising the Option in full, he may exercise the Option (to the extent not already exercised) in whole or in part in accordance with the provisions of sub-paragraph 6.2 within a period of six (6) months following the date of such cessation or, if any of the events referred to in sub-paragraphs 6.3(e), 6.3(f) or 6.3(g) occurs during such period, exercise the Option pursuant to sub-paragraphs 6.3(e), 6.3(f) or 6.3(g) respectively. The date of cessation as aforesaid shall be the last day on which the Grantee is actually at work with the member of the Group Company ~~or the relevant Subsidiary or the relevant Invested Entity~~ whether salary is paid in lieu of notice or not;

- (c) in the event of the Grantee who is an employee or a director of a member of the Group ceasing to be an Eligible Participant for any reason other than the reasons specified in sub-paragraph 6.3(a) and 6.3(b) or where the Grantee is an employee or a director of a member of the Group ~~or any Invested Entity~~ by reason of the termination of his employment or directorship on one or more of the grounds specified in sub-paragraph 7.1(c) before exercising the Option in full, the Option (to the extent not already exercised) shall lapse on the date of cessation or termination and not be exercisable, and to the extent that the Grantee has exercised the Option in whole or in part pursuant to sub-paragraph 6.2, but Shares have not been allotted to him on the date of cessation or termination of his employment or directorship, the Company shall have the absolute discretion to determine whether or not such Grantee is deemed to have exercised such Option, and where the Company has determined that the Grantee shall be deemed not to have so exercised such Option, the Company shall return to the Grantee the aggregate amount of the Exercise Price for the Shares (without interest) in respect of the purported exercise of such Option;
- (d) in the event of the Grantee who is a business or joint venture partner, contractor, agent or representative, consultant, adviser, producer or licensor, licensee (including any sub-licensee) or distributor of the Group ~~or the relevant Invested Entity~~ ceasing to be an Eligible Participant by reason of breach of contract entered into between such Eligible Participant and the relevant member of the Group ~~or the relevant Invested Entity~~, in the absolute determination of the Board, the Option (to the extent not already exercised) shall lapse on the date of the Board's determination and not be exercisable;
- (e) if a general or partial offer, whether by way of take-over offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert (as defined in the Takeovers Code) with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, the Grantee shall, notwithstanding any other terms on which his Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company in accordance with the provisions of sub-paragraph 6.2 at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under the scheme of arrangement, as the case may be. To the extent that any Option has not been so exercised, it shall upon the expiry of such period lapse and determine;

- (f) in the event a notice is given by the Company to its members to convene a special general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all Grantees (containing an extract of the provisions of this sub-paragraph) and thereupon, each Grantee or his Personal Representative(s) shall be entitled to exercise all or any of his Options (to the extent not already exercised) by giving notice in writing to the Company (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed special general meeting), accompanied by a remittance for the full amount of the aggregate Exercise Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the Grantee credited as fully paid. Subject thereto, all Options then outstanding shall lapse and determine on the date of commencement of the winding-up of the Company; and Rule 17.03(10)
- (g) in the event of a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same date as it gives notice of the meeting to its members or creditors to summon a meeting to consider such a scheme or arrangement and any Grantee or his Personal Representative(s) may by notice in writing to the Company (such notice shall be received by the Company no later than five (5) Business Days prior to the proposed meeting), accompanied by a remittance of the full amount of the aggregate Exercise Price in respect of which the notice is given exercise the Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice and the Company shall as soon as possible and in any event no later than the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the Grantee or his Personal Representative(s) which falls to be issued on such exercise of the Option credited as fully paid and register the Grantee as holder thereof. Subject thereto, all Options then outstanding shall lapse and determine upon such compromise or arrangement becoming effective.

6.4 Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the Bye-laws for the time being in force and will rank *pari passu* in all respects with the existing fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an Option shall not carry voting rights until the name of the Grantee has been duly entered onto the register of members of the Company as the holder thereof. Rules 17.03(10)
17.03(15)

7. EARLY TERMINATION OF OPTION PERIOD

7.1 The Option Period in respect of any Option shall automatically terminate and that Option (to the extent not already exercised) shall automatically lapse on the earliest of: Rule 17.03(12)

- (a) subject to sub-paragraph 6.3, the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in sub-paragraph 6.3;
- (c) the date on which the Grantee, being an employee or a director of a member of the Group ~~or any Invested Entity~~, ceases to be an Eligible Participant by reason of voluntary resignation or dismissal or upon expiration of his term of directorship (unless immediately renewed upon expiration), or by termination of his employment or directorship on any one or more of the grounds that he has been guilty of persistent or serious misconduct, or has become bankrupt or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the Grantee or the Company and any member of the Group ~~or the relevant Invested Entity~~ into disrepute or otherwise does not compromise the integrity or involve dishonesty of the Grantee) or any other ground(s) on which the relevant member of the Group ~~or the relevant Invested Entity~~ would be entitled to terminate the Grantee's employment or directorship pursuant to any applicable law; and
- (d) the date on which the Directors shall exercise the Company's right to cancel the Option by reason of a breach of sub-paragraph 6.1 by the Grantee in respect of that or any other Option.

7.2 A resolution of the Directors to the effect that the employment or directorship of a Grantee has or has not been terminated on one or more of the grounds specified in sub-paragraph 7.1(c) shall be conclusive and binding on the Grantee.

8. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

8.1 Subject to sub-paragraphs 8.2 ~~and 8.3~~ and paragraph 9:

Rule 17.03(3);
17.03B(1)

- (a) The total number of Shares which may be issued upon exercise of all Options which may be granted at any time under this Scheme together with options which may be granted under any other Share Scheme(s) ~~share option schemes for the time being of the Company~~ shall not exceed 10% of the total number of Shares in issue as at the date of approval of the Scheme Adoption Date (i.e. 246,085,047 Shares) (the "**Scheme Mandate Limit**"), unless the Company obtains approval from the Shareholders pursuant to sub-paragraphs 8.1(c**b**) or 8.1(d**e**). Options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

- (b) Without prejudice to sub-paragraphs 8.1(c) and 8.1(d) and within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options to be granted to the Service Providers under the Scheme and all options and awards to be granted under any other Share Scheme(s) shall not exceed 10% of the Scheme Mandate Limit (the “Service Provider Sublimit”), representing 1% of the issued Shares at the date of approval of the Scheme (i.e. 24,608,504 Shares). Rule 17.03(3);
17.03B(2)
- ~~(b)~~(c) The Company may seek approval by the Shareholders in general meeting to refresh the Scheme Mandate Limit and the Service Provider Sublimit under this Scheme at any time after three years from the date of the Shareholders’ approval for the last refreshment or the Adoption Date. Any “refreshment” within any three-year period must be approved by Shareholders in a manner compliant with Chapter 17 of the Listing Rules in force from time to time. The Scheme Mandate Limit so refreshed~~However, the total number of Shares which may be issued upon exercise of all Options to be granted under this Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of Shares in issue as at the date of the Shareholders’ approval of the refreshing of the Scheme Mandate Limit~~ passing the relevant resolution. Options previously granted under this Scheme (including those outstanding, cancelled, lapsed in accordance with this Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. The Company shall send a circular to its Shareholders containing the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. Rule 17.03C(1);
17.03C(2)
- ~~(e)~~(d) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit and/or Service Provider Sublimit provided the Options in excess of the Scheme Mandate Limit and/or Service Provider Sublimit are granted only to Eligible Participants specifically identified by the Company before such approval is sought and the Company, in connection with the seeking of such separate Shareholders’ approval, has first sent a circular to Shareholders containing such information as may be required by the Listing Rules then prevailing to be included in such circular, that the proposed Grantee and his/her close associates (or his/her associates if the proposed Grantee is a connected person of the Company) shall abstain from voting in the general meeting. The Company shall send a circular to the Shareholders containing the name of each a generic description of the specified Eligible Participants who may be granted such Options, the number and terms of the Options to be granted, the purpose of granting Options to the specified Eligible Participant with an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to such Eligible Participants must be fixed before Shareholders’ approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the Offer Date for the purpose of calculating the Exercise Price under paragraph 5, the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules. Rule 17.03C(3)

~~8.2 Notwithstanding anything contained in sub-paragraph 8.1 and subject to sub-paragraphs 8.4 and 8.5, the maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time. No Options may be granted under this Scheme or any other share option schemes of the Company if this will result in such limit being exceeded.~~

~~8.23~~ If the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit and Service Provider Sublimit have ~~has~~ been approved by the Shareholders in general meeting, the maximum number of Shares that may be issued upon exercise of all options to be granted under all of the share option schemes of the Company under the Scheme Mandate Limit and Service Provider Sublimit as a ~~the~~ respective percentages of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

~~8.34~~ Unless approved by the Shareholders in the manner set out in sub-paragraph ~~8.45~~, the total number of Shares issued and to be issued in respect of all Options and awards upon exercise of the Options granted to each Eligible Participant~~Participants~~ under the Scheme and any other Share Scheme(s) (excluding options and awards that have been lapsed in accordance with the terms of the Scheme and any other Share Scheme(s)) ~~(including both exercised and outstanding Options)~~ in any 12-month period up to and including the date of such grant shall not in aggregate exceed 1% of the total number of Shares in issue at the Offer Date from time to time (the “**1% Individual Participant Limit**”).

Rule 17.03(4);
17.03D(1)

~~8.45~~ Where any ~~further~~ grant of Options to an Eligible Participant would result in the Shares issued and to be issued in respect upon exercise of all Options and awards granted and to be granted to such Eligible Participant (excluding options and awards that have been lapsed in accordance with the Share Schemes) (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such ~~further~~ grant representing in aggregate over 1% of the total number of Shares in issue ~~from time to time~~, such ~~further~~ grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his close associates (or his associates if such Eligible Participant is a connected person of the Company) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Options to be granted (and Options and awards previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose~~the information required under rule 17.02(2)(d) of the Listing Rules and the disclaimer required under rule 17.02(4) of the Listing Rules~~. The number and terms (including the Exercise Price) of Options to be granted to such Eligible Participant must be fixed before Shareholders’ approval and the date of the Board meeting for proposing such ~~further~~ grant should be taken as the Offer Date for the purpose of calculating the Exercise Price under paragraph 5.

Rule 17.03(4);
17.03D(1);
17.03D(2)

8.56 Where any grant of Options to an Eligible Participant who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued in respect of all Options and awards granted (excluding options and awards that have been lapsed in accordance with the Scheme or any other Share Scheme(s)) upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the Offer Date,:

Rule 17.04(†3);
17.03(4)

- (a) representing in aggregate over 0.1% of the total number of Shares in issue; ~~and~~
- (b) ~~having an aggregate value, based on the closing price of the Shares at the Offer Date, in excess of HK\$5 million;~~

, such ~~further~~ grant of Options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting, ~~except that any such person(s) may vote against the relevant resolution(s) at the general meeting provided that his intention to do so has been stated in the circular.~~ Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll and comply with the requirements under the Listing Rules.

Rule 17.04(2)

8.67 The circular to be issued by the Company to the Shareholders pursuant to sub-paragraph 8.56 shall contain the following information:

Rule 17.04(35)

- (a) details of the number and terms (including, ~~inter alia, the Exercise Price and other~~ information required under rules 17.03(5) to 17.03(10) and rule 17.03(19) of the Listing Rules) of the Options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting, and in respect of any Options to be granted, the date of the Board meeting for proposing such further grant should be taken as the Offer Date for the purpose of calculating the Exercise Price under paragraph 5 rule 17.03E of the Listing Rules;
- (b) ~~a recommendation from the views of the independent non-executive Directors (excluding an~~ any independent non-executive Directors who is the proposed Grantee of the Options) as to whether the terms of the grant are fair and reasonable and whether such grant is in the interests of the Company and the Shareholders as a whole, and their recommendation to the independent Shareholders as to voting;
- (c) the information required under rule 17.02(2)(c) ~~and (d)~~ of the Listing Rules ~~and the disclaimer required under rule 17.02(4) of the Listing Rules;~~ and
- (d) the information required under rule 2.17 of the Listing Rules.

8.78 Any change in the terms of Options granted to an Eligible Participant who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, must be approved by the Shareholders in general meeting (except where the changes take effect automatically under the existing terms of the Options).

9. REORGANISATION OF CAPITAL STRUCTURE

9.1 In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or this Scheme remains in effect, whether by way of capitalisation issue, rights issue, consolidation or sub-division of shares or reduction of the share capital of the Company, the Company shall (if applicable) make the corresponding adjustments (if any) to: Rule 17.03(13)

- (a) the number ~~or nominal value~~ of Shares comprised in each Option for the time being outstanding;
- (b) the Exercise Price; and/or
- (c) the number of Shares in respect of which any further Options may be granted within the ~~Participant 1% Individual Limit~~ and/or the Scheme Mandate Limit and/or the Service Provider Sublimit,

as the Auditors or the independent financial adviser to the Company shall certify or confirm in writing to the Board to be in their opinion fair and reasonable, provided that:

- (i) any such adjustment shall be made on the basis that the aggregate Exercise Price payable by a Grantee on the full exercise of any Option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;
- (ii) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (iii) no such adjustment shall be made to the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee would have been entitled to subscribe had he exercised all the Options held by him immediately prior to such adjustment;
- (iv) the issue of ~~securities~~ Shares of the Company as consideration in a transaction to which the Company is a party shall not be regarded as a circumstance requiring any such adjustment; and
- (v) in respect of any such adjustments, other than any made on a capitalisation issue, the Auditors or the independent financial adviser of the Company must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the above, the requirements of rule 17.03(13) of the Listing Rules and the note thereto, ~~the supplementary guidance issued by the Stock Exchange attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to the share option schemes,~~ any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

9.2 If there has been any alteration in the capital structure of the Company as referred to in sub-paragraph 9.1, the Company shall, upon receipt of a notice from a Grantee in accordance with sub-paragraph 6.2, inform the Grantee of such alteration and shall either inform the Grantee of the adjustment to be made in accordance with the certificate of the Auditors or the independent financial adviser obtained by the Company for such purpose or, if no such certificate has yet been obtained, inform the Grantee of such fact and instruct the Auditors or an independent financial adviser as soon as practicable thereafter to issue a certificate in that regard in accordance with sub-paragraph 9.1.

9.3 In giving any certificate under this paragraph 9 the Auditors and independent financial adviser to the Company shall be deemed to be acting as experts and not as arbitrators and their certification shall, in the absence of manifest error, be final, conclusive and binding on the Company, the Grantees and all persons who may be affected thereby.

10. CANCELLATION OF OPTIONS

10.1 Subject to sub-paragraph 6.1, any Option granted but not exercised may not be cancelled except with the written consent of the relevant Grantee and the prior approval of the Directors. Where the Company cancels Options and makes a new grant of issues~~new Options~~ to the same Grantee, such new grant of the issue of such new Options may only be made under this Scheme with available scheme mandate unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit and Service Provider Sublimit.

Rule 17.03(14)

10.2 Options cancelled in accordance with the terms of the Scheme and (as the case may be) such other Share Scheme(s) will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit. Options lapsed in accordance with the terms of the Scheme and (as the case may be) such other Share Scheme(s) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and the Service Provider Sublimit.

Rule 17.03(14);
17.03B(2)

11. SHARE CAPITAL

11.1 The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the share capital of the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the Company to allot the Shares on the exercise of any Option.

11.2 The Options do not carry any right to vote in general meeting of the Company, or any right, dividend, transfer or any other rights, including those arising on the liquidation of the Company.

Rule 17.03(10)

12. DISPUTES

Any dispute arising in connection with this Scheme (whether as to the number of Shares, the subject of an Option, the Exercise Price or any adjustment under sub-paragraph 9.1) shall be referred to the decision of the Auditors or independent financial adviser to the Company who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby. The costs of the Auditors or the independent financial adviser to the Company shall be shared equally between the Company and the relevant Grantee.

13. ALTERATION OF THIS SCHEME

13.1 This Scheme may be altered in any respect by a resolution of the Board except for:

Rule 17.03(18)

- ~~(a) any alteration to the advantage of the Eligible Participants in relation to any matter contained in rule 17.03 of the Listing Rules;~~
- (a) any alterations to the terms and conditions of this Scheme which are of a material nature or any alterations to the provisions relating to matters set out in rule 17.03 of the Listing Rules to the advantage of the Eligible Participants ~~change to the terms of Options granted, except alterations which take effect automatically under the existing terms of this Scheme;~~
- (b) any change to the authority of the Directors in relation to any alteration to the terms of this Scheme;
- (c) the provisions of this Scheme as to the definitions of “Eligible Participant”, “Grantee”, “Option Period”, “Scheme Period” and “Termination Date” in sub-paragraph 1.1; and
- (d) the provisions of sub-paragraphs 3.1, 3.2, 3.3, 3.5, 3.6, 3.7, 3.8, 4.1, 4.2, 4.3 (other than the time period referred thereto), 4.4 (other than the time period referred thereto), 4.5 (other than the time period referred thereto), 4.6 and 7.1 and paragraphs 5, 6, 8, 9, 10, 11, 14 and this paragraph 13,

which shall only be altered with the prior sanction of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Bye-laws for a variation of the rights attached to the Shares.

13.2 Any change to the terms of Options granted to an Eligible Participant must be approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the remuneration committee, the independent non-executive Directors and/or the Shareholders (as the case may be), except where the alterations take effect automatically under the existing terms of the Scheme.

Rule 17.03(18)

13.3 Notwithstanding anything to the contrary contained in sub-paragraph 13.1, the Board may at any time alter or modify this Scheme in any way to the extent necessary to cause this Scheme to comply with any statutory provisions or the regulations of any regulatory or other relevant authority. Any alterations to the terms ~~and conditions~~ of this Scheme or the Options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

14. TERMINATION

14.1 The Company by an ordinary resolution of the Shareholders in general meeting may at any time terminate the operation of this Scheme and in such event no further Options will be offered or granted but the provisions of this Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of this Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with their terms of grant and provisions of this Scheme within the Option Period. Rule 17.03(16)

14.2 Details of the Options granted, including Options exercised or outstanding, under this Scheme and (if applicable) Options that become void or non-exercisable as a result of the termination must be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme to be established or refreshment of the Scheme Mandate Limit under any existing scheme after such termination. Rule 17.03(16)

15. MISCELLANEOUS

15.1 This Scheme shall not form part of any contract of employment between the Company or any Subsidiary, ~~or any Invested Entity~~ and any Eligible Participant who is the employee of the Group and the rights and obligations of any such Eligible Participant under the terms of his office or employment shall not be affected by his participation in this Scheme or any right which he may have to participate in it and this Scheme shall afford such an Eligible Participant no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason.

15.2 This Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company directly or indirectly or give rise to any cause of action at law or in equity against the Company.

15.3 The Company shall bear the costs of establishing and administering this Scheme, including any costs of the Auditors and the independent financial advisers in relation to the preparation of any certificate by them or providing any other service in relation to this Scheme.

15.4 A Grantee shall be entitled to receive copies of all notices and other documents sent by the Company to Shareholders at the same time or within a reasonable time of any such notices or documents being sent to Shareholders.

15.5 Any notice or other communication between the Company and a Grantee may be given by sending the same by prepaid post or by personal delivery to, in the case of the Company, its principal place of business in Hong Kong and, in the case of the Grantee, his address in Hong Kong as notified to the Company from time to time or, if none or incorrect or out of date, his last known address in Hong Kong.

15.6 Any notice or other communication if sent by the Grantee shall be irrevocable and shall not be effective until actually received by the Company.

15.7 Any notice or other communication if sent to the Grantee shall be deemed to be given or made:

- (a) one (1) day after the date of posting, if sent by mail;
- (b) seven (7) days after the date of ~~posting~~posting to an address in a different territory;
- (c) upon completion of transmission if sent by facsimile or other form of ~~electric~~electronic transmissions; and
- (~~db~~) when delivered, if delivered by hand.

15.8 A Grantee shall, before accepting an Offer or exercising his Option, obtain all necessary consents and approvals that may be required to enable him to accept the Offer or to exercise the Option and the Company to allot and issue to him in accordance with the provisions of this Scheme the Shares falling to be allotted and issued upon the exercise of his Option. By accepting an Offer or exercising his Option, the Grantee thereof is deemed to have represented to the Company that he has obtained all such consents and approvals. Compliance with this sub-paragraph shall be a condition precedent to an acceptance of an Offer by a Grantee and an exercise by a Grantee of his Options.

15.9 A Grantee shall pay all tax and discharge all other liabilities to which he may become subject as a result of his participation in this Scheme, accepting an Offer or the exercise of any Option. A Grantee shall indemnify the Company fully against all claims, demands, liabilities, actions, proceedings, fees, costs, and expenses which the Company may suffer or incur (whether alone or jointly with other party or parties) for or in respect of any failure on the part of the Grantee to obtain any necessary consent or to pay tax or other liability to which he may become subject as a result of his participation in this Scheme, accepting an Offer or the exercise of any Option.

15.10 By accepting an Offer a Grantee shall be deemed irrevocably to have waived any entitlement, by way of compensation for loss of office or otherwise howsoever to any sum or other benefit to compensate him for loss of any rights under this Scheme.

15.11 This Scheme and all Options granted hereunder shall be governed by and construed in accordance with the laws of Hong Kong.

The Companies Act 1981

Company Limited by Shares

New Bye-Laws

of

CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(as adopted by a resolution on 29 June 2023)

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NEW BYE-LAWS
OF
CHINA STAR ENTERTAINMENT LIMITED
PRELIMINARY

1. The marginal notes to these Bye-Laws shall not be deemed to be part of these Bye-Laws and shall not affect their interpretation and in the interpretation of these Bye-Laws, unless there be something in the subject or context inconsistent therewith:-

“appointed newspaper” shall have the meaning as defined in the Companies Act.

~~A “associate(s)” shall have the meaning attributed to it in the Listing Rules as amended from time to time.~~

“Auditors” shall mean the persons for the time being performing the duties of that office.

“Bermuda” shall mean the Islands of Bermuda.

“the Board” or “Directors” shall mean the Directors from time to time of the Company or (as the context may require) the majority of Directors present voting at a meeting of the Directors.

“these Bye-Laws” or “these presents” shall mean these Bye-Laws in their present form and all supplementary, amended or substituted Bye-Laws for the time being in force.

“call” shall include any instalment of a call.

“capital” shall mean the share capital from time to time of the Company.

~~“the Chairman” shall mean the Chairman presiding at any meeting of members or of the Board.~~

“Clearing House” shall mean a recognised clearing house within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time, as defined therein or a clearing house recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.

“close associate(s)” in relation to any Director, shall have the same meaning as defined in the Listing Rules as modified from time to time, except that for purposes of Bye-Law 98 where the transaction or arrangement to be approved by the Board is a connected transaction referred to in the Listing Rules, it shall have the same meaning as that ascribed to “associate” in the Listing Rules.

“the Companies Act” shall mean the Companies Act 1981 of Bermuda as may from time to time be amended.

“the Company” or “this Company” shall mean China Star Entertainment Limited incorporated in Bermuda on the 10th day of August, 1992.

“corporation representative” shall mean any person appointed to act in that capacity pursuant to Bye-Laws 87(A) or 87(B).

The expressions “debenture” and “debenture holder” shall respectively include “debenture stock” and “debenture stockholder”.

“dividend” shall include scrip dividends, distributions in specie or in kind, capital distributions and capitalisation issues, if not inconsistent with the subject or context.

“electronic” shall mean relating to technology having electrical, digital, magnetic, wireless, optical electromagnetic or similar capabilities and such other meanings as given to it in the Electronic Transactions Act 1999 of Bermuda as may be amended from time to time.

“electronic record” shall have the same meaning as in the Electronic Transactions Act (as amended) of Bermuda.

“full financial statements” shall mean the financial statements that are required under section 87(1) of the Companies Act as may be amended from time to time.

“Head Office” shall mean such office of the Company as the Directors may from time to time determine to be the principal office of the Company.

“HK\$” shall mean Hong Kong dollars or other lawful currency of Hong Kong.

The expressions “holding company” and “subsidiary” shall have the meanings ascribed to them by the Companies Act.

“the Listing Rules” shall mean the Rules Governing the Listing of Securities on the Stocks Exchange ~~contained in the book entitled “Rules Governing the Listing of Securities” published by the Stock Exchange~~ as amended from time to time.

“month” shall mean a calendar month.

“Newspapers”, in relation to any newspapers circulating in the Relevant Territory, shall mean newspapers published daily and circulating generally in the Relevant Territory and specified for this purpose by the stock exchange in the Relevant Territory.

“paid up” shall mean paid up or credited as paid up.

“the Principal Register” shall mean the register of members of the Company maintained in Bermuda.

“the register” shall mean the Principal Register and any branch register to be kept pursuant to the provisions of the Statutes.

“Registered Office” shall mean the registered office of the Company for the time being.

“Registration Office” shall mean in respect of any class of share capital, such place or places in the Relevant Territory or elsewhere where the Directors from time to time determine to keep a branch register of shareholders in respect of that class of share capital and where (except in cases where the Directors otherwise agree) transfers or other documents of title for such class of share capital are to be lodged for registration and are to be registered.

“Relevant Period” shall mean the period commencing from the date on which any of the securities of the Company first become listed on the Stock Exchange to and including the date immediately before the day on which none of such securities are so listed (and so that if at any time trading of any such securities is suspended for any reason whatsoever and for any length of time, they shall nevertheless be treated, for the purpose of this definition, as listed).

“Relevant Territory” shall mean Hong Kong or such other territory as the Directors may from time to time decide if the issued ordinary share capital of the Company is listed on a stock exchange in such territory.

“Seal” shall mean any one or more common seals from time to time of the Company for use in Bermuda or in any place outside Bermuda.

“Secretary” shall mean the person or corporation for the time being performing the duties of that office.

“Securities Seal” shall mean a seal for use for sealing certificates for shares or other securities issued by the Company which is a facsimile of the Seal of the Company with the addition on its face of the words “Securities Seal”.

“share” shall mean a share in the capital of the Company.

“shareholder” or “member” shall mean the duly registered holder from time to time of the shares in the capital of the Company.

“Specified Place” shall mean the place, if any, specified in the notice of any general meeting or adjourned meeting, at which the chairman of the meeting shall preside.

“Statutes” shall mean the Companies Act and every other act (as amended from time to time) for the time being in force of the Legislature of the Islands of Bermuda applying to or affecting the Company, the Memorandum of Association and/or these presents.

“the Stock Exchange” shall mean The Stock Exchange of Hong Kong Limited.

“summarised financial statements” shall have the meaning ascribed to them in the section 87A(3) of the Companies Act as may be amended from time to time.

“Transfer Office” shall mean the place where the Principal Register is situate for the time being.

“writing” or “printing” shall include writing, printing, lithography, photography, typewriting and every other mode of representing words or figures in a legible and non-transitory form.

Except where the context otherwise requires:

words denoting the singular shall include the plural and words denoting the plural shall include the singular.

words importing any gender shall include every gender.

words importing person shall include partnerships, firms, companies and corporations.

any reference to writing includes all modes of representing or reproducing words in a visible form, including in the form of an electronic record.

any reference to anything being done by electronic means includes its being done by means of any electronic or other communications equipment or facilities and any reference to any communication being delivered or received, or being delivered or received at a particular place, includes the transmission of an electronic record to a recipient identified in such manner or by such means as the Board may from time to time approve or prescribe, either generally or for a particular purpose.

any reference to a signature or to anything being signed or executed include such forms of electronic signature or other means of verifying the authenticity of an electronic record as the Board may from time to time approve or prescribe, either generally or for a particular purpose.

any reference in these Bye-Laws to votes cast or taken at a general meeting shall include all votes taken (in such manner as may be directed by the chairman of that meeting whether by a count of votes by show of hands and/or by the use of ballot or voting papers or tickets and/or by electronic means) of members attending in person, by corporate representative or by proxy at that meeting.

Subject as aforesaid, any words or expressions defined in the Companies Act (except any statutory modification thereof not in force when these Bye-Laws become binding on the Company) shall, if not inconsistent with the subject and/or context, bear the same meaning in these Bye-Laws, save that “company” shall where the context permits include any company incorporated in Bermuda or elsewhere.

References to any statute or statutory provision shall be construed as relating to any statutory modification or reenactment thereof for the time being in force.

A resolution shall be a Special Resolution when it has been passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these ~~Articles~~ Bye-Laws and of which ~~not less than 21 days’ notice~~; specifying ~~(without prejudice to the power contained in these presents to amend the same)~~ the intention to propose the resolution as a special resolution; ~~has been duly given. Provided that, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at any such meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right, a resolution may be proposed and passed as a Special Resolution at a meeting of which less than 21 days’ notice has been given.~~

Special Resolution

A resolution shall be an Ordinary Resolution when it has been passed by a majority of not less than half of the votes cast by such members as, being entitled so to do, vote in person or by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents and of which not less than 14 days’ notice has been duly given.

Ordinary Resolution

A resolution shall be an Extraordinary Resolution when it has been passed by a majority of not less than two-thirds of the votes cast by such members as, being entitled so to do, vote in person or by a duly authorised corporate representative or, where proxies are allowed, by proxy at a general meeting held in accordance with these presents.

A Special Resolution or Extraordinary Resolution shall be effective for any purpose for which an Ordinary Resolution is expressed to be required under any provision of these Bye-Laws or the Statutes.

2. Without prejudice to any other requirements of the Statutes, a Special Resolution shall be required to alter ~~the objects and powers contained in~~ the Memorandum of Association, to approve any amendment of these presents or to change the name of the Company.

The purpose for which Special Resolution is required

SHARE AND MODIFICATION OF RIGHTS

3. Without prejudice to any special rights or restrictions for the time being attaching to any shares or any class of shares, any share may be issued upon such terms and conditions and with such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine) and any preference share may, subject to the Companies Act and with the sanction of a Special Resolution, be issued on the terms that it is liable to be redeemed upon the happening of a specified event or upon a given date and either at the option of the Company or, if so authorised by the Memorandum of Association of the Company, at the option of the holder. No share shall be issued to bearer.

Issue of Shares

4. The Board may subject to the approval of members in general meeting issue warrants to subscribe for any class of shares or securities of the Company on such terms as it may from time to time determine. Where warrants are issued to bearer, no new ~~warrant~~ certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new ~~warrant~~ replacement certificate.

Warrants

5. (A) For the purposes of ~~Section~~ section 47 of the Companies Act, if at any time the capital is divided into different classes of shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of these Bye-Laws relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class, and that any holder of shares of the class present in person or by proxy or by a duly authorised corporate representative may demand a poll.

How rights of shares may be modified

(B) The provisions of this Bye-Law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the rights ~~whereof~~ thereof are to be varied or abrogated.

(C) The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking pari passu therewith.

SHARES AND INCREASE OF CAPITAL

6. (A) The authorised share capital of the Company at the date on which these Bye-Laws come into effect is HK\$500,000,000 divided into 50,000,000,000 shares of HK\$0.01 each.

Structure of
share capital

(B) Subject to the Statutes, the power contained in the Memorandum of Association for the Company to purchase or otherwise acquire its shares shall be exercisable by the Board upon such terms and subject to such conditions as it thinks fit.

Company to
purchase or
finance purchase
of own share

(C) Subject to the Statutes, the Company may in accordance with an employees' share scheme provide money on such terms as the Board thinks fit for the acquisition of fully paid shares in the Company or its holding company. For the purposes of this Bye-law; an employees' share scheme is a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of the bona fide employees or former employees of the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company, or the wives, husbands, widows, widowers or children or step-children under the age of twenty-one of such employees or former employees.

(D) Subject to the Statutes, the Company may make loans to persons (other than Directors) employed in good faith by the Company with a view to enabling those persons to acquire fully paid shares in the Company or its holding company to be held by them by way of beneficial ownership.

(E) The conditions subject to which the provision of money and the provision of loans referred to in paragraphs (C) and (D) of this Bye-Law are made may include a provision stating that when an employee ceases to be employed by the Company, the shares bought with such financial assistance shall or may be sold to the Company on such terms as the Board thinks fit.

(F) Subject to the Statutes,

(i) the Company may give financial assistance on such terms as the Directors think fit to Directors and bona fide employees of the Company, any of its subsidiaries, any holding company of the Company and/or any subsidiary of any such holding company, in each such case whether incorporated in Bermuda or elsewhere and whether or not a wholly-owned subsidiary of the Company in order that they may buy shares (fully or partly paid) in the Company or any holding company of the Company and such terms may include a reference that, when a Director ceases to be a director of, or an employee ceases to be employed by, the Company or such other company, shares bought with such financial assistance shall or may be sold to the Company or such other company on such terms as the Directors think fit; and

(ii) the Company may in accordance with any scheme for the time being in force and approved by the members in general meeting provide directly or indirectly money or other financial assistance direct or indirect for the purpose of or in connection with the purchase of, or subscription for, fully or partly paid shares in the Company or any holding company of the Company, being a purchase or subscription by a trustee of or for shares to be held by or for the benefit of employees (including any director holding a salaried employment or office) of the Company, any of its subsidiaries, any holding company of the Company or any subsidiary of any such holding company, in each such case whether incorporated in Bermuda or elsewhere and whether or not a wholly-owned subsidiary of the Company and so that the residual beneficiary of any such trust may be or include a charitable object.

7. The Company in general meeting may from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by Ordinary Resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such class or classes and of such amounts in Hong Kong dollars or United States dollars or such other currency as the members may think fit and as the resolution shall prescribe.

Power to increase capital

8. Any new shares shall be issued upon such terms and conditions and with such rights, ~~and~~ privileges and restrictions annexed thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, subject to the provisions of the Statutes and of these Bye-Laws, as the Board shall determine; and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with special voting rights or without any right of voting.

On what conditions new shares may be issued

9. The Company may by Ordinary Resolution, before the issue of any new shares, determine that the same, or any of them, shall be offered in the first instance, and either at par or at a premium, to all the existing holders of any class of shares in proportion as nearly as may be to the number of shares of such class held by them respectively, or make any other provisions as to the issue and allotment of such shares, but in default of any such determination or so far as the same shall not extend, such shares may be dealt with as if they formed part of the capital of the Company existing prior to the issue of the same.

When to be offered to existing members

10. Except so far as otherwise provided by the conditions of issue or by these Bye-Laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original of the Company and such shares shall be subject to the provisions contained in these Bye-Laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

New shares to form part of the original capital

11. All unissued shares shall be at the disposal of the Board and it may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount. The Directors shall, as regards any offer or allotment of shares, comply with the provisions of the Companies Act, if and so far as such provisions may be applicable thereto. Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such offer, option or shares to shareholders or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Shareholders affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of shareholders for any purpose whatsoever.

Shares at the disposal of the Board

12. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company, but so that the conditions and requirements of the Companies Act shall be observed and complied with, and in each case the commission shall not exceed ten per cent. of the price at which the shares are issued.

Company may pay commission

13. Except as otherwise expressly provided by these Bye-Laws or as required by law or as ordered by a court of competent jurisdiction, no person shall be recognised by the Company as holding any share upon any trust and, except as aforesaid, the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or any other right or claim to or in respect of any shares except an absolute right to the entirety thereof of the registered holder.

Company not to recognise trusts in respect of shares

REGISTER OF MEMBERS AND SHARE CERTIFICATES

14. (A) The Board shall cause to be kept a register of the members and there shall be entered therein the particulars required under the Companies Act.

Share register

(B) Subject to the provisions of the Companies Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a local or branch register at such location outside Bermuda as the Board thinks fit and, while the issued share capital of the Company is, with the consent of the Board, listed on any stock exchange in Hong Kong, the Company shall keep a branch register in Hong Kong.

Local or Branch Register

(C) During the Relevant Period, except when the register of members is closed in the manner described below and subject to the Companies Act, the branch register of the members of the Company maintained in Hong Kong shall during business hours (subject to such reasonable restrictions as the Company may impose, so that not less than two hours in each day be allowed for inspection) be open for inspection by members without charge.

(D) Subject to the provisions of the Companies Act, the Company may on giving notice by advertisement in a Newspaper or in such manner as may be accepted by the Listing Rules close the branch register of members for any time or times not exceeding in the whole thirty days in a year.

15. Every person whose name is entered as a holder of any shares in the register shall be entitled to receive within such time as may from time to time be prescribed in the Listing Rules (or within such other period as the terms of issue shall provide) upon payment, in the case of a transfer, of such sum as may be permitted under the Listing Rules, certificates each for the Stock Exchange board lot or multiples thereof and one for the balance (if any) of the shares in question or, if he shall so request, one certificate for all those shares of any one class held by him, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of ~~several~~the joint holders shall be sufficient delivery to all such holders.

Share
certificates

16. Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the Seal of the Company, which for this purpose may be a Securities Seal.

Shares
certificates to
be sealed

17. Every share certificate hereafter issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares.

Every certificate
to specify
number and
class of shares

18. (A) The Company shall not be bound to register more than four persons as joint holders of any share.

Joint holders

(B) If any share shall stand in the names of two or more persons, the person first named in the register shall be deemed the sole holder thereof as regards service of ~~notices~~notice and, subject to the provisions of these Bye-Laws, all or any other ~~matters~~matter connected with the Company, except the transfer of the shares.

19. If a share certificate is defaced, lost or destroyed, it may be replaced on payment of such fee, in the case of any share capital listed on the Stock Exchange, as may from time to time be permitted under the Listing Rules, and, in the case of any other capital, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant register is situate, or otherwise such other sum as the Company may by Ordinary Resolution determine as the Board shall from time to time determine and on such terms and conditions, if any, as to publication of notices, evidence and indemnity as the Board thinks fit and in the case of wearing out or defacement, after delivery up of the old certificate. In the case of destruction or loss, the person to whom such replacement certificate is given shall also bear and pay to the Company any exceptional costs and the reasonable out-of-pocket expenses incidental to the investigation by the Company of the evidence of such destruction or loss and of such indemnity.

Replacement of
share certificates

LIEN

20. The Company shall have a first and paramount lien and charge on every share (not being a fully paid up share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; ~~and the~~ The Company shall also have a first and paramount lien and charge on all shares (other than fully paid up shares) standing registered in the name of a member, whether singly or jointly with any other person or persons, for all the debts and liabilities of such members or his estate to the Company and whether the same shall have been incurred before or after notice to the Company of any equitable or other interest of any person other than such member, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such member or his estate and any other person, whether a member of the Company or not. The Company's lien (if any) on a share shall extend to all dividends and bonuses declared in respect thereof. The Board may at any time either generally or in any particular case waive any lien that has arisen, or declare any share to be exempt wholly or partially from the provisions of this Bye-Law.

Company's lien

21. The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is presently payable or the liability or engagement in respect of which such lien exists is liable to be presently fulfilled or discharged, nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of the sum presently payable or specifying the liability or engagement and demanding fulfilment or discharge thereof and giving notice of intention to sell in default, shall have been given to the registered holder for the time being of the shares or the person entitled to the shares by reason of such holder's death, bankruptcy or winding-up ~~to the shares~~.

Sale of shares
subject to lien

22. The net proceeds of such sale after the payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability or engagement in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or ~~liability~~ liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For the purpose of giving effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and may enter the purchaser's name in the register as holder of the shares, and the purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in ~~reference~~ relation to the sale.

Application of proceeds of such sale

CALLS ON SHARES

23. The Board may from time to time make such calls as it may think fit upon the members in respect of any moneys unpaid on the shares held by them respectively (whether on account of the nominal value of shares or by way of premiums) and not by the conditions of allotment thereof made payable at a fixed time. A call may be made payable either in one sum or by instalments.
24. Fourteen days' notice at least of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
25. A copy of the notice referred to in Bye-Law 24 shall be sent to member in the manner in which notices may be sent to members by the Company as herein provided.
26. In addition to the giving of notice in accordance with Bye-Law 25, notice of the person appointed to receive payment of every call and of the times and places appointed for payment may be given to the members by notice to be ~~inserted~~ published in the Newspapers.
27. Every member upon whom a call is made shall pay the amount of every call so made on him to the person and at the time or times and place or places as the Board shall appoint.
28. A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed.
29. The joint holders of a share shall be severally as well as jointly liable for the payment of all calls and instalments due in respect of such share or other moneys due in respect thereof.
30. The Board may from time to time at its discretion extend the time fixed for any call, and may extend such time as regards all or any of the members, whom due to residence outside the Relevant Territory or other cause the Board may deem entitled to any such extension but no member shall be entitled to any such extension except as a matter of grace and favour.

Calls
Instalments

Notice of call

Copy of notice to be sent to members

Notice of call may be given

Every member liable to pay call at appointed time and place

When call deemed to have been made

Liability of joint holders

Board may extend time fixed for call

31. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. per annum as the Board shall fix from the day appointed for the payment thereof to the time of the actual payment, but the Board may waive payment of such interest wholly or in part.

Interest on
unpaid calls

32. No member shall be entitled to receive any dividend or bonus or to be present and vote (save as proxy for another member) at any general meeting, either personally, or (save as proxy for another member) by proxy or by a duly authorised corporate representative, or be reckoned in a quorum, or to exercise any other privilege as a member until all calls or instalments due from him to the Company, whether alone or jointly with any other person, together with interest and expenses (if any) shall have been paid.

Suspension of
privileges while
call unpaid

33. On the trial or hearing of any action or other proceedings for the recovery of any money due for any call, it shall be sufficient to prove that the name of the member sued is entered in the register as the holder, or one of the holders, of the shares in respect of which such debt accrued; that the resolution of the Board making the call is duly recorded in the minute book of the Board; and that notice of such call was duly given to the member sued, in pursuance of these Bye-Laws; and it shall not be necessary to prove the appointment of the Board who made such call, nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Evidence in
action for call

34. Any sum which by the terms of allotment of a share is made payable upon allotment or at any fixed date, whether on account of the nominal value of the share and/or by way of premium, shall for all purposes of these Bye-Laws be deemed to be a call duly made, notified, and payable on the date fixed for payment, and in case of non-payment all the relevant provisions of these Bye-Laws as to payment of interest and expenses, forfeiture and the like, shall apply as if such sums had become payable by virtue of a call duly made and notified. The Board may on the issue of shares differentiate between the allottees or holders as to the amount of calls to be paid and the time of payment.

Sums payable
on allotment
deemed a call

Shares may be
issued subject
to different
conditions as to
calls, etc.

35. The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid ~~or~~ on instalments payable upon any shares held by him, and ~~upon~~ in respect of all or any of the moneys so advanced the Company may pay interest at such rate (if any) not exceeding twenty per cent. per annum as the Board may decide but a payment in advance of a call shall not entitle the member to receive any dividend subsequently declared or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up. The Board may at any time repay the amount so advanced upon giving to such member not less than one month's notice in writing of their intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced.

Payment of
calls in advance

TRANSFER OF SHARES

36. Subject to the Companies Act, all transfers of shares may be effected by transfer in writing in the usual or common form or in such other form as the Board may accept and may be under hand or by means of mechanically imprinted signatures.

Form of transfer

37. The instrument of transfer of any share shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its absolute discretion, to do so. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof. Nothing in these Bye-Laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.

Execution of transfer

38. (A) The Board may, in its absolute discretion, at any time and from time to time transfer any share upon the Principal Register to any branch register or any share on any branch register to the Principal Register or any other branch register.

Shares registered on Principal Register, branch register, etc.

(B) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time stipulate, and which agreement it shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold) no shares on the Principal Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Principal Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office and, in the case of any shares on the Principal Register, at the Transfer Office. Unless the Board otherwise agrees, all transfers and other documents of title shall be lodged for registration with, and registered at, the relevant Registration Office.

(C) Notwithstanding anything contained in ~~this~~ these Bye-Laws, the Company shall as soon as practicable and on a regular basis record in the Principal Register all ~~transfers of shares effected~~ entries or alterations made on any branch register and shall at all times maintain the Principal Register in all respects in accordance with the Companies Act.

39. The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve and it may also refuse to register any transfer of any share (whether fully paid or not) to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

Board may refuse to register a transfer

40. The Board may also decline to recognise any instrument of transfer unless:- Requirements as to transfer
- (i) such sum, if any, (in the case of any share capital listed on the Stock Exchange, as may from time to time be permitted under the Listing Rules, and, in the case of any other capital, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant register is situated, or otherwise such other sum as the Company may by Ordinary Resolution determine) as the Board shall from time to time determine ~~is~~ has been paid to the Company;
 - (ii) the instrument of transfer is lodged at the relevant Registration Office or, as the case may be, the Transfer Office accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do);
 - (iii) the instrument of transfer is in respect of only one class of share;
 - (iv) the shares concerned are free of any lien in favour of the Company;
 - (v) if applicable, the instrument of transfer is properly stamped; and
 - (vi) where applicable, the permission of the Bermuda Monetary Authority with respect thereto has been obtained.
41. No transfer of any shares (not being a fully paid up share) shall be made to an infant or to a person of unsound mind or under other legal disability. No transfer to an infant
42. If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal. Notice of refusal
43. Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him, and if any of the shares included in the certificate so given up shall be retained by the transferor a new certificate in respect thereof shall be issued to him. The Company shall also retain the instrument of transfer. Certificate to be given up on transfer
44. The registration of transfers may be suspended and the register may be closed, on giving notice by advertisement in an appointed newspaper and in the Newspapers, at such times and for such periods as the Board may from time to time determine and either generally or in respect of any class of shares. The register shall not be closed for more than thirty days in any year. When transfer books and register may be closed

TRANSMISSION OF SHARES

45. In the case of the death of a member, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.

Deaths of registered holder or of joint holder or shares

46. Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a member may, upon such evidence as to his title being produced as may from time to time be required by the Board, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof.

Registration of personal representatives and trustees in bankruptcy

47. If the person becoming entitled to a share pursuant to Bye-Law 46 shall elect to be registered himself, as the holder of such share, he shall deliver or send to the Company a notice in writing signed by him, at (unless the Board otherwise agrees) the Registration Office, stating that he so elects. If he shall elect to have his nominee registered, he shall testify his election by executing a transfer of such share to his nominee. All the limitations, restrictions and provisions of these presents relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or winding-up of the member had not occurred and the notice or transfer were a transfer executed by such member.

Notice of election to be registered
Registration of nominee

48. A person becoming entitled to a share by reason of the death, bankruptcy or winding-up of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share. However, the Board may, if it thinks fit, withhold the payment of any dividend payable or other advantages in respect of such share until such person shall become the registered holder of the share or shall have effectually transferred such share, but, subject to the requirements of Bye-Law 77 being met, such a person may vote at general meetings of the Company.

Retention of dividends, etc. until transfer or transmission of shares of a deceased or bankrupt member

FORFEITURE OF SHARES

49. If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, without prejudice to the provisions of Bye-Law 32, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may ~~still~~ thereafter accrue up to the date of actual payment.

If call or instalment not paid notice may be given

50. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made such place being either the Registered Office of the Company or such other place at which calls of the Company are usually made or a Registration Office. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

Form of Notice

51. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. The Directors may accept the surrender of any shares liable to be forfeited hereunder and in such cases references in these Bye-Laws to forfeiture shall include surrender.

If notice not complied with shares may be forfeited

52. Any share so forfeited shall be deemed to be the property of the Company, and may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board thinks fit.

Forfeited shares to become property of Company

53. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the forfeited shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares, at the date of forfeiture, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares. For the purposes of this Bye-Law any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that that such time has not yet arrived be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.

Arrears to be paid notwithstanding forfeiture

54. A statutory declaration in writing that the declarant is a Director or the Secretary of the Company, and that a share in the Company has been duly forfeited or surrendered on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share on any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

Evidence of forfeiture and transfer of forfeited share

55. When any share shall have been forfeited, notice of the ~~resolution~~ forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof, shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or make any such entry.

Notice after
forfeiture

56. Notwithstanding any such forfeiture as aforesaid the Board may at any time, before any shares so forfeited shall have been sold, re-allotted or otherwise disposed of, cancel the forfeiture on such terms as the Board thinks fit or permit the shares so forfeited to be bought back or redeemed upon the terms of payment of all calls and interest due upon and expenses incurred in respect of the shares, and upon such further terms (if any) as it thinks fit.

Power to redeem
forfeited shares

57. The forfeiture of a share shall not prejudice the right of the Company to any call already made or instalment payable thereon.

Forfeiture not
to prejudice
Company's
rights to call or
instalment

58. (A) The provisions of these Bye-Laws as to forfeiture shall apply in the case of non-payment of any sum which, by terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Forfeiture
for
non-payment
of any sum due
on shares

(B) In the event of a forfeiture of shares the member shall be bound to deliver and shall forthwith deliver to the Company the certificate or certificates held by him for the shares so forfeited and in any event the certificates representing shares so forfeited shall be void and of no further effect.

ALTERATION OF CAPITAL

59. (A) The Company may from time to time by Ordinary Resolution:-

- (i) consolidate ~~or~~ and divide all or any of its share capital into shares of larger ~~or smaller~~ amount than its existing shares; and on any consolidation of fully paid shares into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into ~~each~~ a consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (ii) divide its shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions;

Consolidation
and division of
capital and
sub-division
and cancellation
of shares

- (iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with, the others as the Company has power to attach to unissued or new shares;
- (iv) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled;
- (v) make provision for the issue and allotment of shares which do not carry any voting rights; and
- (vi) change the currency denomination of its share capital.

(B) The Company may by Special Resolution reduce its share capital, any capital redemption reserve fund or any share premium account or other undistributable reserve in any manner authorised and subject to any conditions prescribed by law.

Reduction of capital

GENERAL MEETINGS

60. The Company shall in each financial year hold a general meeting as its annual general meeting in addition to any other general meeting in that financial year and shall specify the meeting as such in the notice calling it; ~~and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.~~ The annual general meeting must be held within six months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules, if any) ~~shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint.~~ A meeting of the members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.

When annual general meeting to be held

61. All general meetings other than annual general meetings shall be called special general meetings.

Special general meeting

62. The Board may, whenever it thinks fit, convene a special general meeting, ~~and Subject to the provisions of the Companies Act,~~ special general meetings shall also be convened on requisition, of one or more members of the Company holding at the date of the deposit of the requisition, on a one vote per share basis, not less than one-tenth of such of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists. If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene such meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three months from the said date. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Directors duly to convene such meeting shall be repaid to the requisitionists by the Company.

Convening of
special general
meeting

62A. A general meeting may be held by means of such telephone, electronic or other communication facilities (including, without limiting the generality of the foregoing, by telephone, or by video conferencing) as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting. A general meeting may be held, as may be determined by the Board from time to time: (a) by physical attendance and participation by members at the Specified Place and where applicable, one or more places; (b) wholly by means of telephone, electronic or other communication facilities as mentioned above; or (c) by physical attendance at the Specified Place and where applicable, one or more places and at the same time by means of telephone, electronic or other communication facilities as mentioned above.

63. ~~An annual general meeting and a meeting called for the passing of a Special Resolution shall be called by at least twenty-one days' notice in writing, and a general meeting of the Company other than an annual general meeting or a meeting for the passing of a Special Resolution shall be called by at least fourteen days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place;~~ (a) the time and date of the meeting; (b) save for a meeting held wholly by means of telephone, electronic or other communication facilities, the place(s) of the meeting and if there is more than one meeting location, the Specified Place; (c) if the general meeting is to be held wholly or partly by means of telephone, electronic or other communication facilities, the notice shall include a statement to that effect and with details of the communication facilities for attendance and participation or how such details will be made available by the Company prior to the meeting; the day and the hour of meeting and, (d) in case of special business, the general nature of that business, and shall be given, in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Bye-Laws, entitled to receive such notices from the Company, provided that, subject to the provisions of the Companies Act, a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Bye-Law be deemed to have been duly called if it is so agreed:-

Notice of
meetings

- (i) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote thereat; and

- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. in nominal value of the shares giving that right.

64. (A) The accidental omission to give any notice to, or the non-receipt of any notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

Omission to
give notice

(B) In the case where instruments of proxy are sent out with ~~notices~~any notice, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice of the relevant meeting shall not invalidate any resolution passed or any proceeding at any such meeting.

64A (A) The provisions of this Bye-Law shall apply if any general meeting is convened at or adjourned to more than one place.

(B) The notice of any general meeting or adjourned meeting shall specify the Specified Place and the Board shall make arrangements for simultaneous attendance and participation in a satellite meeting at other places (whether adjoining the Specified Place or in a different and separate place or places altogether or otherwise) by the members. The members present at any such satellite meeting place in person or by proxy and entitled to vote shall be counted in the quorum for, and shall be entitled to vote at, the general meeting in question if the chairman of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that shareholders attending at all the meeting places are able to:

- (i) communicate simultaneously and instantaneously with the persons present at the other meeting place or places, whether by use of microphones, loud-speakers, audio-visual or other communications equipment or facilities; and
- (ii) have access to all documents which are required by the Companies Act and these Bye-Laws to be made available at the meeting.

(C) The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the Specified Place. If it appears to the chairman of the general meeting that the facilities at the Specified Place or any satellite meeting place are or become inadequate to give all persons entitled to do so a reasonable opportunity to communicate simultaneously and instantaneously including to speak and vote at the meeting, then the chairman may, without the consent of the meeting, interrupt or adjourn the general meeting. All business conducted at that general meeting up to the time of such adjournment shall be valid.

(D) The Board or, at any general meeting, the chairman of the meeting may from time to time make such arrangements for the purpose of managing the level of attendance at any such satellite meeting as they/he shall in their/his absolute discretion consider appropriate, and may from time to time vary any such arrangements or make new arrangements in place of them, provided that a shareholder who is not entitled to attend, in person or by proxy, at any particular place shall be entitled so to attend at one of the other places and the entitlement of any shareholder so to attend the meeting or adjourned meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting or adjourned meeting stated to apply to the meeting.

(E) If a meeting is adjourned to more than one place, notice of the adjourned meeting shall specify the details of the meeting set out in Bye-Law 63.

PROCEEDINGS AT GENERAL MEETINGS

65. All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting with the exception of sanctioning dividends, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of ~~remuneration~~ ordinary or extra-special remuneration to the Directors.

Special business

Business of annual general meeting

65A. All members have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

65B. If it appears to the chairman of a general meeting that the Specified Place (if any) is inadequate to accommodate all persons entitled and wishing to attend, the meeting is duly constituted and its proceedings are valid if the chairman is satisfied that adequate facilities are available, whether at the Specified Place or elsewhere, to ensure that members attending at all meeting places are able to communicate simultaneously and instantaneously with the persons present at the other meeting place or places, whether by the use of microphones, loud-speakers, audio-visual or other communications equipment or facilities.

66. For all purposes the quorum for a general meeting shall be two members present in person or by a duly authorised corporate representative or by proxy and entitled to vote. No business shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the meeting.

Quorum

67. If within fifteen minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case, it shall stand adjourned to the same day in the next week and at such time and place as shall be decided by the Board.

When if quorum not present meeting to be dissolved and when to be adjourned

68. The ~~c~~Chairman (if any) of the Board or, if he is absent or declines to take the chair at such meeting, the ~~d~~Deputy ~~c~~Chairman ~~of the Board~~ (if any) shall take the chair at every general meeting, or, if there be no such ~~c~~Chairman or ~~d~~Deputy ~~c~~Chairman, or, if at any general meeting neither of such ~~c~~Chairman or ~~d~~Deputy ~~c~~Chairman is present within fifteen minutes after the time appointed for holding such meeting, or both such persons decline to take the chair at such meeting, the Directors present shall choose one of their number as ~~Chairman~~chairman of the meeting, and if no Director be present or if all the Directors present decline to take the chair or if the ~~Chairman~~ chairman chosen shall retire from the chair, then the members present shall choose one of their own number to be ~~Chairman~~chairman of the meeting.

Chairman of
general meeting

69. The ~~Chairman~~ chairman of the meeting may, with the consent of any general meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn any meeting from time to time and from (if applicable) place to place as the meeting shall determine. Whenever a meeting is adjourned for fourteen days or more, at least seven clear days' notice, specifying the place (if any), the day and the hour of the adjourned meeting shall be given in the same manner as in the case of an original meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting. Save as aforesaid, no member shall be entitled to any notice of an adjournment or of the business to be transacted at ~~any-an~~ adjourned meeting. No business shall be transacted at ~~any-an~~ adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Power to
adjourn general
meeting,
businesses of
adjourned
meeting

70. At any general meeting a resolution put to the vote of the meeting shall be decided ~~on a show of hands unless a by poll~~ save that the chairman of the meeting may in good faith and pursuant to the Listing Rules, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded byis (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:-

What is to be
evidence of the
passing of a
resolution
where poll not
demanded

- (i) by the ~~Chairman~~ chairman of the ~~Meeting~~meeting; or
- (ii) by at least three members present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Where a resolution is voted on by a show of hands ~~Unless a poll be so demanded and the demand is not withdrawn,~~ a declaration by the ~~Chairman~~ chairman of the meeting that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect in the minute book ~~containing the minutes of the proceedings~~ of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

71. ~~If a~~ A poll is demanded as aforesaid, it shall (subject as provided in Bye-Law 72) be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, ~~not being more than thirty days from the date of the meeting or adjourned meeting at which the poll was demanded,~~ as the ~~Chairman~~ chairman of the meeting directs. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was required or demanded. In the event that a poll is demanded after the chairman of the meeting allows a show of hands pursuant to Bye-Law 70, The ~~the~~ demand for a poll may be withdrawn, with consent of the ~~Chairman~~ chairman of the meeting, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

Poll

72. Any poll ~~duly demanded~~ on the election of a ~~Chairman~~ chairman of a ~~the~~ meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

In what case poll taken without adjournment

73. In the case of an equality of votes, whether on a show of hands or on a poll, the ~~Chairman~~ chairman of the meeting ~~at which the show of hands takes place or at which the poll is demanded,~~ shall be entitled to a second or casting vote. In case of any dispute as to the admission or rejection of any vote the ~~Chairman~~ chairman of the meeting shall determine the same, and such determination shall be final and conclusive.

Chairman to have casting vote

74. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Business may proceed notwithstanding demand for poll

75. For the purposes of section 106 of the Companies Act, a Special Resolution of the Company, and of any relevant class of shareholders, shall be required to approve any amalgamation or merger agreement as referred to in that section.

Approval of amalgamation agreement

VOTES OF MEMBERS

76. (A) Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who is present in person or by a duly authorised corporate representative shall have one vote, and on a poll every member present in person or by a duly authorised corporate representative or by proxy, shall have one vote for every share of which he is the holder which is fully paid up or credited as fully paid up (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments shall be treated for the purposes of this Bye-Law as paid up on the share). On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

Votes of members

(B) Where any member is, under the Listing Rules, required at a general meeting of the Company to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

77. Any person entitled under Bye-Law 46 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposes to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Votes in respect
of deceased and
bankrupt
members

78. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto: but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Bye-Law be deemed joint holders thereof.

Joint holders

79. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy may vote, whether on a show of hands or on a poll, by his committee, receiver, curator bonis or other person in the nature of a committee, receiver or curator bonis appointed by that court, and any such committee, receiver, curator bonis or other person may on a poll vote by proxy. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be delivered to such place or one of such places (if any) as is specified in accordance with these Bye-Laws for the deposit of instruments of proxy or, if no place is specified, at the Registration Office, not less than the last time at which a valid instrument of proxy could be so delivered.

Votes of
member of
unsound mind

80. (A) Save as expressly provided in these Bye-Laws, no person other than a member duly registered and who shall have paid everything for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member) either personally or by proxy or to be reckoned in a quorum (save as aforesaid), at any general meeting.

Qualification
for voting

(B) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the ~~Chairman~~ chairman of the meeting, whose decision shall be final and conclusive.

81. Any member of the Company entitled to attend and vote at a meeting of the Company or a meeting of the holders of any class of shares in the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a vote on a show of hands, only a member present in person or by a duly authorised corporate representative may vote. On a poll votes may be given either personally or by a duly authorised corporate representative or by proxy. A member who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a member. In addition, a proxy or proxies representing either an individual member or a member which is a corporation, shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise, but, notwithstanding the generality of the foregoing shall not have the right to vote individually on a show of hands.

Proxies

82. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

Instrument appointing proxy to be in writing

83. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a ~~notarially~~ certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than forty-eight hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution, except at an adjourned meeting ~~or on a poll demanded at a meeting or an adjourned meeting in a case~~ where the meeting was originally held within twelve months from such date. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or upon the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

Appointment of proxy must be deposited

84. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve.

Form of proxy

85. The instrument appointing a proxy to vote at a general meeting shall: (i) be deemed to confer authority upon the proxy to demand or join in demanding a poll and to vote on any resolution (or amendment thereto) put to the meeting for which it is given as the proxy thinks fit. Provided that any form issued to a member for use by him for appointing a proxy to attend and vote at a special general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intention, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business; and (ii) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.

Authority under instrument appointing proxy

86. A vote given in accordance with the terms of an instrument of proxy or power of attorney or by a duly authorised corporate representative shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy was executed or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its Registration Office, or at such other place as is referred to in Bye-Law 83, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

When vote by proxy valid through authority revoked

87. (A) Any corporation which is member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its corporate representative at any meeting of the Company or of any class of members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company. References in these Bye-Laws to a member present in person at a meeting shall, unless the context otherwise requires, include a corporation which is a member represented at the meeting by such duly authorised corporate representative or by one or more proxies. Nothing contained in this Bye-law ~~Law~~ shall prevent a corporation which is a member of the Company from appointing one or more proxies to represent it pursuant to Bye-law ~~Law~~ 81.

(B) If a Clearing House (or its nominee) is a member of the Company, it may appoint such person or persons as it thinks fit to act as its proxy or proxies or as its corporate representative or representatives, to the extent permitted by the Companies Act, at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one proxy or, corporate representative is so appointed, the appointment shall specify the number and class of shares in respect of which such proxy or corporate representative is so appointed. A person so appointed under the provisions of this Bye-Law shall be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee) which he represents as that Clearing House (or its nominee) could exercise as if it were an individual member including the right to vote ~~individually on a show of hands~~ and the right to speak notwithstanding the provisions of Bye-laws ~~Laws~~ 76 and 81.

REGISTERED OFFICE

88. The Registered Office ~~of the Company~~ shall be at such place in Bermuda as the Board shall from time to time appoint.

Registered office

BOARD OF DIRECTORS

89. The number of Directors shall not be less than two. The Company shall keep at the Registered Office a register of its Directors and officers in accordance with the Statutes.

Constitution of Board

90. A Director may at any time, by notice in writing signed by him delivered to the Registered Office of the Company or at the Head Office or at a meeting of the Board, appoint any person (including another Director) to act as alternate Director in his place during his absence and may in like manner at any time determine such appointment. An alternate Director shall ipso facto cease to be an alternate Director if his appointor ceases for any reason to be a Director, however, such alternate Director or any other person may be re-appointed by the Directors to serve as an alternate Director PROVIDED always that, if at any meeting any Director retires but is re-elected at the same meeting, any appointment of such alternate Director pursuant to these Bye-Laws which was in force immediately before his retirement shall remain in force as though he had not retired.

91. (A) An alternate Director shall, if his appointor so requests, be entitled to receive notices of meetings of the Board or committees of the Board to the same extent as, but in lieu of, the Director appointing him and shall be entitled to such extent to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to exercise and discharge all the functions, powers and duties of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these Bye-Laws shall apply as if he were a Director. ~~An alternate Director shall (except when absent from the territory in which the Head Office is for the time being situate) be entitled to receive notices of meetings of the Board and shall be entitled to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting to perform all the functions of his appointor as a Director and for the purposes of the proceedings at such meeting the provisions of these presents shall apply as if he (instead of his appointor) were a Director. If he shall be himself a Director or shall attend any such meeting as an alternate for more than one Director his voting rights shall be cumulative. If his appointor is for the time being absent from the territory in which the Head Office is for the time being situate or otherwise not available or unable to act, his signature to any resolution in writing of the Directors shall be as effective as the signature of his appointor. To such extent as the Board may from time to time determine in relation to any committee of the Board, the foregoing provisions of this paragraph shall also apply mutatis mutandis to any meeting of any such committee of which his appointor is a member. An alternate Director shall not, save as aforesaid, have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Bye-Laws.~~

(B) An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director, but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.

(C) Every person acting as an alternate Director shall (except as regards power to appoint an alternate Director and remuneration) be subject in all respects to the provisions of these Bye-Laws relating to Directors and shall alone be responsible to the Company for his acts and defaults and shall not be deemed to be the agent of or for the Director appointing him.

(D) Every person acting as an alternate Director shall have one vote for each Director for whom he acts as alternate (in addition to his own vote if he is also a Director). The signature of an alternate Director to any resolution in writing of the Board or a committee of the Board shall, unless the notice of his appointment provides to the contrary, be as effective as the signature of his appointor.

(E) An alternate Director shall only be a Director for the purposes of the Companies Act and shall only be subject to the provisions of the Companies Act insofar as they relate to the duties and obligations of a Director when performing the functions of the Director for whom he is appointed in the alternative.

92. A Director or alternate Director shall not be required to hold any qualification shares but shall be entitled to attend and speak at all general meetings of the Company and any class of members of the Company.

Attendance at
general
meetings

93. Unless otherwise directed by the Company in general meeting, the ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office. The foregoing provisions shall not apply to a Director who holds any salaried employment or office in the Company except in the case of sums paid in respect of Directors' fees.

Directors'
remuneration

94. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as Directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

Directors'
expenses

95. The Board may grant special remuneration to any Director who, being called upon, shall perform any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as the Board may be arranged determine.

Special
remuneration

96. (A) Notwithstanding Bye-Laws 93, 94 and 95, the remuneration of a Managing Director, Joint Managing Director, Deputy Managing Director or other Executive Director or a Director appointed to any other office in the management of the Company may from time to time be fixed by the Board and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

Remuneration
of Managing
Directors, etc.

(B) Payments to any Director or past ~~director~~ Director of the Company of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the ~~director~~ Director is contractually entitled) must be approved by the Company in general meeting.

Payments for
compensation
for loss of
office

97. (A) A Director shall vacate his office:-

When office of
Director to be
vacated

- (i) If he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ii) if he becomes a lunatic or of unsound mind;
- (iii) if he absents himself from the meetings of the Board during a continuous period of six months, without special leave of absence from the Board, and his alternate Director (if any) shall not during such period have attended in his stead, and the Board passes a resolution that he has by reason of such absence vacated his office;
- (iv) if he becomes prohibited by law from acting as a Director;
- (v) if by notice in writing delivered to the Company at its Registered Office or at the Head Office he resigns his office; or
- (vi) if he shall be removed from office by an Ordinary Resolution of the Company under Bye-Law 104.

(B) No ~~director~~ Director shall be required to vacate office or be ineligible for re-election or reappointment as a Director, and no person shall be ineligible for appointment as a Director by reason only of his having attained any particular age.

98. (A) ~~Subject to the Companies Act, A~~ Director may hold any other office or place of profit with the Company (except that of Auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine, and such extra remuneration shall be in addition to any remuneration provided for, by or pursuant to any other Bye-Law.

Director's
interests

(B) A Director may act by himself or his firm in a professional capacity for the Company (otherwise than as Auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.

(C) A Director ~~of the Company~~ may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

(D) A Director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

(E) ~~Where arrangements are under consideration concerning the appointment (including the arrangement or variation of the terms thereof, or the termination thereof) of two or more Directors to offices or places of profit with the Company or any other company in which the Company is interested, a separate resolution may be put in relation to each Director and in such case each of the Directors concerned shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment (or the arrangement or variation of the terms thereof, or the termination thereof) and except (in the case of an office or place of profit with any such other company as aforesaid) where the other company is a company in which the Director together with or any of his close associate(s) has an interest of 5 per cent. or more (as defined in paragraph (I) of this Bye Law) is otherwise materially interested in the arrangement.~~ [Intentionally deleted]

(F) Subject to the Companies Act and to the next paragraph of this Bye-Law, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established.

(G) A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested. For the purposes of this Bye-Law, a general notice to the Board by a Director to the effect that (a) he is a member of a specified company or firm and is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with that company or firm or (b) he is to be regarded as interested in any contract or arrangement which may after the date of the notice be made with a specified person who is connected with him, shall be deemed to be a sufficient declaration of interest under this Bye-Law in relation to any such contract or arrangement; provided that no such notice shall be effective unless either it is given at a meeting of the Board or the Director takes reasonable steps to secure that it is brought up and read at the next Board meeting after it is given.

(H) Save as otherwise provided by these Bye-Laws, A-a Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associates has/have a material interest, and if he shall do so his vote shall not be counted (nor shall he be counted in the quorum for that resolution), but this prohibition shall not apply to any of the following matters namely:

- (i) the giving of any security or indemnity either:
 - (a) to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 - (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iii) ~~any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights[Intentionally deleted];~~
- (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme involving the issue or grant of options over shares or other securities by the Company under which the Director or his close associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates ~~both to the~~ Directors, his close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (v) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(I) ~~A company shall be deemed to be a company in which a Director and/or any of his associates owns five (5) per cent. or more of the issued shares of any class of the equity share capital of such company or of the voting rights of any class of shares of such company if and so long as (but only if and so long as) he and/or his associates is/are (either directly or indirectly) the holder of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company (or of any third company through which his/their interest is derived) or of the voting rights of any class of shares available to members of the company. For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorized unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder. [Intentionally deleted]~~

(J) ~~Where a company in which a Director and/or any of his associates holds five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights of any class of shares available to members of such company, is materially interested in a transaction, then that Director and/or his associates shall also be deemed materially interested in such transaction. [Intentionally deleted]~~

(K) If any question shall ~~arise~~arise at any meeting of the Board as to the materiality of the interest of a Director (other than the ~~Chairman~~chairman of the meeting) or his close associate(s) or as to the entitlement of any Director (other than the ~~Chairman~~chairman of the meeting) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the ~~Chairman~~chairman of the meeting and his ruling in relation to such Director or his close associate(s) shall be final and conclusive except in a case where the nature or extent of the interest of the Director or his close associate(s) concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting~~Chairman~~ or his close associate(s) such question shall be decided by a resolution of the Board (for which purpose such ~~Chairman~~chairman of the meeting shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman of the meeting~~Chairman~~ or his close associate(s) as known to such chairman of the meeting~~Chairman~~ has not been fairly disclosed to the Board.

(L) The Company may by Ordinary Resolution ratify any transaction not duly authorised by reason of a contravention of this ~~Article~~Bye-Law provided that no Director who is interested in such transaction, together with any of his close associates, shall vote upon such Ordinary Resolution in respect of any shares in the Company in which he is interested.

APPOINTMENT AND RETIREMENT OF DIRECTORS

99. (A) Notwithstanding any other provisions in the Bye-Laws or other terms on which any Director may be engaged, every Director, including those appointed for a specific term, shall be subject to retirement by rotation at the annual general meeting at least once every three years and the Directors to retire at every annual general meeting shall be decided by the Board.

Retirement of
Directors

(B) A retiring Director shall be eligible for re-election. The Company at any general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

100. If at any general meeting at which an election of Directors ought to take place, the places of the retiring Directors are not filled, the retiring Directors or such of them as have not had their places filled shall be deemed to have been re-elected and shall, if willing, continue in office until the next annual general meeting and so on from year to year until their places are filled, unless:-

Retiring
Directors to
remain in office
till successors
appointed

- (i) it shall be determined at such meeting to reduce the number of Directors; or
- (ii) it is expressly resolved at such meeting not to fill up such vacated offices; or
- (iii) in any such case the resolution for re-election of a Director is put to the meeting and lost; or
- (iv) such Director has given notice in writing to the Company that he is not willing to be re-elected.

101. Subject to Bye-Law 89, the Company in general meeting shall from time to time fix and may from time to time by Ordinary Resolution, increase or reduce the maximum and minimum number of Directors but so that the number of Directors shall never be less than two.

Power of
general
meeting to
increase or
reduce number
of Directors

102. (A) The Company may from time to time in general meeting by Ordinary Resolution elect any person to be a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting. The Directors to retire at the annual general meeting pursuant to this Bye-Law 102(A) shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the annual general meeting be subject to retirement by rotation pursuant to Bye-Law 99.

Appointment
of Directors

(B) The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed shall hold office until the ~~next following~~first annual general meeting of the Company after his appointment (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election at the meeting. The Directors to retire at the annual general meeting pursuant to this Bye-Law 102(8B) shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at the annual general meeting.

103. No person, other than a retiring Director, shall, unless recommended by the Board for election be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting and notice in writing signed by that the person to be proposed of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office, provided that the minimum length of the period during which such notice(s) are given shall be at least seven (7) days ~~before the date of that general meeting~~. The period for lodgment of the notice required under this Bye-Law shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Notice to be given which person proposed for election

104. The Company may by Ordinary Resolution at a special general meeting called for that purpose remove any Director (including a Managing Director or other Executive Director) before the expiration of his ~~period-term~~ of office notwithstanding anything in these Bye-Laws or in any agreement between the Company and such Director (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company). Provided that notice of any such meeting shall be served on the Director concerned not less than 14 days before the meeting and such Director shall be entitled to be heard at such meeting. The Members may elect another person in place of any Director removed hereby and hereunder. Any person so elected shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Power to remove Director by Ordinary Resolution

BORROWING POWERS

105. The Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof.

Power to borrow

106. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Conditions on which money may be borrowed

107. Debentures, debenture stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Assignment

108. Any debentures, debenture stock, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise. Special privileges

109. (A) The Board shall cause a proper register to be kept of all mortgages and charges specifically affecting the property of the Company and shall duly comply with such provisions of the Companies Act with regard to the registration of mortgages and charges as may be specified or required. Register of charges to be kept

(B) If the Company issues a series of debentures or debenture stock not transferable by delivery, the Board shall cause a proper register to be kept of the holders of such debentures. Register of debentures or debenture stock

110. Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the members or otherwise, to obtain priority over such prior charge. Mortgage of uncalled capital

MANAGING DIRECTORS, ETC.

111. The Board may from time to time appoint any one or more of its body to the office of Managing Director, Joint Managing Director, Deputy Managing Director or other Executive Director and/or such other office in the management of the business of the Company as it may decide for such period and upon such terms as it thinks fit and upon such terms as to remuneration as it may decide in accordance with Bye-Law 96. Powers to appoint Managing Directors, etc

112. Every Director appointed to an office under Bye-Law 111 hereof shall, but without prejudice to any claim for damages for breach of any contract of service between himself and the Company, be liable to be dismissed or removed therefrom by the Board. Removal of Managing Director, etc.

113. A Director appointed to an office under Bye-Law 111 shall be subject to the same provisions as to rotation, resignation and removal as the other Directors of the Company, and he shall ipso facto and immediately cease to hold such office if he shall cease to hold the office of Director for any cause. Cessation of appointment

114. The Board may from time to time entrust to and confer upon a Managing Director, Joint Managing Director, Deputy Managing Director or Executive Director all or any of the powers of the Board that it may think fit provided that the exercise of all powers by such Director shall be subject to such regulations and restrictions as the Board may from time to time make and impose, and the said powers may at any time be withdrawn, revoked or varied, but no person dealing in good faith and without notice of such withdrawal, revocation or variation shall be affected thereby.

Powers may be delegated

MANAGEMENT

115. (A) The management of the business of the Company shall be vested in the Board which, in addition to the powers and authorities expressly conferred upon it by these Bye-Laws, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and which are not hereby or by the Statutes expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Statutes and of these Bye-Laws and to any regulations from time to time made by the Company in general meeting not being inconsistent with such provisions ~~or~~of these Bye-Laws, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.

General powers of Company vested in Board

(B) Without prejudice to the general powers conferred by these Bye-Laws, it is hereby expressly declared that the Board shall have the following powers:-

- (i) to give to any person the right or option of requiring at a future date that an allotment shall be made to him of any share at par or at such premium and on such other terms as may be agreed; and
- (ii) to give to any Directors, officers or ~~servants~~employees of the Company an interest in any particular business or transaction or participation in the profits thereof or in the general profits of the Company either in addition to or in substitution for a salary or other remuneration.

MANAGERS

116. The Board may from time to time appoint a general manager, manager or managers of the business of the Company and may fix his or their remuneration either by way of salary or commission or by conferring the right to participation in the profits of the Company or by a combination of two or more of these modes and pay the working expenses of any of the staff of the general manager, manager or managers who may be employed by him or them upon the business of the Company.

Appointment and remuneration of manager

117. The appointment of such general manager, manager or managers may be for such period as the Board may decide and the Board may confer upon him or them all or any of the powers of the Board and such title or titles as it may think fit.

Tenure of office and powers

118. The Board may enter into such agreement or agreements with any such general manager, manager or managers upon such terms and conditions in all respects as the Board may in its absolute discretion think fit, including a power for such general manager, manager or managers to appoint an assistant manager or managers or other employees whatsoever under them for the purpose of carrying on the business of the Company.

Terms and conditions of appointment

CHAIRMAN AND OTHER OFFICERS

119. The Board shall from time to time elect or otherwise appoint a Director to be ~~Chairman~~ chairman of the Board and may also, but shall not be required to, elect any ~~Deputy-deputy Chairman~~ chairman (or two or more ~~Deputy-deputy Chairmen~~ chairmen) or a President or Vice-President (or two or more Vice-Presidents) and determine the period for which each of them is to hold office. The ~~Chairman~~ chairman of the Board or, in his absence, the ~~Deputy-deputy Chairman~~ chairman shall preside at meetings of the Board, but if no such ~~Chairman~~ chairman or ~~Deputy-deputy Chairman~~ chairman be elected or appointed, or if at any meeting the ~~Chairman~~ chairman or ~~Deputy-deputy Chairman~~ chairman of the Board is not present within five minutes after the time appointed for holding the same, the Directors present shall choose one of their number to be ~~Chairman~~ chairman of such meeting. All the provisions of Bye-Laws 112, 113 and 114 shall mutatis mutandis apply to any Directors elected or otherwise appointed to any office in accordance with the provisions of this Bye-Law.

Chairman

PROCEEDINGS OF THE DIRECTORS

120. The Board may meet together for the despatch of business, adjourn and otherwise regulate ~~their~~ its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purpose of this Bye-Law an alternate Director shall be counted in a quorum but, notwithstanding that an alternate Director is also a Director or is an alternate for more than one Director, he shall for quorum purposes count as only one Director. ~~Any Director may participate in a meeting of the Board or of any committee of the Board by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other. A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.~~

Meeting of the Board, quorum, etc.

121. A Director may, and ~~on request of a Director~~ the Secretary shall, on the request of a Director, at any time summon a meeting of the Board which may be held in any part of the world provided that no such meeting shall be summoned to be held outside the territory in which the Head Office is for the time being situate without the prior approval of the Directors. Notice thereof shall be given to each Director and alternate Director either in writing or by telephone or by telex or telegram at the address from time to time notified to the Company by such Director or in such other manner as the Board may from time to time determine. A Director absent or intended to be absent from the territory in which the Head Office is for the time being situate may request the Board that notices of Board meetings shall during his absence be sent in writing to him at his last known address or any other address given by him to the Company for this purpose, but such notices need not be given any earlier than notices given to Directors not so absent. A Director may waive notice of any meeting either prospectively or retrospectively.

Convening of Board meeting

122. Questions arising at any meeting of the Board shall be decided by a majority of votes, and in case of an equality of votes the ~~Chairman~~ chairman of the Board shall have a second or casting vote.

How questions to be decided

123. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Bye-Laws for the time being vested in or exercisable by the Board generally.

Powers of meeting

124. The Board may delegate any of its powers to committees consisting of such member or members of its body and such other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed upon it by the Board.

Power to appoint committee and to delegate

125. All acts done by any such committee in conformity with such regulations and in fulfilment of the purposes for which it is appointed, but not otherwise, shall have the like force and effect as if done by the Board, and the Board shall have power, with the consent of the Company in general meeting, to remunerate the members of any special committee, and charge such remuneration to the current expenses of the Company.

Act of committee to be of same effect as acts of Board

126. The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto and are not replaced by any regulations imposed by the Board pursuant to Bye-Law 124.

Proceedings of committee

127. All acts bona fide done by any meeting of the Board or by any such committee or by any person acting as a Director shall, notwithstanding that it shall be afterwards discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a ~~director~~ Director or member of such committee.

When acts of Board or committee to be valid notwithstanding defects

128. The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these Bye-Laws as the necessary quorum of ~~directors~~ Directors, the continuing Director or Directors may act for the purpose of increasing the number of Directors to that number or of summoning a general meeting of the Company but for no other purpose.

Directors' power when vacancies exist

129. A resolution in writing signed by all the Directors for the time being entitled to receive notice of a meeting of the Board (or by an alternate Director, as provided for in these Bye-Laws) or by all the members of a committee for the time being shall ~~except such as are absent from the territory in which the Head Office is for the time being situate or temporarily unable to act through ill health or disability (or their alternate Directors) shall (so long as such a resolution shall be signed by at least two Directors or their alternates and provided that a copy of such resolution has been given or the contents thereof communicated to all the Directors for the time being entitled to receive notices of Board meetings)~~ be as valid and effectual as if it had been a resolution passed at a meeting of the Board or, as the case may be, of such committee duly convened and held called and constituted. ~~Any such~~ Such resolution in writing may ~~consist of several~~ be contained in one document or in several documents in the like form each signed by one or more of the Directors or alternate Directors ~~members of the committee concerned.~~

Directors' resolutions

MINUTES

- 130. (A) The Board shall cause minutes to be made of:-
 - (i) all appointments of officers made by the Board;
 - (ii) the names of the Directors present at each meeting of the Board and of committees appointed pursuant to Bye-Law 124; and
 - (iii) all resolutions and proceedings at all meetings of the Company and of the Board and of such committees.

Minutes of proceedings of meetings and directors

(B) Any such minutes shall be conclusive evidence of any such proceedings if they purport to be signed by the ~~Chairman~~ chairman of the meeting at which the proceedings were held or by the ~~Chairman~~ chairman of the next succeeding meeting.

(C) The Directors shall duly comply with the provisions of the Companies Act in regard to keeping a ~~Register~~ register of ~~Members~~ members and to the production and furnishing of copies of or extracts from such ~~Register~~ register.

(D) Any register, index, minute book, book of account or other book required by these presents or the Statutes to be kept by or on behalf of the Company may be kept either by making entries in bound books or by recording them in any other manner which shall include, without prejudice to the generality thereof, recording by means of magnetic tape, microfilm, computer or any other non-manual system of recording. In any case in which bound books are not used, the Directors shall take adequate precautions for guarding against falsification and for facilitating its discovery.

SECRETARY

131. The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board. Anything required or authorised by the Statutes or these Bye-Laws to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf of the Board. If the Secretary appointed is a corporation or other body, it may act and sign by the hand of any one or more of its directors or officers duly authorised.

Appointment of secretary

132. The duties of the Secretary shall be those prescribed by the Companies Act and these Bye-Laws, together with such other duties as may from time to time be prescribed by the Board.

Duties of the secretary

133. A provision of the Statutes or of these Bye-Laws requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

Same person not to act in two capacities at once

GENERAL MANAGEMENT AND USE OF THE SEAL

134. (A) Subject to the Statutes, the Company shall have one or more Seals as the Directors may determine. The Directors shall provide for the safe custody of each Seal, and no Seal shall be used without the authority of the Directors or a committee authorised by the Directors in that behalf. The Company may have a common seal and one or more duplicate common seals for use in any place outside Bermuda.

Custody of seal

(B) Every instrument to which a Seal shall be affixed shall be signed autographically by one Director and the Secretary or by two Directors or by ~~some other~~ any person or persons (including a Director and/or the Secretary) appointed by the Board for the purpose provided that as regards any certificates for shares or debentures or other securities of the Company the Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic as specified in such resolution or that such certificates need not be signed by any person.

The Seal

(C) The Company may have a Securities Seal for use for sealing certificates for shares or other securities issued by the Company and no signature of any Director, officer or other person and no mechanical reproduction thereof shall be required on any such certificates or other document and any such certificates or other document to which such Securities Seal is affixed shall be valid and deemed to have been sealed and executed with the authority of the Board notwithstanding the absence of any such signature or mechanical reproduction as aforesaid.

Securities Seal

135. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, ~~indorsed~~endorsed or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine. The Company’s banking accounts shall be kept with such banker or bankers as the Board shall from time to time determine.

Cheques and banking arrangements

136. (A) The Board may from time to time and at any time, by power of attorney under the Seal, appoint any company, firm or person or any fluctuating body of persons, whether nominated directly or indirectly by the Board, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Bye-Laws) and for such period and subject to such conditions as it may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit, and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions vested in him.

Power to appoint attorney

(B) The Company may, by writing under its Seal, empower any person, either generally or in respect of any specified matter, as its attorney to execute deeds and instruments on its behalf and to enter into contracts and sign the same on its behalf and every deed signed by such attorney on behalf of the Company and under his seal shall bind the Company and have the same effect as if it were under the Seal of the Company.

Execution of deeds by attorney

137. The Board may establish any committees, regional or local boards or agencies for managing any of the affairs of the Company, either in the Relevant Territory or elsewhere, and may appoint any persons to be members of such committees, regional or local boards or agencies and may fix their remuneration, and may delegate to any committee, regional or local board or agent any of the powers, authorities and discretions vested in the Board (other than its powers to make calls and forfeit shares), with power to sub-delegate, and may authorise the members of any regional or local board or any of them to fill any vacancies therein and to act notwithstanding any such vacancies, and any such appointment or delegation may be upon such terms and subject to such conditions as the Board may think fit, and the Board may remove any person so appointed and may annul or vary any such delegation, but so person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

Regional or local boards

138. The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to, any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and who hold or who have held any salaried employment or office in the Company or such other company, and the spouses, widows, widowers, families and dependants of any such persons. The Board may also establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid or of any such persons as aforesaid, and may make payments for or towards the insurance of any such persons as aforesaid, and subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. The Board may do any of the matters aforesaid, either alone or in conjunction with any such other company as aforesaid. Any Director holding any such employment or office shall be entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

Power to
establish
pension funds

AUTHENTICATION OF DOCUMENTS

139. Any Director or the Secretary or other ~~authorized~~authorised officer of the Company shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors or any committee, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies of extracts; and where any books, records, documents or accounts are elsewhere than at the Registered Office or the Head Office, the local manager or such other officer of the Company having the custody thereof shall be deemed to be the authorised officer of the Company as aforesaid. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Directors or any local board or committee which is certified as aforesaid shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

Power to
Authenticate

CAPITALISATION OF RESERVES

140. (A) (a) The Company may, upon the recommendation of the Board, at any time and from time to time pass an ordinary resolution to the effect that it is desirable to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the members or any class of members who would be entitled thereto if it were distributed by way of dividend and in the same proportions, or such other proportions as the Board may propose and as shall be approved by a Special Resolution of the Company on each occasion when there is an unequal distribution of dividend, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such members, or partly in one way and partly in the other (in each case, a “Capitalisation”); ~~Provided~~ provided always that the Company shall be entitled to allow any member to elect to receive, in lieu of any or all such shares, debentures or other securities to be paid up and issued upon any such Capitalisation, an instrument entitling such member to be issued with shares, debentures or other securities (of an equivalent number subject to adjustment and otherwise on such terms as the Board considers fit) at a point of time subsequent to such Capitalisation (a “Convertible Instrument”), and the election of any such member to receive a Convertible Instrument in lieu of shares, debentures or other securities shall not prejudice or invalidate such Capitalisation; and the Board shall give effect to such resolution provided that, for the purposes of this Bye-Law and subject to ~~Section 40(2A)~~ of the Companies Act, a share premium account and any reserve or fund representing unrealized profits, may be applied only in paying up in full unissued shares of the Company to be allotted to such members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Companies Act.

Power to
capitalise

(b) Without limiting the generality of Bye-Law 140(A)(a), any sum standing to the credit of any of the Company’s reserve or fund (including contributed surplus) or any sum standing to the credit of the profit and loss account or otherwise available for distribution, may be used and applied by the Company to pay up in full unissued shares, debentures or other securities of the Company to be allotted and issued credited as fully paid to (i) holder(s) of the Convertible Instrument (irrespective of whether such person is a member) on the terms of the Convertible Instrument and/or (ii) any person upon the conversion of (x) any Convertible Instrument issued pursuant to Bye-Law 140(A)(a) (irrespective of whether such person being issued with such shares, debentures or other securities upon such conversion is a member), and (y) any further or additional convertible instruments issued to any person by virtue or as a consequence of their rights as a holder of any Convertible Instrument issued pursuant to Bye-Law 140(A)(a).

(B) Whenever such a resolution as aforesaid shall have been passed the Board shall make all appropriations and applications of the reserves or profits and undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Bye-Law, the Board may settle any difficulty which may arise in regard to a capitalisation issue as it thinks fit, and in particular may disregard fractional entitlements of round the same up or down and may determine that cash payments shall be made to any members in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the members concerned. The Board may appoint any person to sign on behalf of the persons entitled to share in a capitalisation issue a contract for allotment and such appointment shall be effective and binding upon all concerned, and the contract may provide for the acceptance by such persons of the shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.

Effect of
resolution to
capitalise

DIVIDENDS, CONTRIBUTED SURPLUS AND RESERVES

141. Subject to Bye-Law 143, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

Power to declare
dividends

142. (A) The Board may subject to Bye-Law 143 from time to time pay to the members such interim dividends as appear to the Board to be justified by the position of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those' shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares. conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights.

Board's power
to pay interm
dividends

(B) The Board may also pay half-yearly or at other suitable intervals to be settled by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits justify the payment.

143. (A) No dividend shall be declared or paid and no distribution made out of contributed surplus shall be made otherwise than in accordance with the Statutes. No dividend shall be paid otherwise than out of profits available for distribution.

Dividend not to
be paid out of
capital

(B) Subject to the provisions of the Companies Act (but without prejudice to paragraph (A) of this Bye-Law), where any asset, business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Directors in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company, and be available for dividend accordingly. Subject as aforesaid, if any shares or securities are purchased cum dividend or interest, such dividend or interest may at the discretion of the Board be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof.

(C) Subject to Bye-Law 143 (D) all dividends and other distributions in respect of shares in the Company shall be stated and discharged, in the case of shares denominated in Hong Kong dollars, in Hong Kong dollars, and in the case of shares denominated in United States dollars, in United States dollars, provided that, in the case of shares denominated in Hong Kong dollars, the Board may determine in the case of any distribution that shareholders may elect to receive the same in United States dollars or any other currency selected by the Board, conversion to be effected at such rate of exchange as the Board may determine.

(D) If, in the opinion of the Board, any dividend or other distribution in respect of shares or any other payment to be made by the Company to any shareholder is of such a small amount as to make payment to that shareholder in the relevant currency impracticable or unduly expensive either for the Company or the shareholder then such dividend or other distribution or other payment may, at the discretion of the Board, be paid or made in the currency of the country of the relevant shareholder (as indicated by the address of such shareholder on the register).

144. Notice of the declaration of an interim dividend shall be given by advertisement in the Relevant Territory and in such other territory or territories as the Board may determine and in such manner as the Board shall determine.

145. No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.

146. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, with or without offering any rights to shareholders to elect to receive such dividend in cash, and where any difficulty arises in regard to the distribution the Board may settle the same as ~~they~~ it thinks expedient, and in particular may disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may determine that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the members concerned, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where requisite, the Board may appoint any person to sign a contract on behalf of the persons entitled to the dividend and such appointment shall be effective. The Board may resolve that no such assets shall be made available or made to shareholders with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the shareholders aforesaid shall be to receive cash payments as aforesaid. Shareholders affected as a result of the foregoing sentence shall not be or be deemed to be, a separate class of shareholders for any purpose whatsoever.

Dividend in
specie

147. (A) Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve:-

either

- (i) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted shall be of the same class or classes as the class or classes already held by the allottee, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment. In such case, the following provisions shall apply:-
 - (a) the basis of any such allotment shall be determined by the Board;
 - (b) the Board, after determining the basis of allotment, shall give not less than two weeks' notice in writing to the shareholders of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;

- (c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and
- (d) the dividend (or that part of the dividend to be satisfied by the allotment of shares as aforesaid) shall not be payable in cash on shares in respect whereof the cash election has not been duly exercised (“the non-elected shares”) and in lieu and in satisfaction thereof shares shall be allotted credited as fully paid up to the holders of the non-elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company’s reserve accounts (including any special account, contributed surplus account, share premium account and capital redemption reserve fund (if there be any such reserve)) as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the non-elected shares on such basis.

or

- (ii) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted shall be of the same class or classes as the class or classes of shares already held by the allottee. In such case, the following provisions shall apply:-
 - (a) the basis of any such allotment shall be determined by the Board;
 - (b) the Board, after determining the basis of allotment, shall give not less than two weeks’ notice in writing to the shareholders of the right of election accorded to them and shall send with such notice forms of election and specify the procedure to be followed and the place at which and the latest date and time by which duly completed forms of election must be lodged in order to be effective;
 - (c) the right of election may be exercised in respect of the whole or part of that portion of the dividend in respect of which the right of election has been accorded; and

- (d) the dividend (or that part of the dividend in respect of which a right of election has been accorded) shall not be payable on shares in respect whereof the share election has been duly exercised (“the elected shares”) and in lieu thereof shares shall be allotted credited as fully paid up to the holders of the elected shares on the basis of allotment determined as aforesaid and for such purpose the Board shall capitalise and apply out of any part of the undivided profits of the Company or any part of any of the Company’s reserve accounts (including any special account, contributed surplus account, share premium account and capital redemption reserve fund (if there be any such reserve)) as the Board may determine, a sum equal to the aggregate nominal amount of the shares to be allotted on such basis and apply the same in paying up in full the appropriate number of shares for allotment and distribution to and amongst the holders of the elected shares on such basis.

(B) The shares allotted pursuant to the provisions of paragraph (A) of this Bye-Law shall rank *pari passu* in all respects with the shares then in issue save only as regards participation:-

- (i) in the relevant dividend (or the right to receive or to elect to receive an allotment of shares in lieu thereof as aforesaid); or
- (ii) in any other distributions, bonuses or rights paid, made, declared or announced prior to or contemporaneously with the payment or declaration of the relevant dividend

unless, contemporaneously with the announcement by the Board of ~~their~~its proposal to apply the provisions of sub-paragraph (i) or (ii) of paragraph (A) of this Bye-Law in relation to the relevant dividend or contemporaneously with ~~their~~its announcement of the distribution, bonus or rights in question, the Board shall specify that the shares to be allotted pursuant to the provisions of paragraph (A) of this Bye-Law shall rank for participation in such distribution, bonus or rights.

(C) The Board may do all acts and things considered necessary or expedient to give effect to any capitalisation pursuant to the provisions of paragraph (A) of this Bye-Law with full power to the Board to make such provisions as they think fit in the case of shares becoming distributable in fractions (including provisions whereby, in whole or in part, fractional entitlements are aggregated and sold and the net proceeds distributed to those entitled, or are disregarded or rounded up or down or whereby the benefit of fractional entitlements accrues to the Company rather than to the members concerned). The Board may authorise any person to enter into on behalf of all members interested, an agreement with the Company providing for such capitalisation and matters incidental thereto and any agreement made pursuant to such authority shall be effective and binding on all concerned.

(D) The Company may upon the recommendation of the Board by Special Resolution resolve in respect of any one particular dividend of the Company that notwithstanding the provisions of paragraph (A) of this Bye-Law a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

(E) The Board may on any occasion determine that rights of election and the allotment of shares under paragraph (A) of this Bye-Law shall not be made available or made to any shareholders with registered addresses in any territory where in the absence of a registration statement or other special formalities the circulation of an offer of such rights of election or the allotment of shares would or might be unlawful, and in such event the provisions aforesaid shall be read and construed subject to such determination.

148. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for meeting claims on or liabilities of the Company or contingencies or for paying off any loan capital or for equalising dividends or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think fit, and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute by way of dividend.

Reserves

149. Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid or credited as paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For the purposes of this Bye-Law no amount paid on a share in advance of calls shall be treated as paid on the share.

Dividends to be paid in proportion to paid up capital

150. (A) The Board may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Retention of dividends, etc.

(B) The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Deduction of debts

151. Any general meeting sanctioning a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call shall be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the member, be set off against the call. Dividend and call together

152. A transfer of shares shall not pass the right to any dividend or bonus declared thereon before the registration of the transfer. Effect of transfer

153. If two or more persons are registered as joint holders of any share, any one of such persons may give effectual receipts for any dividends, interim dividends or bonuses and other moneys payable in respect of such shares. Receipt for dividends by joint holders of share

154. Unless otherwise directed by the Board, any dividend or bonus may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of that one whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Payment by post

155. All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company. Unclaimed dividend

156. Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable or distributable to the persons registered as the holder of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend or other distribution shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend or other distribution between the ~~of~~-transferees and transferees of any such shares. The provisions of this Bye-Law shall mutatis mutandis apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the members.

DISTRIBUTION OF REALISED CAPITAL PROFITS

157. The Company in general meeting may at any time and from time to time resolve that any surplus moneys in the hands of the Company representing capital profits arising from moneys received or recovered in respect of or arising from the realisation of any capital assets of the Company or any investments representing the same and not required for the payment or provision of any fixed preferential dividend instead of being applied in the purchase of any other capital assets or for other capital purposes be distributed amongst the ordinary shareholders on the footing that they receive the same as capital and in the shares and proportions in which they would have been entitled to receive the same if it had been distributed by way of dividend, provided that no such profits as aforesaid shall be so distributed unless there shall remain in the hands of the Company a sufficiency of other assets to answer in full the whole of the liabilities and paid-up share capital of the Company for the time being.

Distribution of realised capital profits

ANNUAL RETURNS

158. The Board shall make or cause to be made such annual or other returns of filings as may be required to be made in accordance with the Statutes.

Annual Returns

ACCOUNTS

159. The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Statutes or necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

Accounts to be kept

160. The books of account shall be kept at the Head Office or at such other place or places as the Board thinks fit and shall always be open to the inspection of the Directors provided that such records as are required by the Statutes shall also be kept at the Registered Office.

Where accounts to be kept

161. No member (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Statutes or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting or permitted under these Bye-Laws.

Inspection by members

162. (A) The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting such profit and loss accounts, balance sheets, group accounts (if any) and reports as are required by the Statutes.

Annual profit and loss account and balance sheet

(B) ~~Every~~ Subject to paragraph (C) below, every balance sheet of the Company shall be signed on behalf of the Board by two Directors and a copy of every balance sheet (including every document required by law to be comprised therein or annexed thereto) and profit and loss account which is to be laid before the Company at its annual general meeting, together with a copy of the Directors' report and a copy of the Auditors' report, shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of, the Company and every person registered under Bye-Law 46 and every other person entitled to receive notices of general meetings of the Company under the provisions of the Companies Act or these Bye-Laws, provided that this Bye-Law shall not require a copy of those documents to be sent to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures, but any member or holder of debentures to whom a copy of those documents has not been sent shall be entitled to receive a copy free of charge on application at the Head Office or the Registration Office. If all or any of the shares or debentures of the Company shall for the time being be (with the consent of the Company) listed or dealt in on any stock exchange, there shall be forwarded to the appropriate officer of such stock exchange such number of copies of such documents as may for the time being be required under its regulations or practice.

Annual report of Directors and balance sheet to be sent to members

(C) The Company may send summarised financial statements to shareholders of the Company who have, in accordance with the Statutes and the Listing Rules, consented and elected to receive summarised financial statements instead of the full financial statements. The summarised financial statements must be accompanied by an Auditors' report and notice informing the shareholder how to notify the Company that he elects to receive the full financial statements. The summarised financial statements, notice and Auditors' report must be sent not less than twenty-one days before the general meeting to those shareholders that consented and elected to receive the summarised financial statements.

(D) Subject to section 88 of the Companies Act, the Company shall send the full financial statements to a shareholder within seven days of receipt of the shareholder's election to receive the full financial statements.

AUDITORS

163. (A) Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Companies Act and these Bye-Laws.

Appointment of
Auditors

(B) The Company ~~shall at each annual general meeting~~ may by Ordinary Resolution in a general meeting appoint one or more auditors to hold office until the conclusion of the next annual general meeting, ~~but if an appointment is not made, the Auditor or Auditors in office shall continue in office until a successor is appointed.~~ A Director, officer or employee of the Company or of any of its subsidiaries or a partner, officer or employee of any such Director, officer or employee shall not be capable of being appointed Auditor of the Company. The Board may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act. Subject as otherwise provided by the Companies Act, the remuneration of the Auditor or Auditors shall be fixed by ~~the members~~ Company in a general meeting by Ordinary Resolution in such manner as the shareholders may determine, except that the remuneration of any Auditor or Auditors appointed by the Board to fill any casual vacancy may be fixed by the Directors. ~~or on the authority of the Company in the annual general meeting except that in any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board and the remuneration of any Auditor appointed to fill any casual vacancy may be fixed by the Directors.~~

(C) Subject to the provisions of the Companies Act, the Company may, at any general meeting convened and held in accordance with these Bye-Laws, remove the Auditors by Extraordinary Resolution at any time before the expiration of the term of office and shall, by Ordinary Resolution, at that meeting appoint new auditors in its place for the remainder of the term.

164. The Auditor or Auditors of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information as may be necessary for the performance of his or their duties, and the Auditor or Auditors shall make a report to the members on the accounts examined by him or them and on every balance sheet, consolidated balance sheet and consolidated profit and loss account intended to be laid before the Company in the annual general meeting during his or their tenure of office as required by the Statutes.

Auditors to
have right of
access to books
and accounts

165. A person, other than ~~an retiring incumbent Auditor,~~ shall not be capable of being appointed Auditor at ~~an annual~~ general meeting unless notice of an intention to nominate that person to the office of Auditor has been given to the Company not less than ~~fourteen~~ twenty-one days before the ~~annual~~ general meeting, and the Company shall send a copy of any such notice to the ~~retiring incumbent~~ Auditor and shall give notice thereof to the members not less than seven days before the ~~annual~~ general meeting provided that the above requirements may be waived by notice in writing by the ~~retiring incumbent~~ Auditor to the Secretary ~~provided that if after a notice of the intention to nominate an Auditor has been so given an annual general meeting is called for a date fourteen days or less after that notice has been given, the notice, though not given within the time required by this provision, shall be deemed to have been properly given for the purposes thereof, and the notice to be sent or given by the Company may instead of being sent or given within the time required by this provision be sent or given at the same time as the notice of the annual general meeting.~~

Appointment of an auditor other than a retiring auditor

166. Subject to the provisions of the Companies Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

NOTICES

167. (A) (i) ~~Except where otherwise expressly stated, any notice or document to be given to or by any person pursuant to these Bye-Laws shall be in writing or, to the extent permitted by the Statutes and any applicable rules by the Stock Exchange from time to time and subject to this Bye-Law, contained in an electronic communication. A notice calling a meeting of the Directors need not be in writing. Any notice or document to be given or issued under these Bye-Laws shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid letter, envelope or wrapper addressed to such member at his registered address as appearing in the register or by delivering or leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the Newspapers. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.~~

(ii) Any notice or document to be given to or by any person pursuant to these Bye-Laws may be served on or delivered to any member of the Company:

(a) personally; or

(b) by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the register or by leaving it at that address addressed to the shareholder or by any other means authorised in writing by the member concerned; or

(c) (other than share certificates) by publishing by way of advertisement in at least one English language newspaper and one Chinese language newspaper circulating generally in Hong Kong.

In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders.

Without limiting the generality of the foregoing but subject to the Statutes and the Listing Rules from time to time, a notice or document may be served or delivered by the Company to any shareholder by electronic means to such address as may from time to time be authorised by the shareholder concerned or by publishing it on a website and notifying the shareholder concerned that it has been so published (“notice of availability”).

(iii) Any such notice or document may be served or delivered by the Company by reference to the register as it stands at any time not more than fifteen days before the date of service or delivery. No change in the register after that time shall invalidate that service or delivery. Where any notice or document is served or delivered to any person in respect of a share in accordance with these Bye-Laws, no person deriving any title or interest in that share shall be entitled to any further service or delivery of that notice or document.

(B) (i) Any notice or document required to be sent to or served upon the Company, or upon any officer of the Company, may be sent or served by leaving the same or sending it through the post in a prepaid envelope or wrapper addressed to the Company or to such officer at the Head Office or Registered Office.

(ii) The Board may from time to time specify the form and manner in which a notice may be given to the Company by electronic means, including one or more addresses for the receipt of an electronic communication, and may prescribe such procedures as they think fit for verifying the authenticity or integrity of any such electronic communication. Any notice may be given to the Company by electronic means only if it is given in accordance with the requirements specified by the Board.

168. Any member whose registered address is outside the Relevant Territory may notify the Company in writing of an address in the Relevant Territory which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside the Relevant Territory, notice, if given through the post, shall be sent by prepaid airmail letter.

Members out of
the Relevant
Territory

169. Any notice or other document, if sent by mail, postage prepaid, shall be deemed to have been served or delivered ~~Any notice sent by post shall be deemed to have been served on the day following that on which the letter, envelope or wrapper containing the same is put into a the post office situated within the Relevant Territory and. In in-proving such service it shall be sufficient to prove that the letter, envelope or wrapper containing the notice or document was properly prepaid, addressed and put into the such post office and a certificate in writing signed by the Secretary or other person appointed by the Board that the envelope or wrapper containing the notice was so addressed and put into such post office shall be conclusive evidence thereof~~ as prepared mail. Any notice or document not sent by post but left by the Company at the address of a shareholder noted on the register shall be deemed to have been served or delivered on the day it was so left. Any notice or document, if sent by electronic means (including through any relevant system), shall be deemed to be have been given on the day following that on which the electronic communication was sent by or on behalf of the Company. Any notice or document served or delivered by the Company by any other means authorised in writing by the shareholder concerned shall be deemed to have been served when the Company has carried out the action it has been authorised to take for that purpose. Any notice or other document published by way of advertisement in the Newspapers or in an appointed newspaper shall be deemed to have been served or delivered on the day it was so published. Any notice or document published on a website shall be deemed given by the Company to a shareholder on the later of (i) the date on which a notice of availability is deemed served on such shareholder and (ii) the date on which such notice or document was published on the website.

When notice by post deemed to be served

170. A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.

Service of notice to persons entitled on death, mental disorder or bankruptcy of a member

171. Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the register shall have been duly given to the person from whom he derives his title to such share.

Transferee to be bound by prior notices

172. Any notice or document delivered or sent by post to, or left at the registered address of any member in pursuance of these presents, shall notwithstanding that such member be then deceased or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.

Notice valid though member deceased, bankrupt

173. The signature to any notice to be given by the Company may be written or printed.

How notice to be signed

INFORMATION

174. No member (not being a Director) shall be entitled to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interests of the members of the Company to communicate to the public.

Members not entitled to information

WINDING UP

175. A resolution that the Company be wound up by the Court or be wound up voluntarily shall be a Special Resolution.

Modes of winding up

176. [Intentionally deleted]

177. If the Company shall be wound up (whether the liquidation is voluntary or ordered by the court) the liquidator may, with the authority of a Special Resolution and any other sanction required by the Companies Act, divide among the members and holder(s) of the Convertible Instrument (as defined in Bye-Law 140(A)(a)) outstanding immediately prior to a winding-up of the Company (who shall for all purposes and intents be entitled to the same amount as if he were a member on an as converted basis with respect to the said outstanding Convertible Instrument in accordance with the terms thereof) in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

Assets may be distributed in specie

INDEMNITY

178. Save and except so far as the provisions of this Bye-Law shall be avoided by any provisions of the Statutes, the Directors, Managing Directors, alternate Directors, Auditors, Secretary and other officers for the time being of the Company and the trustees (if any) for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect or default, fraud and dishonesty respectively, and none of them shall be answerable for the acts, receipts, neglects or defaults of any other of them, or for joining in any receipt for the sake of conformity, or for any bankers or other persons with whom any moneys or effects of the Company shall be lodged or deposited for safe custody, or for the insufficiency or deficiency of any security upon which any moneys of the Company shall be placed out or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, except as the same shall happen by or through their own wilful neglect or default, fraud and dishonesty respectively.

Indemnity

UNTRACEABLE MEMBERS

179. Without prejudice to the rights of the Company under Bye-Law 155 and the provisions of Bye-Law 180, the Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

Company cease
sending dividend
warrants

180. The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a member who is untraceable, but no such sale shall be made unless:-

Company may sell
shares of
untraceable
members

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares in respect of them sent during the relevant period in the manner authorised by the Bye-Laws of the Company have remained uncashed;
- (ii) so far as it is aware at the end of the relevant period, the Company has not at any time during the relevant period received any indication of the existence of the member who is the holder of such shares or of a person entitled to such shares by death, bankruptcy or operation of law;

- (iii) the Company has caused an advertisement to be inserted in the Newspapers of its intention to sell such shares and a period of three months has elapsed since the date of such advertisement; and
- (iv) the Company has notified the stock exchange in the Relevant Territory of its intention of such sale.

For the purpose of the foregoing, “relevant period” means the period commencing twelve years before the date of publication of the advertisement referred to in paragraph (iii) of this Bye-Law and ending at the expiry of the period referred to in that paragraph.

To give effect to any such sale the Board may authorise any person to transfer the said shares and the instrument of transfer signed or otherwise executed by or on behalf of such person shall be as effective as if it had been executed by the registered holder or the person entitled by transmission to such shares, and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale. The net proceeds of the sale will belong to the Company and upon receipt by the Company of such proceeds it shall become indebted to the former member for an amount equal to such net proceeds. No trusts shall be created in respect of such debt and no interest shall be payable in respect of it and the Company shall not be required to account for any money earned from the net proceeds which may be employed in the business of the Company or as it thinks fit. Any sale under this Bye-Law shall be valid and effective notwithstanding that the member holding the shares sold is dead, bankrupt or otherwise under any legal disability or incapacity.

DESTRUCTION OF DOCUMENTS

181. Subject to the provisions of ~~Statutes~~Companies Act, the Company may destroy:-

Destruction of
Documents

- (a) any share certificate which has been cancelled at any time after the expiry of one year from the date of such cancellation;
- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address at any time after the expiry of two years from the date on which such mandate, variation, cancellation or notification was recorded by the Company;
- (c) any instrument of transfer of shares which has been registered at any time after the expiry of six years from the date of registration; and
- (d) any other document, on the basis of which any entry in the register is made, at any time after the expiry of six years from the date on which an entry in the register was first made in respect of it;

and it shall conclusively be presumed in favour of the Company that every share certificate so destroyed was a valid certificate duly and properly cancelled and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company. Provided always that:-

- (i) the foregoing provisions of this Bye-Law shall apply only to the destruction of a document in good faith and without express notice to the Company that the preservation of such document was relevant to a claim;
- (ii) nothing contained in this Bye-Law shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (i) above are not fulfilled; and
- (iii) references in this Bye-Law to the destruction of any document include reference to its disposal in any manner.

CHANGES IN APPLICABLE LAW

182. No Bye-Law shall be rescinded, altered or amended and no new Bye-Law shall be made until the same has been approved by a resolution of the Directors and confirmed by a ~~special~~ Special Resolution of the members. A Special Resolution shall be required to alter the provisions of the memorandum of association.

RESIDENT REPRESENTATIVE

183. Pursuant to the provisions of the Statutes, the Board shall, for so long as the Company does not have a ~~quorum of Directors~~ Director or a Secretary ordinarily resident in Bermuda, appoint a ~~Resident resident Representative~~ representative as defined in the Statutes, to act on its behalf in Bermuda and to maintain all such records as may be required by the Statutes to be maintained in Bermuda and to make all necessary filings with the Ministry of Finance and Registrar of Companies in Bermuda as may be required by the Statutes and to fix his or their or its remuneration either by way of salary or fee for the period of the Resident Representative’s service to the Company.

Resident Representative

MAINTENANCE OF RECORDS

184. The Company shall keep at the office of its Resident Representative, in accordance with the provisions of the Statutes, the following:-

Maintenance of
Records

- (i) minutes of all proceedings of general meetings of the Company and all proceedings of meetings of Directors;
- (ii) all financial statements required to be prepared by the Company under the Companies Act together with the Auditors's report thereon;
- (iii) all records of account required by ~~Section~~ Section 83 of the Companies Act to be kept in Bermuda; and
- (iv) all such documents as may be required in order to provide evidence of the continued listing of the Company on an appointed stock exchange within the meaning of the Companies Act.

SUBSCRIPTION RIGHT RESERVE

185. The following provisions, or any of them, shall have effect at any time and from time to time that they are not prohibited by or inconsistent with any provision of the Statutes:-

Subscription
Right Reserve

(A) If, so long as any of the rights attached to any warrants issued by the Company to subscribe for shares of the Company shall remain exercisable, the Company does any act or engages in any transaction which, as a result of any adjustments to the subscription price in accordance with the provisions applicable under the terms and conditions of the warrants, would reduce the subscription price to below the par value of a share, then the following provisions shall apply:-

- (i) as from the date of such act or transaction the Company shall establish and thereafter (subject as provided in this Bye-Law) maintain in accordance with the provisions of this Bye-Law a reserve (the "Subscription Right Reserve") the amount of which shall at no time be less than the sum which for the time being would be required to be capitalised and applied in paying up in full the nominal amount of the additional shares required to be issued and allotted credited as fully paid pursuant to sub-paragraph (iii) below on the exercise in full of all the subscription rights outstanding and shall apply the Subscription Right Reserve in paying up in full such difference in respect of such additional shares as and when the same are allotted;

- (ii) the Subscription Right Reserve shall not be used for any purpose other than that specified above unless all other reserves of the Company (other than the share premium account and the capital redemption reserve fund) have been used and will only be used to make good losses of the Company if and so far as is required by law;

- (iii) upon the exercise of all or any of the subscription rights represented by any warrant, the relevant subscription rights shall be exercisable in respect of a nominal amount of shares equal to the amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be the relevant portion thereof in the event of a partial exercise of the subscription rights) and, in addition, there shall be allotted in respect of such subscription rights to the exercising warrant holder, credited as fully paid, such additional nominal amount of shares as is equal to the difference between:-
 - (aa) the said amount in cash which the holder of such warrant is required to pay on exercise of the subscription rights represented thereby (or, as the case may be, the relevant portion thereof in the event of a partial exercise of the subscription rights); and

 - (bb) the nominal amount of shares in respect of which such subscription rights would have been exercisable having regard to the provisions of the conditions of the warrants, had it been possible for such subscription rights to represent the right to subscribe for shares at less than par,

and immediately upon such exercise so much of the sum standing to the credit of the Subscription Right Reserve as is required to pay up in full such additional nominal amount of shares shall be capitalised and applied in paying up in full such additional nominal amount of shares which shall forthwith be allotted credited as fully paid to the exercising warrant holder; and

(iv) if upon the exercise of the subscription rights represented by any warrant the amount standing to the credit of the Subscription Right Reserve is not sufficient to pay up in full such additional nominal amount of shares equal to such difference as aforesaid to which the exercising warrant holder is entitled, the Board shall apply any profits or reserves then or thereafter becoming available (including, to the extent permitted by law, contributed surplus account, share premium account and capital redemption reserve fund) for such purpose until such additional nominal amount of shares is paid up and allotted as aforesaid and until then no dividend or other distribution shall be paid or made on the fully paid shares of the Company then in issue. Pending such payment up and allotment, the exercising warrant holder shall be issued by the Company with a certificate evidencing his right to the allotment of such additional nominal amount of shares. The rights represented by any such certificate shall be in registered form and shall be transferable in whole or in part in units of one share in the like manner as the shares for the time being are transferable, and the Company shall make such arrangements in relation to the maintenance of a register therefor and other matters in relation thereto as the Board may think fit and adequate particulars thereof shall be made known to each relevant exercising warrant holder upon the issue of such certificate.

(B) Shares allotted pursuant to the provisions of this Bye-Law shall rank *pari passu* in all respects with the other shares allotted on the relevant exercise of the subscription rights represented by the warrant concerned. Notwithstanding anything contained in paragraph (A) of this Bye-Law, no fraction of any share shall be allotted on exercise of the subscription rights.

(C) The provisions of this Bye-Law as to the establishment and maintenance of the Subscription Right Reserve shall not be altered or added to in any way which would vary or abrogate, or which would have the effect of varying or abrogating, the provisions for the benefit of any warrant holder or class of warrant holders under this Bye-Law without the sanction of a Special Resolution of such warrant holders or class of warrant holders.

(D) A certificate or report by the Auditors for the time being of the Company as to whether or not the Subscription Right Reserve is required to be established and maintained and if so the amount thereof so required to be established and maintained, as to the purposes for which the Subscription Right Reserve has been used, as to the extent to which it has been used to make good losses of the Company, as to the additional nominal amount of shares required to be allotted to exercising warrant holders credited as fully paid, and as to any other matter concerning the Subscription Right Reserve shall (in the absence of manifest error) be conclusive and binding upon the Company and all warrant holders and shareholders.

NOTICE OF ANNUAL GENERAL MEETING



CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

NOTICE IS HEREBY GIVEN that the annual general meeting of China Star Entertainment Limited (the “**Company**”) will be held at Golden Restaurant, 1/F., East Wing, Shun Tak Centre, 200 Connaught Road Central, Hong Kong on Thursday, 29 June 2023 at 4:00 p.m. for the following purposes:

1. To receive, consider and adopt the audited consolidated financial statements and the reports of the directors and the independent auditors of the Company for the year ended 31 December 2022.
2.
 - (a) To re-elect Ho Wai Chi, Paul as independent non-executive director of the Company.
 - (b) To re-elect Mr. Tai Kwok Leung, Alexander as independent non-executive director of the Company.
 - (c) To authorise the Company’s board of directors to fix the directors’ remuneration.
3. To re-appoint HLB Hodgson Impey Cheng Limited as independent auditors of the Company and to authorise the Company’s board of directors to fix the auditors’ remuneration.

As special business, to consider and, if thought fit, to pass with or without modification the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

4. **“THAT:**
 - (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company (“**Shares**”) and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers during or after the end of the Relevant Period, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the total number of Shares in the share capital of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined); or
 - (ii) an issue of Shares upon the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares, the issue of which warrants and other securities has previously been approved by shareholders of the Company; or
 - (iii) an issue of Shares upon the exercise of any options granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to eligible persons of Shares or rights to acquire Shares; or
 - (iv) an issue of Shares as scrip dividends or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company (“**Bye-laws**”),

shall not in total exceed 20% of the total number of Shares in the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act (1981) of Bermuda (as amended) or any applicable laws of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company under this resolution.

NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of Shares or an offer of warrants, options or other securities giving rights to subscribe for Shares, open for a period fixed by the directors of the Company to holders of Shares or any class thereof whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares or any class thereof (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase the Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the Shares may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose and, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of Shares to be repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of Shares in the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws, the Companies Act 1981 of Bermuda (as amended) or any applicable laws of Bermuda to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the directors of the Company under this resolution.”

NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the passing of the resolutions numbered 4 and 5 above, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with additional Shares pursuant to the resolution numbered 4 above be and is hereby extended by the addition to the aggregate number of Shares in the share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate, an amount representing the aggregate number of Shares repurchased by the Company under the authority granted pursuant to the resolution numbered 5 above, provided that such amount of Shares so repurchased shall not exceed 10% of the total number of Shares in the share capital of the Company in issue as at the date of passing of this resolution.”
7. “**THAT**, the new share award scheme of the Company (the “**Share Award Scheme**”), as defined and the rules of which are contained in Appendix III to the circular of the Company dated 6 June 2023 (the “**Circular**”):
- (a) be and is hereby approved and adopted by the Company; and
 - (b) the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Share Award Scheme, including but without limitation (unless otherwise specified, capitalised terms herein shall have the same meanings in the terms defined in the Circular):
 - (i) administering the Share Award Scheme under which Awards will be granted (whether with or without any conditions, restrictions or limitations as it may think fit) to Eligible Participants under the Share Award Scheme, including but not limited to determining and granting the Awards in accordance with the terms of the Share Award Scheme;
 - (ii) modifying, amending and/or altering the rules of the Share Award Scheme from time to time provided that such modification, amendment and/or alteration is effective in accordance with the provision of the Share Award Scheme relating to modification, amendment and/or alteration and the requirements of the Listing Rules;
 - (iii) granting Awards under the Share Award Scheme and allotting and issuing from time to time such number of Shares as may be required pursuant to the Share Award Scheme, subject to the applicable laws and regulations;
 - (iv) making application at the appropriate time or times to the Stock Exchange for the listing of, and permission to deal in, any Shares or any part thereof that may from time to time be allotted and issued pursuant to the Awards granted under Share Award Scheme; and

NOTICE OF ANNUAL GENERAL MEETING

- (v) consenting, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the Share Award Scheme and subject to the applicable laws and regulations.”

8. **“THAT**

- (a) the proposed amendments to the share option scheme (the **“Proposed Amendments to the Share Option Scheme”**) of the Company currently in force (the **“Share Option Scheme”**) as set out in Appendix IV to the Circular be and are hereby approved and adopted, and the Directors be and are hereby authorised to do such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the Proposed Amendments to the Share Option Scheme; and
- (b) the amended share option scheme which incorporates all of the Proposed Amendments to the Share Option Scheme (the **“Amended Share Option Scheme”**) be and is hereby approved and adopted in substitution for, and to the exclusion of, the Share Option Scheme with immediate effect after the close of this meeting.”

9. **“THAT:**

- (a) conditional upon the Share Award Scheme and the Amended Share Option Scheme being approved and adopted by way of the ordinary resolutions of the Company numbered 7 and 8 above and within the Scheme Mandate Limit (as defined in the Circular), the limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted to the Service Provider (as defined in the Circular) under all the share schemes involving issue of new shares by the Company or its principal subsidiaries (as defined in the Circular) (collectively, the **“share schemes”**), being 1% of the Shares in issue as at the date of passing this resolution (the **“Service Provider Sublimit”**), be and is hereby approved; and
- (b) the Board be and is hereby authorised, subject to compliance with the Listing Rules, to grant share options and awards to the Service Provider under the share schemes up to the Service Provider Sublimit and to exercise all the powers of the Company to allot, issue and deal with Shares pursuant to the exercise of such share options and awards.”

10. **“THAT** conditional upon the Share Award Scheme being approved and adopted by way of the ordinary resolution of the Company numbered 7 above and within the Scheme Mandate Limit (as defined in the Circular), the grant of 164,000,000 Awarded Shares to Ms. Chen Ming Yin, Tiffany be and is hereby approved, confirmed and ratified and any Director be and is hereby authorised to do all such acts and things as may be necessary, desirable or expedient in order to give effect to the allotment and issue of 164,000,000 Shares as and when practicable to a trustee to be appointed by the Company to hold on trust for Ms. Chen Ming Yin, Tiffany subject to satisfaction of the relevant vesting conditions.”

NOTICE OF ANNUAL GENERAL MEETING

As special business, to consider and, if thought fit, to pass with or without modification the following resolutions as special resolution:

SPECIAL RESOLUTION

11. **“THAT:**

- (a) the proposed amendments to the existing bye-laws of the Company (the **“Proposed Amendments”**), the details of which are set out in Appendix V to the Circular, be and are hereby approved with effect from the close of this meeting;
- (b) the new bye-laws of the Company (the **“New Bye-laws”**) which incorporated and consolidated the Proposed Amendments and all previous amendments to the bye-laws of the Company adopted and approved by the Company in the past be and are hereby approved and adopted in substitution for, and to the exclusion of, the existing bye-laws of the Company with effect from the close of this meeting; and
- (c) any director, secretary and/or registered office provider of the Company be and is/are hereby authorised to do all such acts as may be necessary or expedient in order to effect and implement the Proposed Amendments and the adoption of the New Bye-laws and to make relevant registrations and filings in accordance with the requirements of the applicable laws of Bermuda and Hong Kong.”

By Order of the Board
China Star Entertainment Limited
Wong Shuk Han, Dorothy
Company Secretary

Hong Kong, 6 June 2023

Registered office:
Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10
Bermuda

*Head office and principal place
of business in Hong Kong:*
Unit 3409
Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A proxy form for use at the meeting is enclosed with the circular to the shareholders of the Company dated 6 June 2023.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer or attorney duly authorised.
3. The register of members of the Company will be closed from Monday, 26 June 2023 to Thursday, 29 June 2023, both days inclusive, during which period no transfer of Shares can be registered. In order to ascertain shareholders' rights for the purpose of attending and voting at the Annual General Meeting, all Share transfers, accompanied by the relevant share certificates, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 23 June 2023.
4. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company. For the health and safety of shareholders, the Company would like to encourage shareholders to exercise their right to vote at the Annual General Meeting by appointing the Chairman of the Annual General Meeting as their proxy and to return their proxy forms by the time specified above, instead of attending the Annual General Meeting in person. In order to be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at the above address not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
5. Completion and return of the proxy form will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the proxy form will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
7. If typhoon signal number 8 or above is hoisted or "extreme conditions" caused by super typhoons, or a "black" rainstorm warning is in effect at any time after 12:00 p.m. on the date of the meeting, the meeting will be postponed. The Company will publish an announcement on the website of the Company at www.chinastar.com.hk and on the website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.