CHINA SEVEN STAR SHOPPING LIMITED
中國七星購物有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2006

The Board of Directors (the "Board") of China Seven Star Shopping Limited is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter together referred as the "Group") for the year ended 31 December 2006 together with the comparative figures of the corresponding year in 2005, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Note	2006 *HK$'000*	2005 *HK$'000*
Turnover	2	**92,430**	23,090
Cost of sales		**(25,999)**	(13,843)
Gross profit		**66,431**	9,247
Other income	3	**4,178**	93
Gain on disposal of a subsidiary		**6,200**	253
Reversal of write down of properties held for resale		**100**	1,200
Impairment loss on properties under development		**–**	(4,803)
Distribution costs		**(11,201)**	(4,976)
Administrative expenses		**(17,650)**	(14,867)
Other operating expenses		**(2,983)**	(975)
Profit/(loss) from operations		**45,075**	(14,828)
Finance costs	5	**(945)**	(530)
Profit/(loss) before tax		**44,130**	(15,358)
Income tax expense	6	**(11,927)**	(1,967)
Profit/(loss) for the year	7	**32,203**	(17,325)
Attributable to:			
Equity holders of the Company		**29,556**	(16,572)
Minority interests		**2,647**	(753)
		32,203	(17,325)
Earnings/(loss) per share	8		
Basic		**0.70 cents**	(0.45) cents
Diluted		**0.69 cents**	N/A

CONSOLIDATED BALANCE SHEET

At 31 December 2006

	Note	2006 *HK$'000*	2005 *HK$'000*
Non-current assets			
Fixed assets		**2,792**	2,782
Properties under development		**–**	1,861
Goodwill		**28,422**	28,422
Available-for-sale financial assets		**150**	–
		31,364	33,065
Current assets			
Properties held for resale		**9,800**	9,700
Inventories		**2,199**	2,232
Trade and other receivables	9	**124,614**	18,289
Bank and cash balances		**141,407**	4,003
		278,020	34,224
Current liabilities			
Trade and other payables	10	**29,011**	40,622
Borrowings		**10,229**	10,506
Current tax liabilities		**16,761**	5,303
		56,001	56,431
Net current assets/(liabilities)		**222,019**	(22,207)
Total assets less current liabilities		**253,383**	10,858
Non-current liabilities			
Borrowings		**–**	9,097
NET ASSETS		**253,383**	1,761
Capital and reserves			
Share capital		**506,324**	372,279
Other reserves		**879,461**	797,006
Accumulated losses		**(1,142,167)**	(1,169,134)
Equity attributable to equity holders of the Company		**243,618**	151
Minority interests		**9,765**	1,610
TOTAL EQUITY		**253,383**	1,761

Notes:

1. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have material impact on the financial statements of the Group.

2. TURNOVER

The Group's turnover which represents sales of consumer products to customers, media management service fees, sales of properties and rental income are as follows:

	2006 *HK$'000*	2005 *HK$'000*
Manufacture, retail and distribution of consumer products	**59,185**	9,797
Media management service fees	**32,434**	4,836
Proceeds on disposal of properties	**–**	8,380
Rental income	**811**	77
	92,430	23,090

3. OTHER INCOME

	2006 *HK$'000*	2005 *HK$'000*
Interest income	**1,624**	8
Write back of other payables and accruals	**1,037**	–
Sundry income	**1,517**	85
	4,178	93

4. SEGMENT INFORMATION

(a) **Primary reporting format – business segments**

During the year, the Group has re-aligned its business activities and the new classification of business segments for the year ended 31 December 2006 was as follows:

PRC retail and distribution – manufacture, retail and distribution of consumer products as well as the provision of media management services in the PRC

Property investment – property holding and investment

(b) **Secondary reporting format – geographical segments**

No geographical segment information is presented as the Group's revenue and assets are substantially derived from customers and operations based in the PRC and accordingly, no further analysis of the Group's geographical segments is disclosed.

Primary reporting format – business segments

	PRC retail and distribution *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2006				
Turnover	**91,619**	**811**	**–**	**92,430**
Segment results	**50,262**	**472**	**(1,126)**	**49,608**
Other income				**7,824**
Unallocated expenses				**(12,357)**
Profit from operations				**45,075**
Finance costs				**(945)**
Profit before tax				**44,130**
At 31 December 2006				
Segment assets	**299,233**	**9,933**	**218**	**309,384**
Unallocated assets				**–**
Total assets				**309,384**
Segment liabilities	**28,437**	**280**	**238**	**28,955**
Unallocated liabilities				**27,046**
Total liabilities				**56,001**
Other segment information:				
Capital expenditure	**392**	**739**	**416**	**1,547**
Depreciation	**(647)**	**–**	**(127)**	**(774)**
Bad debts/impairment charges	**(2,952)**	**–**	**–**	**(2,952)**
Reversal of write down of properties held for resale	**–**	**100**	**–**	**100**
Other non-cash expenses	**–**	**–**	**–**	**–**

There are no sales or other transactions between the business segments.

Primary reporting format – business segments

	PRC retail and distribution *HK$'000*	Property investment *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
Year ended 31 December 2005				
Turnover	14,633	8,457	–	23,090
Segment results	3,299	(5,017)	178	(1,540)
Other income				8
Unallocated expenses				(13,296)
Loss from operations				(14,828)
Finance costs				(530)
Loss before tax				(15,358)
At 31 December 2005				
Segment assets	51,945	13,874	93	65,912
Unallocated assets				1,377
Total assets				67,289
Segment liabilities	13,235	11,940	117	25,292
Unallocated liabilities				40,236
Total liabilities				65,528
Other segment information:				
Capital expenditure	109	848	19	976
Depreciation	(142)	(1)	(47)	(190)
Bad debts/impairment charges	(894)	(4,823)	–	(5,717)
Reversal of write down of properties held for resale	–	1,200	–	1,200
Other non-cash expenses	–	–	–	–

There are no sales or other transactions between the business segments.

5. FINANCE COSTS

	2006 *HK$'000*	2005 *HK$'000*
Interest on bank loans and overdrafts	**–**	37
Interest on other loans wholly repayable within five years	**188**	142
Interest on loans from a shareholder wholly repayable within five years	**680**	95
Interest on loan from a minority shareholder wholly repayable within five years	**77**	256
	945	530

6. INCOME TAX EXPENSE

	2006 *HK$'000*	2005 *HK$'000*
Current tax		
– PRC taxation	**11,927**	1,967

No provision for Hong Kong Profits Tax is required for current year since each individual Hong Kong company sustained losses for taxation purposes.

The subsidiary, Fuzhou Landun Science of Life Co., Ltd. ("Fuzhou Landun") operating in the PRC, is subject to enterprise income tax rate at 33% in accordance with Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得稅法). However, pursuant to a notice issued by Fuzhou Economic & Technological Development District State Tax Bureau (福州經濟技術開發區國家稅務局), Fuzhou Landun is exempted from enterprise income tax for two years starting from the first year of profitable operation in 2004, followed by a 50% reduction for the next three years.

The subsidiary, Shanghai Pei Lian Trading Company Limited ("Shanghai Pei Lian") is currently subject to enterprise income tax calculated at the rate determined by the local tax authority at 0.6% and 4.8% on the invoiced amount of the retail sales and media management service fees respectively. Such locally determined tax rate may in certain area inconsistent with the national tax law and may subject to a subsequent review when new interpretation of tax law or guidance note is being released or executed. On prudent measure, the taxable profit of Shanghai Pei Lian upon consolidation is provided at the standard enterprise income tax rate of 33% in accordance with Provisional Regulations of the People's Republic of China on Enterprise Income Tax (中華人民共和國企業所得稅暫行條例).

The subsidiaries, Shanghai Seven Star International Shopping Co., Ltd., Beijing Seven Star Landun Bio-technology Co., Ltd., Chongqing Seven Star Householding Products Co., Ltd. and Fuzhou Century Seven Star Bio-technology Co., Ltd. operating in the PRC, are subject to enterprise income tax rate at 33% in accordance with Provisional Regulations of the People's Republic of China on Enterprises Income Tax (中華人民共和國企業所得稅暫行條例).

7. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) for the year is stated after charging the following:

	2006	2005
	HK$'000	*HK$'000*
Advertising costs, net *(Note)*	**7,725**	2,990
Auditors' remuneration	**900**	650
Bad debts written off	**–**	466
Cost of inventories sold	**23,607**	4,837
Deposit written off	**–**	20
Depreciation on fixed assets	**774**	190
Direct operating expenses that generate rental income	**577**	626
Staff costs (including directors' emoluments)	**8,573**	10,593
Loss on disposal of fixed assets	**–**	6
Operating lease on land and buildings	**1,230**	776
Allowance for bad and doubtful debts	**2,412**	159
Allowance for other receivables	**540**	269
Fixed assets written off	**162**	–

Note: The amount represented advertising costs paid net of proceeds arising from unused air time sold. During the year ended 31 December 2006, the Group had no unused air time. During the year ended 31 December 2005, the Group sold its unused air time to various independent companies in the PRC for approximately HK$3,691,000.

8. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of basic earnings (2005: loss) per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately HK$29,556,000 (2005: loss attributable to equity holders of the Company of approximately HK$16,572,000) and the weighted average number of ordinary shares of 4,252,328,000 (2005: 3,722,792,000) in issue during the year.

Diluted earnings/(loss) per share

The calculation of diluted earnings per share attributable to equity holders of the Company is based on the profit for the year attributable to equity holders of the Company of approximately HK$29,556,000 and the weighted average number of ordinary shares of 4,279,426,000, being the weighted average number of ordinary shares of 4,252,328,000 in issue during the year used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 27,098,000 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding at the balance sheet date.

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2005.

9. TRADE AND OTHER RECEIVABLES

	2006	2005
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**66,673**	11,324
Other receivables	**30,083**	20,367
Less: allowance for doubtful debts	**(18,206)**	(17,641)
	11,877	2,726
Prepayments and deposits	**39,469**	4,239
Due from a related company	**6,595**	–
	124,614	18,289

Note: The Group's turnover included consideration received on the disposal of properties and rental income which are paid in accordance with the terms of the respective agreements, with rental income normally due on the first day of the month. The other portion of the turnover is the invoiced amounts of products sold or services rendered. The payment terms of the sales to customers/distributors in the PRC retail and distribution segment is normally from 30 to 180 days. The payment terms of media management services provided are normally at 180 days.

The ageing analysis of trade receivables is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**64,990**	8,990
91 – 180 days	**1,374**	100
181 – 365 days	**287**	2,212
Over 365 days	**22**	22
	66,673	11,324

During the year 2006, trade receivables of HK$4,185,000 was assigned to set-off against other loan of same amount.

10. TRADE AND OTHER PAYABLES

	2006	2005
	HK$'000	*HK$'000*
Trade payables *(Note)*	**13,716**	6,491
Other payables and accruals	**14,867**	32,368
Deposits received	**372**	189
Due to directors	**56**	1,574
	29,011	40,622

Note: The ageing analysis of trade payables is as follows:

	2006	2005
	HK$'000	*HK$'000*
0 – 90 days	**13,178**	907
91 – 180 days	**–**	2,087
181 – 365 days	**439**	2,624
Over 365 days	**99**	873
	13,716	6,491

DIVIDEND

The Board has resolved not to recommend the payment of any dividend for the year ended 31 December 2006 (2005: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

China Seven Star Shopping Limited ("China Seven Star" or the "Company") together with its subsidiaries (collectively the "Group") is pleased to present its annual results for the year ended 31 December 2006.

CORPORATE DEVELOPMENT

Year 2006 was a turning point for the Group. Following the acquisition of Shanghai Pei Lian Trading Company Limited ("Shanghai Pei Lian") in 2005, the Group was able to participate more substantially in the business of retail sales and distribution in the PRC. In August 2006, we continued to enhance our distribution capabilities by consolidating a television shopping platform into the Group. On 22 December 2006, the Company changed its name to "China Seven Star Shopping Limited" from "Landune International Limited" to fully reflect its change of focus from property investment onto the fast growing consumer market in the PRC.

Our dedication to develop consumer retail and television shopping business in the PRC has received strong support from institutional investors. The Company placed 438,250,000 new shares at HK$0.118 on 26 April 2006 and 832,200,000 new shares at HK$0.18 on 12 October 2006, raised an aggregate of approximately HK$202 million to fund business expansion and ensure it has sufficient capital to capture market opportunities.

Taking into account the country's economic growth, the nationwide coverage of the country's extensive television network and the increasing disposable income of people in China, the Group sees a solid foundation for it to grow television shopping business. Coupled with the inefficient retail infrastructure in China will present integrated multi-platform retail sales operators like us ample opportunities to grow.

We believe our television shopping business will grow and bring in revenue of amount surpassing those of our other business segments from 2007 onwards. Looking forward, to enlarge market share, we will acquire more advertising airtime and expand our distribution network through cooperation with various media companies and channels.

MARKET REVIEW

Consumer goods retail market in the PRC

Continuous economic growth, increasing per capita income and accelerating urbanization in the PRC are all factors conducive to a rosy retail sector. And as disposable income of the people grows, consumers in the PRC are not spending merely on daily necessities but also other consumer products. The market also expects spending on consumer products to take on a growing proportion of total spending, giving the retail industry a strong impetus for growth.

Television shopping market in the PRC

Television shopping business in the PRC is still in its infancy. According to Euromonitor, turnover from television direct sales in the country only accounted for 0.23% of the total retail sales of consumer goods in 2005. The percentage was far below than that of developed countries such as the U.S. (8%) and Japan or Korea (10%). As PRC gradually evolves from a developing country into a developed country, the Group believes the country's television shopping business will catch up with that of the US, Japan and Korea.

In China, television shopping business is conducted mainly through advertising on national, satellite, provincial and city television channels. Consumers place their orders by phone and the products will be delivered to their doorstep. Products available to customers include electrical appliances, kitchenware, digital electronic products, healthcare products, fitness equipment, beauty and body care products and educational products. Interesting observation for the PRC market is that there is not much gender differentiation for the customers, in stark contrast to other developed TV home shopping markets where the target customers are mainly young females with strong purchasing power, young high-income families or housewives. According to a Euromonitor survey on China TV home shopping, over 75% of the respondents were receptive to the concept and there were no major differences observed between the two genders. Extensive coverage and strong penetrating ability of television adds to the appeal of bright prospect for television shopping in China, by providing consumers in different regions access to unique, innovative and diverse consumer goods.

The market expects television shopping turnover to achieve a CAGR of 22% from 2003 to 2007. The increasing popularity of mobile communications and internet access will also make consumption through electronic channels more prevalent. Apart from scale advantage, television shopping allows customers to get details about the products through television advertisements and promises security for personal data as orders are placed over the phone and comprehensive after-sale services. These attributes will see television shopping quickly penetrate households and consumers of all levels.

BUSINESS REVIEW

For the year ended 31 December 2006, the Group recorded a year-on-year increase of 300% in turnover to HK$92,430,250 and turned around from loss last year to reporting HK$29,556,177 in profit attributable to equity holders of the Company. Basic earnings per share and diluted earnings per share were 0.70 HK cents and 0.69 HK cents respectively.

The board of directors (the "Board") does not recommend paying final dividend for the year ended 31 December 2006 (31 December 2005: HK$Nil).

Our significant improvement of the results was attributable to the profit of Shanghai Pei Lian. Its substantial profit contribution has offset the loss of HK$1,502,900 attributable to Shanghai Seven Star International Shopping Co., Ltd. and its subsidiaries ("Seven Star (Shanghai) Group"), which was consolidated into the Group during the year. The Group only pushed on at full force its television shopping business after it incorporated Seven Star (Shanghai) Group in the forth quarter of 2006. By then, the Group actively realized synergy effect with the new business, and at the same time, increased capital injection to expand product mix, to increase advertising airtime and to strengthen sales network in order to speed up the development pace of the new business. Leveraging on our strong foundation established for the new business during the year, the Group believes that the television shopping business will bring fruitful revenue to the Group from 2007 onwards.

Television shopping business

The Group began to operate retail sales through advertising with the support of call centers and mail order catalogues after the acquisition of Shanghai Pei Lian in 2005. The endeavor has brought about notable business growth for the Group. To expand its television shopping business and income stream, in August 2006, the Group entered into a series of structured contracts with Seven Star (Shanghai) that allows the Group to indirectly engage in the business of retailing and wholesaling in PRC and transformed its core business into television shopping. Pursuant to the structured contracts, the Group has the right to engage in the retail, wholesale and television shopping business under the "Seven Star" trademark.

The Group sells consumer products including digital electronic products, kitchenware, educational products, fitness equipment, cosmetics and healthy food around the clock through television advertisements, supported by call center service and on-line platform. In January 2007, Seven Star (Shanghai) was hailed as one of the "Top Ten Most Influential Brand in TV Shopping" in the country, and in August 2006, it made it into the "Top Ten Most Satisfactory Brand in TV Shopping". Leveraging the well established and renowned "Seven Star" brand with more than a decade's history in the industry and with a nationwide sales network, a broad customer base, extensive management experience and innovative service technology, the Group is confident of maintaining leadership in the industry.

Sales results

As at 31 December 2006, the Group's total sales amounted to HK$92,430,250, representing a growth of 300% when compared with 2005. The substantial increase reflected the full year revenue contribution from Shanghai Pei Lian and also contribution from Seven Star (Shanghai) that joined the family in the forth quarter of 2006. The Group's gross margin increased by 32 percentage points to 72% braced by a broadened distribution network. Retail revenue at HK$59,185,501 was five times that in the previous year, and accordingly media management service fees also grew by about six times to HK$32,433,550. Gross margin for merchandise sales for the year under review was 56% (2005: 44%).

Sales channels

The Group conducts retail and distribution business through television advertisements, the Internet and call centers. Advertisements of its products are shown on around 25 satellite television channels that are having a geographical coverage of about 85% of China. Orders can be placed with the Group's call centers that operate round-the-clock. In 2006, the Group's call centers were able to turn about 20% of the enquiries into sales orders with average spending per phone call amounted to RMB860, which was higher than the industry average. Delivery arrangement with logistics and courier service providers in relevant areas will be made after a customer order is confirmed. Riding on this remote sales business model and by keeping minimum inventory, the Group is able to quickly adjust its product offerings to suit changing preferences of customers and latest market and product trends.

To complement television shopping with more choices of merchandise and help consolidate customer relationship and their confidence in the brand, and in turn stabilize profit, the Group maintains an extensive sales network including 300 specialty stores and more than 20,000 sales points. The network matches in scale with those of other retailers in the industry.

Media strategies

After a product promotion plan is confirmed, the Group will proceed with producing direct sales infomercials and come up with a related airtime plan to formally launch the product. In 2006, the Group used a total of about 11,000 minutes of advertising airtime.

To cope with the anticipated business needs and fortify its market leadership, the Group plans to increase media expense in 2007 and offer infomercials to customers round the clock.

Seven Star (Shanghai) has an operational history of over a decade in the PRC and a currently active customer base of about one million. This customer base allows the Group to accurately analyze customer spending patterns and trends, making a unique database for use by the Group in planning more effective marketing strategies to capture target customers in the country's 1.3 billion population.

Latest business development in television shopping

In January 2007, the Group started to sell mobile handsets and market response has been tremendous. In the first quarter of 2007, the Group achieved a daily run rate of about 2,000 handsets. Having forged strategic partnership with handset vendors, the Group targets to sell over a million handsets in 2007 and in the long rung become the largest shopless handset retailer in the country. The Group will continue to work with renowned brands to provide more choices and more convenient services to customers.

In April 2007, the Group started to sell insurance products through its television shopping platform and the service has also received encouraging response. Taking into account that the people in the PRC are into saving up for the future and the country's aging population, the Group expects the new product category to develop into a new and high quality revenue stream.

The Group will continue to develop its television shopping business. It will enrich its product offerings, strive to secure additional advertising airtime, enlarge its retail network and expand through M&A. The Group will also aim to extend market coverage and reinforce its leading presence in the television shopping market. More advertising airtime will definitely be secured in 2007 to facilitate sales of the Group's expanded product mix.

Riding on Sever Star (Shanghai) Group, the Group has quickly gained a strong foothold in the PRC television shopping sector and become one of the largest television shopping operators in the country. The Group will continue to look for suitable M&A opportunities to accelerate business development and in turn consolidate its leadership in the market.

PROPERTY INVESTMENTS

The Group disposed of a developing investment property in June 2006 and recorded a gain of approximately HK$6,200,000. As at 31 December 2006, the Group held one investment property for resale. At carrying value of HK$9,800,000, this property is currently on lease at a passing yield of approximately 9.8%. The Board will at appropriate time in the future dispose of the remaining investment property so as to focus on the core business of television shopping.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2006, the Group's bank and cash balances amounted to approximately HK$141,407,000 (2005: HK$4,003,000). Total Borrowings were HK$10,229,000 (2005: HK$19,603,000). The annual interest rate of the borrowings consisting of both fixed and variable rates was approximately 6% during the year. The borrowings were fully settled after 31 December 2006.

On 26 April 2006 and 12 October 2006, the Company placed to investors 438,250,000 shares at HK$0.118 per share and 832,200,000 shares at HK$0.18 per share, and raised total net proceeds of approximately HK$202,326,000 for funding its daily operations. With the Group at a net cash position of approximately HK$131,178,000 as at 31 December 2006 (2005: net debt of HK$15,600,000), the Directors are of the opinion that there is sufficient cash resources for the Group to meet its financial obligation and business requirements.

As at 31 December 2006, the Group had no material contingent liabilities.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered the Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency debt. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

STAFF AND REMUNERATION POLICY

The Group had 206 employees (including Directors) as at 31 December 2006 (2005:156). The Group recruits and promotes individuals based on their performance and development potential in the positions held. Remuneration package is determined with reference to an employee's performance and the prevailing salary levels in the market. In addition, the Group adopts a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

CORPORATE GOVERNANCE

The Company is committed to the overall standards of corporate governance. The board of Directors has adopted the principles and complied all the applicable provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the year ended 31 December 2006 except for deviation from provisions A.4.1 and A.2.1 of the Code. Provision A.4.1 stipulates that non-executive directors should be appointed for specific term, subject to re-election. None of the existing Independent Non-executive Directors of the Company is appointed for specific term and this constitutes a deviation. However, all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years. In the opinion of the Directors, this meets the same objectives and is no less exacting than those in the Code.

Originally, the Chairman and Managing Director of the Company were Mr. Ni Xinguang and Mr. Ha Shu Tong, respectively. After Mr. Ha Shu Tong resigned from his roles of Executive Director and Managing Director, on 17 January 2006, the Chairman assumes the role of Managing Director on a temporary basis until the vacancy can be filled. This constitutes a deviation from provision A.2.1 of the Code which stipulates that the roles of chairman and chief executive officer should be separate and should not be the same individual.

Mr. Ni Xinguang is mainly responsible for leadership of the Board, and overseeing the business development of the Company and its subsidiaries including strategic and corporate development. The Board does not consider that this structure will impair the balance of power and authority between the Board and the management of the Company given there is a division of responsibility for the individual business operation of the Group. Nevertheless, the Company is actively seeking a replacement to fill in the position of Managing Director who would be responsible for the day to day operation and management of the Group.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by Directors of the Company in 2006. All the Directors of the board have confirmed, following specific enquiry has made by the Company, that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2006.

AUDIT COMMITTEE AND FINANCIAL INFORMATION

The Company has an Audit Committee which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises all the Independent Non-executive Directors of the Company and has reviewed the annual results of the Group for the year ended 31 December 2006.

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and related notes thereto for the year ended 31 December 2006 as set out in the preliminary announcement have been agreed by the Group's auditors, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by RSM Nelson Wheeler in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by RSM Nelson Wheeler on the preliminary announcement.

CHANGE OF COMPANY NAME

The Company changed its name from "Landune International Limited 藍頓國際有限公司" to "China Seven Star Shopping Limited 中國七星購物有限公司" with effect from 22 December 2006.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

Save for the issue of 1,270,450,000 shares in placement and 7,000,000 shares in share option scheme, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the year.

PUBLICATION OF DETAILED ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

In accordance with the requirements under the Listing Rules which are applicable to the reporting period, the 2006 annual report containing all information about the Company set out in this preliminary announcement of results for the year ended 31 December 2006 will be posted on the website of the Stock Exchange (website: http://www.hkex.com.hk) in due course.

On behalf of the Board
Ni Xinguang
Chairman

Hong Kong, 25 April 2007

As at the date of this announcement, the board of directors comprises executive directors: Messrs. Ni Xinguang and Wang Zhiming; and independent non-executive directors: Messrs. Chan Wai Sum, Ho Wai Ip and Lu Wei.