

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



CHINA SEVEN STAR HOLDINGS LIMITED

中國七星控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

PROFIT WARNING

This announcement is made by China Seven Star Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company and potential investors that after a preliminary review on the Group’s unaudited consolidated management accounts and assessment of information currently available, the Group is expected to record an unaudited consolidated loss attributable to owners of the Company of approximately HK\$10.9 million for the six months ended 30 June 2014 as compared with a profit recorded by the Group for the six months ended 30 June 2013. This is mainly due to the following reasons:

1. The Group has recorded decreases in both revenue and gross margin for the six months ended 30 June 2014 as no revenue was generated from the Group’s retail and distribution of consumer products and television advertising businesses due to (i) keen competition from low pricing internet sales platforms and (ii) keen competition of selling of advertising air time from the second half of 2013 and the Group was unable to compete with other suppliers after losing the exclusive agency rights accordingly;
2. The Group has engaged in a new business of trading chemical materials which is at its very early stages and has a low gross profit;
3. There were write back of agency fees payable of approximately HK\$19 million and write back of other payables and accruals of approximately HK\$6 million for the six months ended 30 June 2013 but there was no such income for the six months ended 30 June 2014; and
4. Increase in the allowances for inventories and trade receivables for retail and distribution business for the six months ended 30 June 2014.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2014 and information currently available whereas such information has not been audited, confirmed and/or reviewed by the auditor of the Company. The relevant information is, therefore, not confirmed and is subject to finalisation and necessary adjustments. Shareholders of the Company and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2014 which is expected to be announced on 28 August 2014.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 18 August 2014

As at the date of this announcement, the Board comprises (1) Mr. Ni Xinguang, Mr. Tu Baogui and Ms. Chen Xiaoyan as executive Directors, and (2) Mr. Lu Wei, Mr. Wong Chak Keung and Mr. Ling Yu Zhang as independent non-executive Directors.