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CHINA SEVEN STAR SHOPPING LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 245)

DISCLOSEABLE TRANSACTION

Full acceptance of provisional allotment and application for and acceptance of excess allotment under the 60 for 1 Rights Issue of Cheong Wa Limited

The sole director of Cheong Wa announced on 18 February 2008 that it proposes to raise approximately HK\$30,000,000 by way of the Rights Issue of a maximum of 6,000 Rights Shares at a price of HK\$5,000 per Rights Share payable in full on acceptance.

At the date of this announcement, the Company is interested in 70 Shares, representing 70% of the total issued share capital of Cheong Wa, and World Sea is interested in 30 Shares representing 30% of the total issued share capital of Cheong Wa.

The Company has undertaken to Cheong Wa that it will accept the allotment of 4,200 Rights Shares under provisional allotment of the Rights Issue.

Prior to the date of this announcement, World Sea has replied to Cheong Wa that it will not accept the allotment of 1,800 Rights Shares under provisional allotment of the Rights Issue. The Company has applied for 1,800 excess Rights Shares under excess allotment of the Rights Issue and has undertaken to Cheong Wa that it will accept such number of excess Rights Shares(s) to be allotted to the Company. The excess Rights Shares will be allocated by the sole director of Cheong Wa at his discretion on a fair and equitable basis.

The consideration to be paid by the Company for the 4,200 Rights Shares and for the 1,800 excess Rights Shares (if such number of excess Rights Shares are allotted to the Company) amounts to HK\$21,000,000.00 and HK\$9,000,000.00 respectively, and will be satisfied by way of capitalization of part of the Shareholders' Loan.

As the various size tests for the acquisition of the additional 29.51% interest in Cheong Wa by the Company exceeds 5% but is less than 25% of one or more of the applicable ratios of the Company under the Listing Rules, the transaction constitutes a discloseable transaction under rule 14.06(2) of the Listing Rules. A circular providing the information required under the Listing Rules will be dispatched to shareholders in due course.

PROPOSED RIGHTS ISSUE

The sole director of Cheong Wa announced on 18 February 2008 that it proposes to raise approximately HK\$30,000,000 by way of the Rights Issue of a maximum of 6,000 Rights Shares at a price of HK\$5,000 per Rights Share payable in full on acceptance. Basic terms of the Rights Issue are set out below.

Basis of the Rights Issue:

60 Rights Shares for every existing Share held on the Record Date.

Number of existing Shares in issue:

100 Shares as at the date of this Announcement

Number of Rights Shares:

6,000 Rights Shares

Subscription price for the Rights Shares:

HK\$5,000 per Rights Shares

Status of the Rights Shares:

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

Application under the provisional allotment

Application for all or any part of an existing shareholder's provisional allotment should be made by completing the provisional allotment letter (“**PAL**”) and lodging the same, together with a remittance for the Rights Shares being applied for, with Cheong Wa so as to be received by no later than 4:00 p.m. on 13 March 2008.

Application for excess Rights Shares

Existing Shareholders are entitled to apply any Rights Shares provisionally allotted but not accepted by other existing Shareholders. Application shall be made by completing the excess allotment form (“EAF”) and lodging the same, together with appropriate remittance for the excess Rights Shares, with Cheong Wa so as to be received by no later than 4:00 p.m. on 13 March 2008. The sole director of Cheong Wa will allocate the excess Rights Shares at his discretion on a fair and equitable basis.

Underwriting arrangement

No underwriting arrangement has been set up for the Rights Issue.

Share certificates

Certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary mail on or before 20 March 2008.

Reasons for the Rights Issue and use of proceeds

Cheong Wa has a long term investment of HK\$40,000,000 in shares in Fuzhou Landun. The major funding to Cheong Wa is the Shareholders’ Loan. Cheong Wa wishes to raise new capital to repay the Shareholders’ Loan due to the Company in order to save interest expense and to match the maturity profile of the investment and its corresponding capital base.

UNDERTAKING

At the date of this announcement, the Company is interested in 70 Shares, representing 70% of the total issued share capital of Cheong Wa, and World Sea is interested in 30 Shares, representing 30% of the total issued share capital of Cheong Wa.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, World Sea is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

On 12 March 2008, the Company returned to Cheong Wa the PAL indicating that the Rights Shares to be allotted to the Company under the provisional allotment of the Rights Issue will be taken up in full, representing 4,200 Rights Shares. On the basis of \$5,000 per Rights Share, the total consideration to be paid by the Company for the 4,200 Rights Shares amounts to HK\$21,000,000.00 and will be satisfied by way of capitalizing a total of HK\$21,000,000.00 out of the Shareholders’ Loan.

Prior to the date of this announcement, World Sea has replied to Cheong Wa that it will not accept the allotment of 1,800 Rights Shares under provisional allotment of the Rights Issue and that it consents other existing Shareholders who apply for excess Rights Shares to take up its rights of entitlement.

On 12 March 2008, the Company returned to Cheong Wa the EAF indicating that it applies for excess allotment to take up 1,800 excess Rights Shares that is not taken up by World Sea and undertakes to Cheong Wa that it will accept such number of excess Rights Shares(s) to be allotted to the Company. On the basis of \$5,000 per Rights Share, if the Company is allotted 1,800 excess Rights Shares, the total consideration to be paid by the Company for the 1,800 Rights Shares amounts to HK\$9,000,000.00 and will be satisfied by capitalizing a total of HK\$9,000,000.00 out of the Shareholders' Loan.

The remaining part of the Shareholders' Loan after the capitalization as mentioned hereinabove, which amounts to a principal amount of HK\$5,000,000, will not be written off by the Company.

Neither the Company nor the Group had any prior transactions with Cheong Wa in the past 12 months which require aggregation under the Listing Rules.

REASONS FOR FULL ACCEPTANCE OF THE RIGHTS ISSUE

The Group is mainly engaged in television shopping and consumer retail business in the PRC.

The Directors consider that the full acceptance by the Company of its provisional allotment of the Rights Shares will help to match the maturity profile of Cheong Wa's investment and its corresponding capital base. This is because by capitalizing the Shareholders' Loan in payment for the Rights Shares, the investment of Cheong Wa in Fuzhou Landun, which is a long term investment, would then be financed mainly by way of share capital which is also long term in nature. Further, the Directors also consider that the application of the allotment of excess shares in Cheong Wa provides an opportunity to the Company to increase its shareholding in Cheong Wa. If 6,000 Rights Shares are issued and allotted to the Company, the interest of the Company in Cheong Wa will be increased from 70% to approximately 99.51%. On these basis, the Board considers that it is fair and reasonable and in the interest of the shareholders of the Company as a whole.

INFORMATION ON CHEONG WA LIMITED

Cheong Wa is principally engaged in investment holding, with its sole investment being a long term investment of HK\$40,000,000 in shares in Fuzhou Landun, a wholly-owned subsidiary of Cheong Wa. The principal business activities of Fuzhou Landun are the manufacturing and distribution of consumer products.

At the date of this Announcement, the sole director of Cheong Wa is Mr. Wang Zhiming who is also an executive director and managing director of the Company. The composition of the board of Cheong Wa will remain the same following the Rights Issue.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Cheong Wa is not a connected person of the Company.

According to the audited consolidated accounts of Cheong Wa for the year ended 31 December 2006, Cheong Wa's net profit (before and after taxation) were approximately HK\$15,063,865 and HK\$12,339,145 respectively, and its net assets was approximately HK\$18,863,388.

According to the audited consolidated accounts of Cheong Wa for the year ended 31 December 2005, Cheong Wa's net loss (whether before or after taxation) were approximately HK\$2,512,193, and its net assets was approximately HK\$457,770.

In preparing its financial information, Cheong Wa adopts the Hong Kong Financial Reporting Standard.

Being a subsidiary of the Company, Cheong Wa is already consolidated in the Company's accounts. This accounting treatment will remain unchanged after the increase in interest of the Company in Cheong Wa following the issue and allotment of the Rights Shares to the Company.

GENERAL

As the various size tests for the acquisition of the additional 29.51% interest in Cheong Wa by the Company exceeds 5% but is less than 25% of one or more of the applicable ratios of the Company under the Listing Rules, the transaction constitutes a discloseable transaction under rule 14.06(2) of the Listing Rules. A circular providing the information required under the Listing Rules will be dispatched to shareholders in due course.

DEFINITIONS

In this announcement the following terms have the meanings set opposite them below.

“Board”	the board of Directors of the Company
“Cheong Wa”	Cheong Wa Limited (Company No. 888710), a company incorporated in Hong Kong with limited liability and a subsidiary of the Company
“Company”	China Seven Star Shopping Limited (Stock code: 245), a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company

“Fuzhou Landun”	Fuzhou Landun Science of Life Company Limited, a company incorporated in PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Record Date”	18 February 2008
“Rights Issue”	The issue by way of rights of 60 Rights Share for every 1 Share held on the Record Date at a price of HK\$5,000 per Rights Share
“Rights Share(s)”	Share(s) to be issued and allotted under the Rights Issue
“Share(s)”	ordinary share(s) of HK\$1.00 each in the issued share capital of the Cheong Wa
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders’ Loan”	a loan for the principal amount of HK\$35,000,000 which is due and outstanding to the Company by Cheong Wa and bears interest at the rate of 12% per annum
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“World Sea”	World Sea Limited (Company No. 886701), a company incorporated in Hong Kong

By Order of the Board
NI XINGUANG
Chairman

12 March 2008

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Ni Xinguang and Mr. Wang Zhiming; and three independent non-executive Directors, namely Mr. Chan Wai Sum, Mr. Lu Wei and Mr. Ho Wai Ip.