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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)

**MEMORANDUM OF UNDERSTANDING
RELATING TO POSSIBLE ACQUISITION OF EQUITY INTERESTS IN A COMPANY
ENGAGED IN FILM PRODUCTION, FILM DISTRIBUTION AND SCREENING
AND CINEMAS DEVELOPMENT AND CONSTRUCTION IN THE PRC**

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

The Board is pleased to announce that on 25 April 2011, the Company entered into a non-legally binding MOU with the Vendor in relation to a possible Acquisition of 35% equity interests of Million Stars. Million Stars is a company incorporated in the PRC mainly engaged in film production, film distribution and screening and cinemas development and construction.

The Board wishes to emphasize that no binding agreement in relation to the proposed Acquisition has been entered into as at the date of this announcement. As the proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the proposed Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

MOU

Date: 25 April 2011

Parties: The Company

The Vendor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and his associates are not Independent Third Parties. As at the date of this announcement, Mr. Ni Xinguang and Mr. Wang Zhiming, executive directors of the Company, hold 38% and 30.4% equity interests respectively in the Vendor.

Major Terms

- 1) The Vendor intends to sell and the Company or its subsidiaries intend to acquire 35% equity interests in Million Stars, subject to the terms and conditions set out in the Formal Agreement.
- 2) All existing shareholders of Million Stars agree unanimously to increase the capital of Million Stars, whereas the Vendor promises and guarantees that the Company or its subsidiaries can subscribe newly issued shares of Million Stars up to not less than 60% equity interests.
- 3) The Consideration of the possible Acquisition is to be determined based on the evaluation of Million Stars to be conducted by an independent valuation company and is subject to further negotiation between the Company and the Vendor. The Consideration may be settled by cash payment or by the issuance of promissory or loan notes, consideration shares, convertible bonds and/or other financial instruments by the Company. The definite payment method is subject to further negotiations between the Company and the Vendor.
- 4) Both the Company and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement within six months from the date of signing the MOU (or on or before such later date to be agreed by the parties thereto).
- 5) During the term of the MOU, the Vendor shall not embark on negotiation in respect of the possible Acquisition with parties other than the Company or its subsidiaries unless the parties consent in writing to terminate the MOU.
- 6) The Formal Agreement is conditional upon, among others, (i) the Company is satisfied with the result of the due diligence review; (ii) the Company has received the valuation report by the independent valuer in relation to the valuation opinion on Million Stars; (iii) the approval has been granted in a general meeting, if necessary; and (iv) the Vendor and the Company have obtained all necessary approvals, agreements, licenses and letters of authority.

INFORMATION ABOUT MILLION STARS

Million Stars is a domestic enterprise incorporated on 10 March 2010 in the PRC, and it is the only provincial state-owned holding company in Fujian Province established with the approval of the Fujian Provincial Administration of Radio, Film and Television (福建省廣播電影電視局) that is engaged in film production, film distribution and screening and cinemas development and construction. Million Stars currently has registered capital of RMB10,000,000 and, subject to the implementation of capital increase, the registered capital of Million Stars will be increased to approximately RMB100,000,000. Million Stars adapts a diversified operation integrating property development, cinema construction, cinema line operation, post filming development, film production, business management, property management, as well as property design and renovation, forging ahead in the direction of an enterprise. Aide with its strong capital advantages, Million Stars is intending to expand its autonomously invested and operated Million Stars branded cinemas to the whole Haixi Economic Zone in Fujian Province(福建省海西經濟區), and to the whole country within three years.

REASONS FOR ENTERING INTO THE MOU

The Group is principally engaged in the retail and distribution of consumer products and provision of television advertising services in the PRC, and property holding and investment in Hong Kong.

As part of its business plan, the Group has been identifying and exploring suitable projects and/or investments with considerable profit potential for acquisition. The Board considers the proposed Acquisition a sound potential investment for the Group that is in line with the Group's business plan.

GENERAL

The MOU constitutes no legally binding agreement between the Company and the Vendor. All the terms and conditions of the Formal Agreement are subject to further negotiations between the parties.

The Board wishes to emphasize that no binding agreement in relation to the proposed Acquisition has been entered into as at the date of this announcement. As the proposed Acquisition may or may not be entered into, investors and Shareholders are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the proposed Acquisition will be made by the Company as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context require otherwise:

“Acquisition”	possible acquisition of 35% equity interests of Million Stars
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and other general public holidays in Hong Kong) on which licensed banks in Hong Kong are generally open for business in normal business hours
“Company”	China Seven Star Shopping Limited (中國七星購物有限公司), a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Consideration”	the aggregate consideration payable by the Company to the Vendor for the Acquisition
“Directors”	directors of the Company, including independent non-executive directors of the Company
“Formal Agreement”	the formal sale and purchase agreement entered into between the Vendor and the Company in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	to the Directors’ knowledge, information and belief having made all reasonable inquiry, the third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Million Stars”	Fujian Province Million Stars Movie Development Limited (福建省萬星電影發展有限公司), a domestic enterprise incorporated in the PRC

“MOU”	the memorandum of understanding entered into between the Company and the Vendor in relation to the Acquisition on 25 April 2011.
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Fujian Wintown Investment (Holding) Limited (福建運通投資股份有限公司), a company incorporated in the PRC, and, as at the date herein, the equity interests of which are held by Mr. Ni Xinguang (38%) and Mr. Wang Zhiming (30.4%) respectively
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	percentage

By Order of the Board
CHINA SEVEN STAR SHOPPING LIMITED
Ni Xinguang
Executive Director

Hong Kong, 26 April 2011

As at the date of this announcement, the Board comprises (1) Mr. Ni Xinguang and Mr. Wang Zhiming as executive directors, and (2) Mr. Chan Wai Sum, Mr. Lu Wei and Mr. Wong Chak Keung as independent non-executive directors.