CHINA SEVEN STAR HOLDINGS LIMITED
中 國 七 星 控 股 有 限 公 司

(Formerly known as 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 2013

The Board (the "Board") of Directors (the "Directors") of China Seven Star Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (hereinafter together referred as the "Group") for the year ended 31 December 2013 together with the comparative figures of the corresponding year in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Note	2013 HK$'000	2012 HK$'000
Turnover	4	**112,220**	616,877
Cost of sales and services		**(108,461)**	(548,872)
Gross profit		**3,759**	68,005
Other income	5	**37,208**	59,669
Distribution costs		**(16,662)**	(65,074)
Administrative expenses		**(23,286)**	(26,714)
Other operating expenses		**(22,098)**	(6,822)
(Loss)/profit from operations		**(21,079)**	29,064
Finance costs	7	**(157)**	(11,779)
(Loss)/profit before tax		**(21,236)**	17,285
Income tax expense	8	**(25)**	(20)
(Loss)/profit for the year	9	**(21,261)**	17,265
Attributable to:			
Owners of the Company		**(1,757)**	3,308
Non-controlling interests		**(19,504)**	13,957
		(21,261)	17,265
(Loss)/earnings per share	10		
— Basic		**HK(0.08) cent**	HK0.19 cent
— Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(21,261)**	17,265
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Exchange differences on translating foreign operations	**(429)**	153
Other comprehensive income for the year, net of tax	**(429)**	153
Total comprehensive income for the year	**(21,690)**	17,418
Attributable to:		
Owners of the Company	**4,398**	4,985
Non-controlling interests	**(26,088)**	12,433
	(21,690)	17,418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Fixed assets		**2,505**	5,759
Intangible assets		**71**	173
Available-for-sale financial assets		**213**	207
		2,789	6,139
Current assets			
Inventories		**8,982**	15,618
Trade and bills receivables	*11*	**1,594**	52,829
Other receivables, prepayments and deposits		**2,460**	12,277
Pledged bank deposits		**4,796**	12,641
Bank and cash balances	*12*	**40,856**	62,038
		58,688	155,403
Current liabilities			
Agency fee payables		**–**	20,311
Trade and bills payables	*13*	**26,708**	18,471
Other payables and accruals		**18,236**	74,665
Bank loans		**–**	9,944
Current tax liabilities		**2,376**	2,304
		47,320	125,695
Net current assets		**11,368**	29,708
NET ASSETS		**14,157**	35,847
Capital and reserves			
Share capital		**21,983**	21,983
Other reserves		**1,325,205**	1,327,081
Accumulated losses		**(1,089,217)**	(1,095,491)
Equity attributable to owners of the Company		**257,971**	253,573
Non-controlling interests		**(243,814)**	(217,726)
TOTAL EQUITY		**14,157**	35,847

Notes:

1. GENERAL INFORMATION

The Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance. The address of its registered and business office is Unit A02, 11/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its principal subsidiaries are retail and distribution of consumer products, provision of television advertising services, insurance agency services and consultancy services in the People's Republic of China (the "PRC").

2. 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 its accounting year beginning on 1 January 2013. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years except as stated below.

a. Amendments to HKAS 1 "Presentation of Financial Statements"

Amendments to HKAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

b. HKFRS 12 "Disclosure of Interests in Other Entities"

HKFRS 12 "Disclosure of Interests in Other Entities" specifies the disclosure requirements for subsidiaries, joint arrangements and associates, and introduces new disclosure requirements for unconsolidated structured entities.

The adoption of HKFRS 12 only affects the disclosures relating to the Group's subsidiaries in the consolidated financial statements. HKFRS 12 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

3. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies.

4. TURNOVER

The Group's turnover which represents revenue from the followings:

	2013	2012
	HK$'000	*HK$'000*
PRC retail and distribution of consumer products	**39,149**	52,445
Television advertising service income	**44,646**	553,070
Consultancy service income	**10,222**	–
Insurance agency service income	**18,203**	11,362
	112,220	616,877

5. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Interest income	**665**	511
Commission income from television advertising services	**–**	56,824
Exchange gains, net	**892**	–
Gain on disposals of fixed assets	**99**	28
Rental income	**2,285**	918
Reversal of allowance for other receivables	**14**	4
Reversal of allowance for trade receivables	**680**	372
PRC tax subsidy	**293**	321
Write back of agency fee payables *(Note)*	**19,416**	–
Write back of other payables and accruals	**8,984**	495
Write back of trade payables	**3,344**	121
Sundry income	**536**	75
	37,208	59,669

Note: After further negotiation between Guangdong Television and the Group during the current year, it was concluded that certain amount of agency fee payables was reduced and be written back accordingly. A supplementary agreement was entered for the aforesaid reduction.

6. SEGMENT INFORMATION

The Group has three reportable segments as follows:

PRC retail and distribution	—	retail and distribution of consumer products in the PRC
Television advertising	—	provision of television advertising services in the PRC
Insurance agency	—	provision of insurance agency services in the PRC

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

The Group's other operating segment includes the consultancy service business, which earns consultancy service income. This segment does not meet any of the quantitative thresholds for determining reportable segments. The information of this operating segment is included in the 'other' column.

Segment profits or losses do not include corporate income and corporate expenses.

In the current year, segment assets and liabilities of the Group are not reported to the Group's chief operating decision makers regularly. As a result, reportable segment assets and liabilities have not been presented.

Information about reportable segment profit or loss:

	PRC retail and distribution *HK$'000*	**Television advertising** *HK$'000*	**Insurance agency** *HK$'000*	**Other** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2013					
Revenue from external customers	**39,149**	**44,646**	**18,203**	**10,222**	**112,220**
Segment profit/(loss)	**(23,307)**	**22,663**	**119**	**9,675**	**9,150**
Interest revenue	**63**	**6**	**8**	**–**	**77**
Depreciation and amortisation	**108**	**532**	**105**	**–**	**745**
Bad debts/impairment charges	**14,939**	**2,287**	**–**	**–**	**17,226**
Fixed assets written off	**132**	**1,197**	**–**	**–**	**1,329**
Inventories written off	**6,200**	**–**	**–**	**–**	**6,200**
Reversal of bad debts/ impairment charges	**32**	**648**	**–**	**–**	**680**
Write back of payables and accruals	**4,515**	**27,229**	**–**	**–**	**31,744**

	PRC retail and distribution *HK$'000*	Television advertising *HK$'000*	Insurance agency *HK$'000*	Total *HK$'000*
Year ended 31 December 2012				
Revenue from external customers	52,445	553,070	11,362	616,877
Segment profit/(loss)	(12,883)	41,560	(96)	28,581
Interest revenue	30	14	14	58
Interest expense	665	11,114	–	11,779
Depreciation and amortisation	1,427	527,394	106	528,927
Bad debts/impairment charges	1,471	4,575	–	6,046
Fixed assets written off	333	–	–	333
Reversal of bad debts/impairment charges	20	359	–	379
Write back of payables and accruals	583	–	–	583

Reconciliations of reportable segment revenue and profit or loss:

	2013 ***HK$'000***	2012 *HK$'000*
Revenue		
Total revenue of reportable segments	**112,220**	616,877
Profit or loss		
Total profit or loss of reportable segments	**9,150**	28,581
Unallocated corporate income	**4,193**	548
Unallocated corporate expenses	**(34,579)**	(11,844)
Consolidated (loss)/profit before tax	**(21,236)**	17,285

Geographical information:

	Revenue		**Non-current assets**	
	2013 ***HK$'000***	2012 *HK$'000*	**2013** ***HK$'000***	2012 *HK$'000*
Hong Kong	**–**	–	**72**	243
PRC except Hong Kong	**112,220**	616,877	**2,717**	5,896
Consolidated total	**112,220**	616,877	**2,789**	6,139

In presenting the geographical information, revenue is based on the locations of the customers.

Revenue from major customers:

	2013	2012
	HK$'000	*HK$'000*
Television advertising segment		
Customer a	**40,466**	–
Customer b	**–**	178,152

7. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Notional non-cash interest accretion on pre-agreed periodic payments on exclusive advertising agency right	**–**	11,114
Interest on bank loans	**157**	665
	157	11,779

8. INCOME TAX EXPENSE

	2013	2012
	HK$'000	*HK$'000*
PRC tax		
— current	**24**	20
— underprovision in prior years	**1**	–
	25	20

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits in Hong Kong for the year (2012: HK$Nil).

Taxes on profits assessable in the PRC have been provided at the applicable rates of tax in the PRC in which the subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred taxation had been made for both years ended 31 December 2012 and 2013 as the tax effect of all temporary difference is not material.

9. (LOSS)/PROFIT FOR THE YEAR

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

	2013	2012
	HK$'000	*HK$'000*
Allowance/(reversal of allowance) for inventories (included in cost of inventories sold)	**10,573**	(3)
Allowance for other receivables(included in other operating expenses)	**12,278**	643
Allowance for trade receivables (included in other operating expenses)	**3,985**	4,491
Amortisation of exclusive advertising agency right (included in cost of sales and services)	**–**	527,107
Amortisation of insurance agency licence (included in other operating expenses)	**105**	103
Auditor's remuneration	**1,700**	1,700
Cost of inventories sold	**46,503**	39,783
Depreciation	**1,930**	1,837
Exchange differences, net	**(892)**	237
Fixed assets written off	**1,643**	334
Inventories written off (included in cost of inventories sold)	**6,200**	–
Impairment loss on prepayments and deposits (included in other operating expenses)	**1,096**	912
Operating lease charges — Land and buildings	**5,183**	5,213
Staff costs (including directors' emoluments)	**10,125**	10,849

10. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2012: earnings) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$1,757,000 (2012: profit of HK$3,308,000) and the weighted average number of ordinary shares of 2,198,331,000 (2012: 1,750,496,000) in issue during the year.

Diluted (loss)/earnings per share

No diluted loss (2012: earnings) per share is presented as the Company did not have any dilutive potential ordinary shares during the years ended 31 December 2012 and 2013.

11. TRADE AND BILLS RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables *(Note)*	**1,594**	49,960
Bills receivables	**–**	2,869
	1,594	52,829

Note:

The Group's turnover represents television advertising service income, sales of consumer products, consultancy service income and insurance agency service income. For television advertising business, the Group generally requires customers to pay in advance, but grants a credit period of 30 to 120 days to some customers. The payment terms of the sales of consumer products are normally from 90 to 180 days. The consultancy service income is paid in accordance with the terms of respective agreements. The payment terms of insurance agency services provided are normally at 30 days.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**1,211**	49,066
91–180 days	**378**	517
181–365 days	**4**	272
Over 365 days	**1**	105
	1,594	49,960

12. BANK AND CASH BALANCES

On 27 November 2013 and 5 December 2013, two major creditors filed petitions to Shanghai Jiading People's Court of the PRC (上海市嘉定區人民法院) against a subsidiary of the Company for settlement of trade debts of approximately HK$3,783,000 and HK$6,214,000 respectively.

At 31 December 2013, the bank and cash balances of the Group included bank balances of approximately HK$630,000 which has been frozen by banks based on the instructions of the court.

13. TRADE AND BILLS PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables *(Note)*	**22,232**	18,471
Bills payables	**4,476**	–
	26,708	18,471

Note:

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

The aging analysis of trade payables, based on date of receipt of goods, is as follows:

	2013	2012
	HK$'000	*HK$'000*
0–90 days	**8,105**	8,294
91–180 days	**5,839**	61
181–365 days	**649**	5
Over 365 days	**7,639**	10,111
	22,232	18,471

14. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Analysis of China's consumer goods market

2013 was a year of transition of Chinese government leadership. The Chinese government maintained its efforts in accelerating economic structure adjustment and transforming its export-reliant practice into a new pattern focusing on domestic sales. It also took innovation on macroeconomic adjustment and control measure. All these enabled a steady growth of Chinese economy. According to the National Bureau of Statistics of the People's Republic of China, China's GDP was RMB56,884.5 billion in 2013, representing an increase of 7.7% over the previous year and a growth rate similar to that of 2012. Moreover, since the Chinese government has put great efforts to boost domestic sales, such enormous spending power occurred also promoted the steady growth of China's consumer goods market. In 2013, the total retail sales of social consumer goods were RMB23,438 billion, representing a year-on-year growth of 13.1%. Among which, the total retail sales of daily consumer goods accounted for RMB396.2 billion, representing a year-on-year growth of 14.1%. As encouraged by the new policy, there will be further growth of domestic sales, together with the strong consumers sentiment, the Chinese consumer market is expected to grow steadily in the coming year.

BUSINESS REVIEW

On 31 December 2009, the Group entered into an exclusive media management services agreement with the satellite television channel of Guangdong Television ("GSTV") for a term of three years. Such agreement has expired on 31 December 2012. After further in-depth discussion, the Group considered that the immense cost of exclusive advertising agency would affect the Group's financial results. Therefore, upon the expiry of the agreement on 31 December 2012, the Group has decided not to renew the exclusive media management services agreement and changed the operation model with GSTV to subcontracting model. The turnover from advertising agency business in 2013 was approximately HK$44,646,000 (2012: approximately HK$553,070,000). The Group is planning to gradually fade out the television advertising agency business and to switch to a new operation model. The Group believes that this can lower the operating costs significantly, enabling more resources for the Group to develop new business and strengthen its profits and development.

In 2013, the revenue from retail and wholesale kitchenware business on television shopping and online shopping platform was approximately HK$39,149,000 which accounted for 35% of the Group's total revenue. Moreover, the Group also engaged in insurance agency services which mainly cover a variety of life insurance and property insurance. This business has achieved a rapid development in recent years. In 2013, the revenue from insurance agency services was approximately HK$18,203,000 which accounted for 16% of the Group's total revenue. The Group presumes upon the insurance agency services will be further improved and developed in the coming years.

During the Year, the Group has added consultancy services, which mainly assists customers to identify and acquire domestic properties, and provides various services such as financing, property design and marketing for consultancy fee. In 2013, the revenue of property development consultancy services was approximately HK$10,222,000 which accounted for 9% of the Group's total revenue. Furthermore, on 26 November 2013, China Seven Star Wealth Management Limited, a wholly-owned subsidiary of the Group, has been granted a money lenders license to carry on money lending business in Hong Kong. The Board considers that the expansion to money lending business and consultancy services provides additional source of income to maximize the returns for shareholders of the Company, and is in the interests of the Company's shareholders as a whole.

Sales results and performance review

For the year ended 31 December 2013, the Group's consolidated turnover was approximately HK$112,220,000, representing a decrease of approximately 82% from 2012. The Group recorded a decreased gross profit and net loss during the year mainly due to increase in the allowance and written off for inventories and in the allowance for trade and other receivables in the PRC retail and distribution and television advertising business. Based on the legal interpretation of the terms as contained in the structural contracts entered into by the Group for the purpose of consolidating the financial results of the television shopping and related business, and under the HKAS 27 (revised) "Consolidated and Separate Financial Statements" that became effective for the Company's financial statements from 2010 onwards, the loss attributable to non-controlling interests of the PRC business of the Group was approximately HK$19,504,000 (2012: profit: approximately HK$13,957,000), resulting in a loss attributable to the owners of the Company of approximately HK$1,757,000 (2012: profit of approximately HK$3,308,000).

On financial position and cash flows, as at and for the year ended 31 December 2013, the Group's total assets were approximately HK$61,477,000 (2012: approximately HK$161,542,000), a decrease of 62% when compared with 2012. Net cash (outflows)/inflows from operating activities, investing activities and financing activities were approximately HK$(19,509,000), HK$(3,859,000) and HK$2,386,000 respectively (2012: approximately HK$(34,361,000), HK$(240,000) and HK$48,208,000). Capital expenditure for the year was approximately HK$360,000 (2012: approximately HK$3,465,000). Depreciation and amortization for tangible and intangible assets were approximately HK$2,035,000 (2012: approximately HK$529,047,000). The strengthening of Renminbi currency also posed a favorable currency effect and contributed approximately HK$6,155,000 (2012: approximately HK$1,677,000) to the reserves for the Year. As at 31 December 2013, the Group's total cash (including pledged bank deposits) was approximately HK$45,652,000 (2012: approximately HK$74,679,000).

Strategy and Outlook

Along with the further penetration of 3G networks and sustained development of smartphones and wireless networks, online shopping has took the dominant place to a certain extent. According to the 33rd "Statistical Report on Internet Development in China" published on January by China Internet Network Information Center ("CNNIC"), China's online shopping users has reached 302 million in 2013 with a usage rate of 48.9%, representing a 6.0% growth over 2012. Moreover, as the new Chinese leadership advocates domestic sales, it is expected that the online shopping and consumption will further develop for the coming year.

Furthermore, the Chinese government has resolved to adopt the decision of the amendments of the "Law of the People's Republic of China on the Protection of Consumer Rights and Interests"* on the 5th Meeting of the Standing Committee of the Twelfth National People's Congress. The amendments, which will be implemented from 15 March 2014, mainly improved the consumer rights protection system, such as strengthening, standardizing online shopping and other new consumption methods, as well as building consumer litigation system. It is the first major revision of the law which has been enacted for nearly two decades. The Group believes that the amendments will further strengthen consumer confidence and recognition in online shopping and attract more consumers to change their shopping mode to online shopping from traditional shopping. Meanwhile, the Group will actively comply with the amendments and intensify its obligations as an operator, so as to expand market share and new business opportunities.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2013, the Group's financial assets (excluding receivables) amounted to approximately HK$45,865,000 (2012: approximately HK$74,886,000), of which approximately HK$40,226,000 (2012: approximately HK$62,038,000) were liquid cash deposits.

The Directors are of the opinion that there are sufficient cash resources for the Group to meet its financial obligation and business requirements.

EXPOSURE TO EXCHANGE RATE FLUCTUATION AND RELATED HEDGING

The Directors considered that the Group has certain exposure to foreign currency risk as some of its business transactions and assets are denominated in currencies other than the functional currency of the respective Group entities such as Renminbi. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arises.

STAFF AND REMUNERATION POLICY

The Group had 50 employees (including Directors) as at 31 December 2013 (2012: 71). 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.

GEARING RATIO

As at 31 December 2013, the Group had total assets of approximately HK$61,477,000 (2012: approximately HK$161,542,000) and the gearing ratio (calculated on the basis of the Group's total bank and other borrowings, over the equity attributable to owners of the Company) was Nil as at 31 December 2013 (at 31 December 2012: 3.9%).

CAPITAL STRUCTURE

There were no changes of the capital structure of the Company during the year ended 31 December 2013.

CHARGES ON GROUP'S ASSETS

At 31 December 2013, the Group's pledged bank deposits included a deposit pledged to a bank of approximately HK$320,000 (2012: HK$311,000) as security for a corporate card (2012: two corporate cards) granted to an executive director (2012: two executive directors) of the Group. The credit limit of the corporate cards is approximately HK$256,000 (2012: HK$249,000) in aggregate.

At 31 December 2013, the Group's pledged bank deposits included deposits pledged to a bank of approximately HK$4,476,000 to secure bills payables of approximately HK$4,476,000 as set out in Note 13 to the announcement.

As set out in Note 12 to the announcement, two creditors filed settlement petitions to the court against a subsidiary of the Company. At 31 December 2013, the bank and cash balances of the Group included bank balances of approximately HK$630,000 which has been frozen by banks based on the instructions of the court.

Save for the details of pledged bank deposits as set out above as at 31 December 2013, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2013.

CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 31 December 2013.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any material acquisitions or disposals of subsidiaries or associates during the year ended 31 December 2013.

CHANGE OF COMPANY NAME

Pursuant to the resolution of the Board passed on 9 October 2013, the Company announced the proposed change of the Company's name from "China Seven Star Shopping Limited 中國七星購物有限公司" to "China Seven Star Holdings Limited 中國七星控股有限公司". The change of name has been approved by passing of a special resolution by the shareholders of the Company at the extraordinary general meeting of the Company held on 9 December 2013. The Certificate of Change of Name was issued by the Registrar of Companies of Hong Kong on 27 December 2013. Following the change of Company name becoming effective on 27 December 2013, the Shares have been traded on the Stock Exchange under the new stock short name of "中國七星控股" in Chinese, instead of "中國七星購物" in Chinese, with effect from 7 January 2014. The stock short name of "CHINA SEVENSTAR" in English remains the same and stock code of the Company remains as 245.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year under review, the Company has complied with most of the Code Provisions of the CG Code, save for the deviation of the Code Provisions A.4.1, E.1.2 and A.6.7 which are explained below.

Code Provision A.4.1 stipulates that non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive Directors (the "INEDs") is appointed for a specific term. Although the INEDs are not appointed for a specific term, the Company believes that as all Directors are subject to retirement by rotation and re-election at the annual general meeting at least once for every three years pursuant to the Articles, such practice meets the same objective and is no less exacting than those prescribed under Code Provision A.4.1.

Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In addition, under the Code Provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. During the year under review, the annual general meeting held on 5 June 2013, the whole Board of Directors and auditor of the Company have attended the meeting to answer questions of the Shareholders except that Mr. Ni Xinguang (chairman of the Board) and Mr. Lu Wei (chairman of nomination committee) could not attend the annual general meeting due to other business engagement but they have appointed the other attended Directors as their representative at the meeting. In addition, due to other business engagement, two INEDs could not attend the extraordinary general meeting held on 9 December 2013. However they have appointed the other attended INED as their representative at the meeting to answer questions of the shareholders of the Company.

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 as its own code of conduct regarding Directors securities transactions. All the Directors of the Board have confirmed, following specific enquiries 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 2013.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process and internal controls of the Group. The Audit Committee currently comprises Mr. Wong Chak Keung (Chairman), Mr. Ling Yu Zhang and Mr. Lu Wei. The Audit Committee has reviewed and discussed with the management and the external auditors financial reporting matters including the annual results for the year ended 31 December 2013.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2013 have been agreed by the Group's auditor, RSM Nelson Wheeler, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of Hong Kong and Clearing Limited ("HKEX") at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.sevenstar.hk respectively.

The annual report of the Company for the year ended 31 December 2013 will be dispatched to shareholders and be published on the aforementioned websites in due course.

On behalf of the Board
China Seven Star Holdings Limited
Ni Xinguang
Chairman

Hong Kong, 31 March 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.

* *Management translation*