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**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)**

**VOLUNTARY ANNOUNCEMENT  
LETTER OF INTENT  
IN RELATION TO PROPOSED ACQUISITION**

The Board is pleased to announce that on 30 December 2014, Shanghai Seven Star Qiangguan and Mr. Lin entered into a non-legally binding letter of intent in relation to the proposed acquisition of 10% equity interests in the Target Company.

**The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition may or may not proceed and are advised to exercise caution when dealing in the shares of the Company. If the Proposed Acquisition materialises, it will constitute a notifiable transaction on the part 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.**

This announcement is made voluntarily by China Seven Star Holdings Limited (the “**Company**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 30 December 2014, 上海七星強冠投資管理有限公司 (for transliteration purpose only, Shanghai Seven Star Qiangguan Investments Management Limited) (“**Shanghai Seven Star Qiangguan**”), a company established in the People’s Republic of China (the “**PRC**”) and a 70% non wholly-owned subsidiary of the Company, and Mr. Lin Wei (“**Mr. Lin**”), a substantial shareholder (as defined under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of Shanghai Seven Star Qiangguan, and a person connected with an insignificant subsidiary (as defined under the Listing Rules), entered into a non-legally binding letter of intent (the

“**LOI**”) in relation to the proposed acquisition of 10% equity interests in 陝西百聯經濟發展有限公司 (for transliteration purpose only, Xia Xi Bai Lian Economy Development Limited) (the “**Target Company**”).

As at the date of this announcement, the Target Company is owned (i) as to 40% by Mr. Lin; (ii) as to 20% by 萬載星耀投資中心(有限合伙) (for transliteration purpose only, Wan Zai Xing Yao Investment Centre (Limited Partnership)) (“**Wan Zai**”); and (iii) as to 40% by third parties independent of and not connected with the Company and its connected person (as defined under the Listing Rules).

As at the date of this announcement, Wan Zai is owned (i) as to 5% by 星茹(上海)股權投資基金管理有限公司 (for transliteration purpose only, Xing Ru (Shanghai) Shareholding Investment Fund Management Limited) (“**Xing Ru**”), which was indirectly owned as to 57.6% by Chen Xiuying, the spouse of Ni Xinguang, an executive Director and the chairman of the Board; (ii) as to 13.75% by 萬載星燦投資中心(有限合夥) (for transliteration purpose only, Wan Zai Xing Shuo Investment Centre (Limited Partnership)), which was owned as to 5% by Xing Ru; and (iii) as to the remaining 81.25% by third parties independent of and not connected with the Company and its connected person (as defined under the Listing Rules).

## **THE LOI**

Pursuant to the LOI, it is proposed that Shanghai Seven Star Qiangguan shall acquire (the “**Proposed Acquisition**”) and Mr. Lin shall sell 10% equity interests in the Target Company.

Shanghai Seven Star Qiangguan and Mr. Lin shall proceed to negotiate for a legally binding sale and purchase agreement (the “**Formal Agreement**”) in relation to the Proposed Acquisition. It is proposed that completion (the “**Completion**”) of the Proposed Acquisition will take place on or before 31 December 2015.

Pursuant to the LOI, Shanghai Seven Star Qiangguan shall advance to Mr. Lin a refundable deposit in the amount of RMB6,000,000 (the “**Deposit**”) within seven business days after the date of the LOI. If the Completion shall not take place, Mr. Lin will unconditionally return the Deposit to Shanghai Seven Star Qiangguan. If the Completion shall take place, the Deposit shall be applied as part payment of the consideration for the Proposed Acquisition subject to and in accordance with the terms and conditions set out in the Formal Agreement.

On the date of the LOI, Wan Zai entered into a guarantee in favour of Shanghai Seven Star Qiangguan that in the event Mr. Lin fails to return the Deposit to Shanghai Seven Star Qiangguan, Wan Zai will pay RMB6,000,000 to Shanghai Seven Star Qiangguan.

Under the LOI, it is proposed that the consideration for the Proposed Acquisition is RMB26,600,000. After the full payment of the consideration for the Proposed Acquisition, Mr. Lin will cooperate with Shanghai Seven Star Qiangguan to arrange for the transfer of the 10% equity interests in the Target Company to Shanghai Seven Star Qiangguan and the necessary filing and registration procedures in the PRC.

## REASONS FOR ENTERING INTO THE LOI

The Company is an investment holding company and its principal subsidiaries are engaged in trading of chemical materials, provision of consultancy services and provision of insurance agency services in the PRC.

The Target Company is a company established in the PRC with limited liability and is principally engaged in real estate business and development.

The Company is actively exploring opportunities to expand its investment horizon. The Company will be developed into a one-stop management service provider with a combination of financial and property development operation and become a one-stop property value-added management provider with the comprehensive abilities of property fund raising, investment management, land acquisition, design, construction management, project development management, marketing management, property management, commercial property leasing management, tax and risk management, forming an “investment management + fund management + project management” model, and to enhance the investment return of the Company and its shareholders as a whole. The Board takes the view that the economy in the PRC will continuously grow in a rapid pace, the demand for the investment management and consultation services will continue to grow quickly and will have good profit margin.

The Directors consider that the terms and conditions of the LOI are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The LOI does not constitute a legally-binding commitment of the parties to the LOI. The Proposed Acquisition is subject to the execution and completion of the Formal Agreement.

**The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition has been entered into as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition may or may not proceed and are advised to exercise caution when dealing in the shares of the Company. If the Proposed Acquisition materialises, it will constitute a notifiable transaction on the part 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.**

By order of the Board  
**China Seven Star Holdings Limited**  
**Ni Xinguang**  
*Chairman*

Hong Kong, 30 December 2014

*As at the date of this announcement, the Board comprises (1) Mr. Ni Xinguang and Ms. Chen Xiaoyan as executive Directors; (2) Mr. Tu Baogui as non-executive Director; and (3) Mr. Lu Wei, Mr. Wong Chak Keung and Mr. Ling Yu Zhang as independent non-executive Directors.*