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**RULE 13.09 ANNOUNCEMENT
MEMORANDUM OF UNDERSTANDING
IN RELATION TO THE PROPOSED INVESTMENT**

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

The Board is pleased to announce that on 27 August 2007, the Company has entered into a non-binding Memorandum of Understanding with Party A and Party B for a proposed investment in JV Co. JV Co is a company established in the PRC and is principally engaged in the marketing and distribution of mobile handsets in the PRC.

The Board wishes to emphasize that no formal agreement in relation to the Proposed Investment has been entered into as at the date of this announcement. As the Proposed Investment may or may not proceed, public investors and shareholders of the Company are urged to exercise caution when dealing in the Shares.

The Proposed Investment may or may not constitute notifiable transaction under the Listing Rules. The Company will comply with the applicable provisions of the Listing Rules in relation to such possible notifiable transaction.

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

THE MEMORANDUM OF UNDERSTANDING

Date of the Memorandum of Understanding

27 August 2007

Parties to the Memorandum of Understanding

- (a) the Company; and
- (b) Party A and Party B. The Directors confirmed that to the best of their knowledge, information and belief having made all reasonable enquiry, Party A and Party B are Independent Third Parties.

Summary of the terms of the Memorandum of Understanding

The Proposed Investment

Under the Memorandum of Understanding, it is proposed that the Company will invest RMB28,500,000.00 in JV Co by way of capital injection (the “Proposed Investment”). JV Co is a company established in the PRC and is principally engaged in the marketing and distribution of mobile handsets in the PRC. It is intended that following the Proposed Investment, the registered capital of JV Co will be increased to RMB78,500,000.00, and JV Co will be owned as to 36.3% by the Company, 36.3% by Party A and 27.4% by Party B.

Condition Precedent

It is a condition precedent to the Proposed Investment that the net asset value of JV Co shall at least be RMB50,000,000.00.

Exclusivity

Under the Memorandum of Understanding, Party A and Party B have agreed that they will not, within 90 days from the date of the Memorandum of Understanding, negotiate with any third party for further investment in JV Co or the transfer of any equity interests in JV Co.

BENEFITS OF THE PROPOSED INVESTMENT

The Group is mainly engaged in television shopping and consumer retail business in the PRC and began selling mobile handset products on its existing television shopping platform in January 2007. The Directors believe that the Proposed Investment will enhance the Group’s marketing and distribution capabilities.

GENERAL

The Memorandum of Understanding does not constitute the Parties’ legally binding commitments as to the Proposed Investment. The Company will commence its due diligence review of JV Co as soon as practicable and, if considered as appropriate by the Company, will proceed with the Proposed Investment. Further announcement(s) will be made by the Company once formal agreement in relation to the Proposed Investment is entered into.

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DEFINITIONS

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| “Board” | the board of Directors 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 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Independent Third Parties” | such persons who are independent of and not connected nor acting in concert with the Directors, chief executive, management shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates |
| “JV Co” | 上海其樂通訊科技有限公司 (Shanghai QL Telecommunications Co Ltd), a company established in the PRC owned as to 57% by Party A and 43% by Party B |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Memorandum of Understanding” | the Memorandum of Understanding dated 27 August 2007 entered into between the Parties setting out the basic understanding between the Parties in relation to the Proposed Investment |
| “Parties” | the Company, Party A and Party B |
| “Party A” | Sinolong Technology (Shanghai) Co Ltd (國龍信息技術(上海)有限公司), a company established in the PRC |
| “Party B” | 上海朗聖投資有限公司 (Shanghai LS Investment Co Ltd), a company established in the PRC |
| “PRC” | the People’s Republic of China |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shares” | shares of HK\$0.10 each in the issued share capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

By Order of the Board
NI XINGUANG
Chairman

Hong Kong, 27 August 2007

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.