

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA SEVEN STAR HOLDINGS LIMITED

中國七星控股有限公司

(Incorporated in Hong Kong with limited liability)

(Hong Kong Stock Code: 245)

**INSIDE INFORMATION:
COOPERATION AGREEMENT AND LETTER OF INTENT
AND RESUMPTION OF TRADING**

The Board is pleased to announce that on 3 December 2014, (i) Shanghai Seven Star and Shandong RealForce entered into a non-legally binding cooperation agreement in relation to the investment, development, operation and management of Solar Power Plants located in the PRC; (ii) Shanghai Seven Star and Shandong RealForce entered into a non-legally binding letter of intent in relation to the proposed acquisition of 100% equity interest in Jining Dingli, an engineering, procurement and construction company established in the PRC, by Shanghai Seven Star from Shandong RealForce; and (iii) the Company and Shandong RealForce entered into another non-legally binding letter of intent in relation to proposed allotment and issue of 230,000,000 new Shares by the Company to Shandong RealForce or its nominee(s).

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition and the Proposed Subscription has been entered into as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition and the Proposed Subscription may or may not proceed and are advised to exercise caution when dealing in the Shares. 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 and the Proposed Subscription will be made by the Company as and when appropriate in accordance with the Listing Rules.

Trading of Shares was halted with effect from 1:18 p.m. on 2 December 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of Shares with effect from 9:00 a.m. on 4 December 2014.

This announcement is made by China Seven Star Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce that on 3 December 2014, (i) 上海七星新能源投資有限公司 (for transliteration purpose only, Shanghai Seven Star New Energy Investment Company Limited) (“**Shanghai Seven Star**”) and 山東潤峰集團有限公司 (Shandong RealForce Group Company Limited) (“**Shandong RealForce**”) entered into a non-legally binding cooperation agreement (the “**Cooperation Agreement**”) in relation to the investment, development, operation and management of photovoltaic solar power plants (the “**Solar Power Plants**”) located in the People’s Republic of China (the “**PRC**”); (ii) Shanghai Seven Star and Shandong RealForce entered into a non-legally binding letter of intent (the “**First LOI**”) in relation to the proposed acquisition of 100% equity interest in 濟寧鼎立光伏系統工程有限公司 (for transliteration purpose only, Jining Dingli Photovoltaic System Engineering Company Limited) (“**Jining Dingli**”), an engineering, procurement and construction company established in the PRC, by Shanghai Seven Star from Shandong RealForce; and (iii) the Company and Shandong RealForce entered into another non-legally binding letter of intent (the “**Second LOI**” and together with the First LOI, the “**LOI**”) in relation to proposed allotment and issue of 230,000,000 new shares of the Company (the “**Shares**” and each a “**Share**”) by the Company to Shandong RealForce or its nominee(s).

Shandong RealForce is a company established in the PRC with limited liability and is principally engaged in renewable energy related business/products including lithium-ion battery, power management system and intelligent charger, crystalline silicon solar cell and solar module, photovoltaic power system and power station. Shandong RealForce is listed by the municipal government of Jining City, Shandong Province, the PRC as one of the “Enterprises with a revenue over 50 billion”, which is to enjoy major support during the “Twelfth Five-year Plan” period, and is named “China’s Top 500 Private Enterprise” and “China’s Top 500 Manufacturing Enterprise” etc.. Each of Shandong RealForce Enterprises Co., Ltd. and RealForce Power Company Limited, both being subsidiaries of Shandong RealForce, was recognised as national key high-tech enterprise and national high-tech enterprise respectively. They have undertaken three projects of the national “863 Program”, over 50 provincial and municipal key projects and have applied for 458 patents. Their products are accredited with TUV, UL and CE, etc..

COOPERATION AGREEMENT

Pursuant to the Cooperation Agreement, Shandong RealForce will provide Solar Power Plants with an annual capacity of 1,000 megawatt (“**MW**”) to Shanghai Seven Star in different phases during the period of three years commencing from the date of the Cooperation Agreement. During the first phase, Shandong RealForce will provide Solar Power Plants with an annual capacity of 217 MW to Shanghai Seven Star before June 2015.

Pursuant to the Cooperation Agreement, Shanghai Seven Star will acquire or invest in the Solar Power Plants or project companies of Shandong RealForce and will enter into formal agreement in relation to such acquisition or investment. Upon completion of the acquisition or investment, Shandong RealForce will provide a guarantee to Shanghai Seven Star that the investment rate of return of Shanghai Seven Star will be not less than 15%. Shandong RealForce will also guarantee that the internal rate of return of Solar Power Plants to be sold to Shanghai Seven Star will not be less than 15%, or otherwise Shanghai Seven Star shall have the right not to complete the acquisition of the relevant Solar Power Plants.

THE FIRST LOI

Pursuant to the First LOI, it is proposed that Shanghai Seven Star shall acquire (the “**Proposed Acquisition**”) and Shandong RealForce shall sell 100% equity interest in Jining Dingli, an engineering, procurement and construction company established in the PRC.

Shanghai Seven Star and Shandong RealForce will proceed to negotiate for a legally binding sale and purchase agreement (the “**Formal Agreement**”) in relation to the Proposed Acquisition.

The consideration for the Proposed Acquisition will be determined with reference to the net asset value of Jining Dingli as at the date of completion of the Proposed Acquisition.

Upon completion of the Proposed Acquisition, Shandong RealForce will provide a guarantee to Shanghai Seven Star that for the period of three years after completion of the Proposed Acquisition, (i) Jining Dingli will have construction projects with annual capacity of not less than 400 MW per annum and profits of not less than RMB200,000,000 per annum; (ii) Shandong RealForce will provide construction contracting projects invested solely or jointly by it, its subsidiaries or its associated companies to Jining Dinli; and (iii) Shandong RealForce will provide the construction contract entered into between Shandong RealForce and 中電投東北新能源發展有限公司 in November 2014 in relation to the three years cooperation investment project of solar power plant with an annual capacity of 1,000 MW to Jining Dingli.

THE SECOND LOI

Pursuant to the Second LOI, it is proposed that the Company will allot and issue 230,000,000 new Shares to Shandong RealForce or its nominee(s) at a price of HK\$0.25 per Share (the “**Proposed Subscription**”) and the Proposed Subscription will be completed before 31 December 2014 (the “**Subscription Completion Date**”). Upon completion of the Proposed Subscription, Shandong RealForce or its nominee(s) will not dispose of any of the subscribed Shares within a year from the Subscription Completion Date or if the closing price per Share as quoted on the Stock Exchange is lower than HK\$1.00.

The Company and Shandong RealForce will proceed to negotiate for a legally binding subscription agreement (the “**Formal Subscription Agreement**”) in relation to the Proposed Subscription.

REASONS FOR ENTERING INTO THE COOPERATION AGREEMENT AND 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 Company is actively exploring opportunities to expand its investment horizon. The Company will set up a trading platform for solar photovoltaic power station, and applying the international financial platform in the PRC, as well as Shandong RealForce's expertise and experience in establishing and managing new energy infrastructure and the Group's then power station resources, to introduce securitization trading model to the new energy industry, and will acquire the solar photovoltaic power station within three years through the issuance of industry fund.

GENERAL

Each of the Cooperation Agreement and the LOI does not constitute a legally binding commitment of the parties to each of the Cooperation Agreement and the LOI. The Proposed Acquisition and the Proposed Subscription are subject to the execution and completion of the Formal Agreement and the Formal Subscription Agreement respectively.

The Board wishes to emphasise that no binding agreement in relation to the Proposed Acquisition and the Proposed Subscription has been entered into as at the date of this announcement. Shareholders and potential investors of the Company should note that the Proposed Acquisition and the Proposed Subscription may or may not proceed and are advised to exercise caution when dealing in the Shares. 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 and the Proposed Subscription will be made by the Company as and when appropriate in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading of Shares was halted with effect from 1:18 p.m. on 2 December 2014 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading of Shares with effect from 9:00 a.m. on 4 December 2014.

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

Hong Kong, 3 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.