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STAR EAST HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES, AND SECOND PLACING OF 350,000,000 NEW SHARES

A placing and subscription agreement (the "Agreement") was entered into on 3 May 2002 between ITC Corporation Limited ("ITC"), Star East Holdings Limited (the "Company"), and Peace Town Securities Limited (the "Placing Agent") pursuant to which: (i) ITC will place (the "Placing") through the Placing Agent a total of 276,200,000 ordinary shares (the "Placing Shares") of HK\$0.005 each in the Company (the "Shares") to independent professional investor(s) (the "Placee(s)") at a price of HK\$0.08 per Placing Share; and (ii) the Company has agreed to allot and issue to ITC and ITC has agreed to subscribe (the "Subscription") an aggregate of 350,000,000 Shares in the capital of the Company (the "New Shares") at a price of HK\$0.08 per New Share, subject to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of, and permission to deal in, the New Shares.

A second placing agreement (the "Second Placing Agreement") was entered into on 3 May 2002 between the Company and the Placing Agent pursuant to which the Company has agreed conditionally to allot and issue (the "Second Placing") through the Placing Agent a total of 350,000,000 Shares (the "Second Tranche New Shares") to independent professional investor(s) (the "Second Tranche Placees") at a price of HK\$0.08 per Second Tranche New Share, subject to obtaining approval from the Company's shareholders of the issue of the Second Tranche New Shares and the Stock Exchange granting the listing of, and permission to deal in, the Second Tranche New Shares.

The net proceeds receivable by the Company under each of the Subscription and the Second Placing are estimated to be approximately HK\$54.5 million. It is presently intended that such net proceeds will be used as to HK\$20 million for repayment of borrowings and the balance for general working capital.

1. PLACING UNDER THE AGREEMENT DATED 3 MAY 2002

1.1 Party to Place Shares

ITC Corporation Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange.

1.2 Placing Agent in the Agreement

The Placing will be fully underwritten by Peace Town Securities Limited, the Placing Agent. The Placing Agent would receive placing commission of 1.5% on the gross proceeds of the Placing. The Company expects that the total amount of expenses to be borne by the Company in relation to the Agreement is approximately HK\$700,000.

1.3 Placees

There will be more than six Placees and the Placees are independent professional investors.

1.4 Number of Shares to be Placed

The Placing Shares amount to approximately 15.8% of the existing issued ordinary share capital of the Company and approximately 13.1% of the issued ordinary share capital as enlarged by issue of the New Shares.

1.5 Independence of the Placees and the Placing Agent

The Placing Agent is independent of, and not connected with, ITC or its associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) or the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates. The Placing Agent has agreed to procure the Placees who are independent of, and not connected with, and not acting in concert with ITC or its associates or the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates, or failing which itself as principal, to subscribe for the full amount of the Placing Shares.

1.6 Price

The placing price of HK\$0.08 per Placing Share (the "Placing Price") represents a discount of approximately 9.0% to the average closing price of approximately HK\$0.0879 per Share over the last 10 trading days, up to and including 3 May 2002 on the Stock Exchange and also represents a discount of approximately 8.0% to the closing price of the Shares of HK\$0.087 quoted on the Stock Exchange on 3 May 2002. The Placing Price and other terms and conditions of the Agreement were negotiated between ITC and the Placing Agent on an arm's length basis.

1.7 Rights

The Placing Shares will be sold free of any third party rights and the holders thereof will receive all dividends and distributions declared, made or paid on or after the date of completion of the Placing.

1.8 Force Majeure

The Placing Agent is entitled, on the occurrence of certain events (including a material breach of any of undertakings, representations and warranties set out in the Agreement, and material adverse change in the financial position of the Company), to terminate the Agreement by giving notice to the Company prior to 10:00 a.m. on the date of completion of the Placing.

1.9 Completion of the Placing

Completion of the Placing is expected to take place on 8 May 2002 or such later date as may be agreed by the Company, ITC and the Placing Agent.

2. SUBSCRIPTION UNDER THE AGREEMENT DATED 3 MAY 2002

2.1 Parties

Subscriber : ITC
Issuer : The Company

2.2 Number of Shares to be Subscribed

The Company has agreed to allot and issue to ITC and ITC has agreed, conditionally as referred to below, to subscribe an aggregate of 350,000,000 Shares in the ordinary share capital of the Company.

The New Shares amount to approximately 20.0% of the existing issued ordinary share capital of the Company and approximately 16.7% of the issued ordinary share capital as enlarged by the Subscription.

2.3 Price

The subscription price for the New Shares is HK\$0.08 per New Share which is the same as the Placing Price subject to adjustment for the expenses of the Placing and interest accrued on the net Placing proceeds from the date of completion and settlement of the Placing to the date of completion of the Subscription.

All the commission, costs and expenses incurred in relation to the Placing and the Subscription will be borne by the Company and interest accrued on the net Placing proceeds from the date of completion and settlement of the Placing to the date of completion of the Subscription will be attributable to the Company.

2.4 Conditions and Completion of the Subscription

Completion of the Subscription is conditional upon the satisfaction of the following conditions, namely:

- completion of the Placing;
- the Stock Exchange granting listing of, and permission to deal in, the New Shares; and
- if required, the Bermuda Monetary authority granting or agreeing to grant permission to allot, issue and subsequent transfer of the New Shares,

and will take place on the same day as the Placing or such other date as may be agreed between the Company and ITC, but in any event shall take place no later than 14 days following the date of the Agreement being 17 May 2002.

Completion of the Subscription is expected to take place on or before 17 May 2002 or such later date as may be agreed by the Company and ITC. Further announcement will be made if the completion is postponed and the transaction will become a connected transaction for the Company under the Listing Rules.

2.5 Mandate to issue New Shares

The New Shares will be issued under the general mandate granted to the directors of the Company at the special general meeting of the Company held on 9 April 2002.

2.6 Rights of New Shares

The New Shares, when fully paid, will rank pari passu in all respects with the existing Shares of the Company in issue.

2.7 Reasons for the Placing and the Subscription

The Placing together with the Subscription will broaden the capital base and shareholder base of the Company.

2.8 Use of Proceeds

The net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$27.3 million. It is presently intended that such net proceeds will be used as general working capital of the Company and repayment of borrowings.

2.9 Principal Business Activity of the Company

The principal business activity of the Company is investment holding.

2.10 Application for Listing

The Company will make an application to the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares.

2.11 Shareholding of ITC before and after the Placing and the Subscription

The shareholding of ITC in the Company before and after the Placing and the Subscription is summarised as follows:

No. of Shares	Before the Placing and the Subscription	%	of the existing issued ordinary share capital	No. of Shares	After the Placing but before the Subscription	%	of the existing issued ordinary share capital	No. of Shares	After the Placing and the Subscription	%	of the issued ordinary share capital as enlarged by the Subscription
369,746,479		21.1%		93,546,479	5.3%			443,546,479	21.1%		

3. SECOND PLACING UNDER THE SECOND PLACING AGREEMENT DATED 3 MAY 2002

3.1 Party to Place Shares

Star East Holdings Limited, the Company.

3.2 Placing Agent in the Second Placing Agreement

The Second Placing will be fully underwritten by Peace Town Securities Limited, the Placing Agent. The Placing Agent would receive placing commission of 1.5% on the gross proceeds of the Second Placing. The Company expects that the total amount of expenses to be borne by the Company in relation to the Second Placing Agreement is approximately HK\$800,000.

3.3 Placees

There will be more than six Second Tranche Placees and the Second Tranche Placees are independent professional investors.

3.4 Number of Second Tranche New Shares to be Placed

The Second Tranche New Shares amount to approximately 20.0% of the existing issued ordinary share capital of the Company and approximately 14.3% of the issued ordinary share capital as enlarged by issue of the New Shares and the Second Tranche New Shares.

3.5 Independence of the Second Tranche Placees and the Placing Agent

The Placing Agent is independent of, and not connected with, ITC or its associates (as defined in the Listing Rules) or the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates. The Placing Agent has agreed to procure the Second Tranche Placees who are independent of, and not connected with, and not acting in concert with ITC or its associates or the directors, chief executives and substantial shareholders of the Company and any of its subsidiaries or any of their respective associates, or failing which itself as principal, to subscribe for the full amount of the Second Tranche Shares.

3.6 Price

The placing price of HK\$0.08 per Second Tranche New Share (the "Second Tranche Placing Price") represents a discount of approximately 9.0% to the average closing price of approximately HK\$0.0879 per Share over the last 10 trading days, up to and including 3 May 2002 on the Stock Exchange and also represents a discount of approximately 8.0% to the closing price of the Shares of HK\$0.087 quoted on the Stock Exchange on 3 May 2002. The Second Tranche Placing Price and other terms and conditions of the Second Placing Agreement were negotiated between the Company and the Placing Agent on an arm's length basis.

3.7 Conditions of the Second Placing

Completion of the Second Placing is conditional upon:

- the approval of the allotment and issue of the Second Tranche New Shares by the shareholders of the Company at a special general meeting of the Company to be held; and
- the Stock Exchange granting the listing of, and permission to deal in, the Second Tranche New Shares.

3.8 Rights

The Second Tranche New Shares will be sold free of any third party rights and the holders thereof will receive all dividends and distributions declared, made or paid on or after the date of completion of the Second Placing.

3.9 Force Majeure

The Placing Agent is entitled, on the occurrence of certain events (including a material breach of any of undertakings, representations and warranties set out in the Second Placing Agreement, and material adverse change in the financial position of the Company), to terminate the Second Placing Agreement by giving notice to the Company prior to 10:00 a.m. on the date of completion of the Second Placing.

3.10 Completion of the Second Placing

Subject to the fulfilment of the conditions relating to it, completion of the Second Placing is expected to take place on or before 30 May 2002 or such later date as may be agreed by the Company and the Placing Agent.

3.11 Shareholding of ITC before and after the Second Placing

The shareholding of ITC in the Company before and after the Second Placing is summarised as follows:

No. of Shares	Before Second Placing after the Placing	%	of the existing issued ordinary share capital	No. of Shares	After the Second Placing	%	of the issued ordinary share capital as enlarged by the Subscription and the Second Placing
443,546,479		21.1%		443,546,479	18.1%		

By Order of the Board of
Star East Holdings Limited
Rosanna Chau Mei Wah
Executive Director