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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)

**(1) PLACING OF EXISTING SHARES AND
SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE;
(2) PLACING OF EXISTING SHARES BY A SUBSTANTIAL SHAREHOLDER;
AND (3) RESUMPTION OF TRADING**

Placing Agent



First Shanghai Securities Limited

THE PLACING AND SUBSCRIPTION AGREEMENT

On 22 April 2015 (after trading hours), the Subscriber, the Company and the Placing Agent entered into the Placing and Subscription Agreement (as supplemented by the supplemental agreement dated 29 April 2015), pursuant to which (i) the Subscriber has conditionally agreed to place, through the Placing Agent on a best efforts basis, 83,360,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners will be Independent Third Parties at a Placing Price of HK\$0.6 per Placing Share during the Placing Period; and (ii) the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for up to 83,360,000 new Subscription Shares at the Subscription Price of HK\$0.6 per Subscription Share.

The Subscription Shares will be issued under the General Mandate and the Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE VENDOR PLACING AGREEMENT

The Board has been informed by the Subscriber that it has entered into the Vendor Placing Agreement with the Placing Agent on 29 April 2015, pursuant to which the Subscriber has agreed to place, through the Placing Agent on a best effort basis, 150,000,000 Shares to not fewer than six independent professional, institutional, corporate and other investors procured by the Placing Agent at a price of HK\$0.6 per Share.

RESUMPTION OF TRADING

The Company requested a trading halt in the Shares with effect from 9:00 a.m. on Thursday, 23 April 2015 pending release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on 30 April 2015.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

22 April 2015 (after trading hours) (as supplemented by the supplemental agreement dated 29 April 2015)

Parties

- (i) the Subscriber, as vendor of the Placing Shares;
- (ii) the Company, as the issuer of the Subscription Shares;
- (iii) the Placing Agent, as the placing agent for the Placing Shares

PLACING

The Placing

The Subscriber has agreed to place, through the Placing Agent on a best efforts basis, 83,360,000 Placing Shares to the Placees. The Placing Agent will charge the Company a placing commission of 2.5% of the gross proceeds from the Placing. The Placing commission was negotiated on arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the market rate and the price performance of the Shares. The Directors consider that the terms of the Placing, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not fewer than six Placees which will be independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners are Independent Third Parties. Upon completion of the Placing, it is expected that none of the Placees will become a substantial Shareholder. If any of the Placees will become a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Number of Placing Shares

As at the date of this announcement, the Company has 2,308,331,250 Shares in issue. The Placing Shares of 83,360,000 Shares held by the Subscriber represent approximately 3.61% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

Placing Price

The Placing Price of HK\$0.6 represents:

- (i) a discount of approximately 10.45% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 22 April 2015, being the date of the Placing and Subscription Agreement; and
- (ii) a premium of approximately 36.99% over the average of the closing price per Share of approximately HK\$0.438 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company, the Subscriber and the Placing Agent. In view of the highly volatile capital market conditions, the Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Subscription are fair and reasonable based on the current market condition and that the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

Completion of the Placing

The Placing is unconditional and completion of the Placing will take place on 5 May 2015 (or such other date as may be agreed by the Subscriber and the Placing Agent).

Force majeure

The Placing Agent may, in its absolute opinion, after consultation with the Company, terminate the Placing and Subscription Agreement by notice in writing to the Company at any time up to 10:00 a.m. on the date of completion of the Placing if:

- (i) there is any introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Subscriber or the Company or the Placing Agent to proceed with the Placing; or
- (iii) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Placing and Subscription Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iv) there is any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (v) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the absolute opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

Upon termination of the Placing and Subscription Agreement pursuant to the above mentioned force majeure factors, all liabilities of the parties thereto shall cease and no party of the Placing and Subscription Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing and Subscription Agreement save for any antecedent breach of any obligation under the Placing and Subscription Agreement.

SUBSCRIPTION

The Subscription

The Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe for up to 83,360,000 new Subscription Shares.

Number of Subscription Shares

Up to 83,360,000 Subscription Shares, which is equivalent to the number of Placing Shares to be placed under the Placing, represent approximately 3.61% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.49% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription Shares will rank pari passu among themselves and with the other Shares in issue as at the date of the allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.6 represents:

- (i) a discount of approximately 10.45% to the closing price of HK\$0.67 per Share as quoted on the Stock Exchange on 22 April 2015, being the date of the Placing and Subscription Agreement;
- (ii) a premium of approximately 36.99% over the average of the closing price per Share of approximately HK\$0.438 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing and Subscription Agreement; and
- (iii) the Placing Price.

The Subscription Price was determined with reference to the prevailing market price and was negotiated on an arm's length basis among the Company, the Subscriber and the Placing Agent. In view of the highly volatile capital market conditions, the Directors (including the independent non-executive Directors) consider that the terms of the Placing and the Subscription are fair and reasonable based on the current market condition and that the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.58 per Subscription Share.

Conditions precedent

The Subscription is conditional upon the following:

- (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Subscription Shares; and
- (ii) completion of the Placing pursuant to the Placing and Subscription Agreement.

In the event that the conditions of the Subscription are not fulfilled on or before 5 May 2015 (or such other date as may be agreed by the Company, the Subscriber and the Placing Agent in writing), the Placing and Subscription Agreement shall cease and neither the Company, the Subscriber nor the Placing Agent shall have any claim against the others under the Placing and Subscription Agreement in respect of the Subscription.

Completion of the Subscription

Completion of the Subscription will take place within the next Business Day (or such other date as may be agreed by the Company, the Subscriber and the Placing Agent) after the conditions of the Subscription have been fulfilled. The Subscription shall be completed on or before 6 May 2015, being 14 days from the date of the Placing and Subscription Agreement. If the Subscription is to be completed thereafter, it will constitute a connected transaction under the Listing Rules and require compliance with all the relevant requirements under Chapter 14A of the Listing Rules, including but not limited to the issue of a separate announcement and approval by the independent Shareholders.

General Mandate to issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 5 June 2014, subject to the limit of 439,666,250 Shares (representing 20% of the share capital of the Company in issue on that date). The 83,360,000 Subscription Shares to be allotted and issued will utilise 18.96% of the General Mandate.

As at the date of this announcement, (i) 110,000,000 Shares were allotted and issued pursuant to the General Mandate; and (ii) the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

FUND RAISING EXERCISE BY THE COMPANY IN THE PAST TWELVE MONTHS

Except for the fund raising activity as mentioned below, the Board confirms that there has not been any fund raising activity made by the Company in the twelve months immediately preceding the date of this announcement.

Date of Announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
28 July 2014	Top-up placing of 110,000,000 Shares	HK\$18.1 million	For general working capital of the Group	Approximately HK\$8.1 million was used as general working capital of the Group. The remaining proceeds are deposited in bank

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

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

The Board considers that the Placing and the Subscription represents good opportunities to raise additional funds for the Company while broadening the Shareholder and capital base of the Company.

The gross proceeds of the Subscription will amount to approximately HK\$50 million. The net proceeds from the Subscription, after the deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$48.5 million, representing a net issue price of approximately HK\$0.58 per Placing Share. The Company intends to use part of the net proceeds from the Subscription in the amount of approximately HK\$25 million for the acquisition of 10% equity interests in the Target Company as disclosed in the announcement of the Company dated 30 December 2014 and the remaining balance will be applied for the development of solar power business including but not limited to the cooperation with 山東潤峰集團有限公司 (Shandong RealForce Group Company Limited) as detailed in the announcement of the Company dated 3 December 2014.

THE VENDOR PLACING AGREEMENT

The Board has been informed by the Subscriber that it has entered into the Vendor Placing Agreement with the Placing Agent on 29 April 2015, pursuant to which the Subscriber has agreed to place, through the Placing Agent on a best effort basis, 150,000,000 Shares to not fewer than six independent professional, institutional, corporate and other investors procured by the Placing Agent at a price of HK\$0.6 per Share. The completion of the above

transaction is expected to take place on 5 May 2015. After the completion of the above transaction and assuming all the 150,000,000 Shares are fully placed, the Subscriber will continue to hold 416,004,000 Shares, representing approximately 18.02% of the existing issued share capital of the Company as at the date of this announcement and approximately 17.39% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription and will remain as a substantial shareholder of the Company.

CHANGE IN SHAREHOLDING STRUCTURE

Assuming there being no other change in the issued share capital of the Company and all the Placing Shares are fully placed and the 150,000,000 Shares are fully placed under the Vendor Placing Agreement, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the completion of the Placing; (iii) immediately after the completion of the Placing and the Subscription; and (iv) immediately after the completion of the Placing and the Subscription and the Vendor Placing Agreement:

	As at the date of this announcement		Immediate after completion of the Placing		Immediate after completion of the Placing and the Subscription		Immediate after completion of the Placing and the Subscription and the Vendor Placing Agreement	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders								
The Subscriber (Note 1)	566,004,000	24.52	482,644,000	20.91	566,004,000	23.67	416,004,000	17.39
Ni Xinguang	46,068,000	1.99	46,068,000	1.99	46,068,000	1.93	46,068,000	1.93
Best Idea International Limited (Note 2)	231,497,650	10.03	231,497,650	10.03	231,497,650	9.67	231,497,650	9.67
Public Shareholders								
Places	—	—	83,360,000	3.61	83,360,000	3.49	83,360,000	3.49
Places procured under the Vendor Placing Agreement	—	—	—	—	—	—	150,000,000	6.28
Other public Shareholders	1,464,761,600	63.46	1,464,761,600	63.46	1,464,761,600	61.24	1,464,761,600	61.24
	<u>2,308,331,250</u>	<u>100.00</u>	<u>2,308,331,250</u>	<u>100.00</u>	<u>2,391,691,250</u>	<u>100.00</u>	<u>2,391,691,250</u>	<u>100.00</u>

Notes:

1. The Subscriber, which is 100% owned by Mr. Ni Xinguang, an executive Director and the chairman of the Company.
2. Best Idea International Limited is 100% owned by Ms. Ye Zhu Ying.

RESUMPTION OF TRADING

The Company requested a trading halt in the Shares with effect from 9:00 a.m. on Thursday, 23 April 2015 pending release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:00 a.m. on 30 April 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (not being Saturdays, Sundays, days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 9:00 a.m. or public holidays) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Seven Star Holdings Limited, a company incorporated in Hong Kong with limited liability whose issued Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to this term under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 5 June 2014, pursuant to which a maximum of 329,666,250 new Shares may fall to be allotted and issued as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party which is not connected persons (as defined under the Listing Rules) of the Company and is independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing”	the placing, on a best effort basis, of the Placing Shares during the Placing Period pursuant to the terms of the Placing and Subscription Agreement

“Placing Agent”	First Shanghai Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulative activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the conditional placing and subscription agreement dated 22 April 2015 (as supplemented by the supplemental agreement dated 29 April 2015) and entered into between the Subscriber, the Company and the Placing Agent in relation to the Placing and the Subscription
“Placing Period”	the period from the date of the Placing and Subscription Agreement to 5 May 2015 (or such other date as may be agreed by the Subscriber and the Placing Agent)
“Placing Price”	HK\$0.6 per Placing Share
“Placing Share(s)”	up to 83,360,000 Shares to be placed under the Placing
“Share(s)”	ordinary issued share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Group First Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$0.6 per Subscription Share
“Subscription Shares”	up to 83,360,000 Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Placing and Subscription Agreement
“substantial shareholder”	has the meaning ascribed to this term under the Listing Rules
“Target Company”	陝西百聯安經濟發展有限公司 (for transliteration purpose only, Shaanxi Bailianan Economy Development Company Limited)
“Vendor Placing Agreement”	the placing agreement dated 29 April 2015 and entered into between the Subscriber and the Placing Agent in relation to the placing of 150,000,000 Shares held by the Subscriber

“HK\$” and “cents” Hong Kong dollars and cents, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 29 April 2015

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.