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BEST STAR GROUP LIMITED

好星集團有限公司

(incorporated in the British Virgin Islands with limited liability)

LEI SHING HONG LIMITED

利星行有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 238)

**PROPOSAL TO PRIVATISE LEI SHING HONG LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT
UNDER SECTION 166 OF THE COMPANIES ORDINANCE
AND
PROPOSED WITHDRAWAL OF LISTING OF
LEI SHING HONG LIMITED**

**Financial adviser to
Best Star Group Limited**



UBS Investment
Bank

**Independent financial adviser to
the Independent Board Committee of
Lei Shing Hong Limited**



Quam Capital Limited

The Composite Document will be despatched to the Shareholders on 29 January 2008.

The respective notices of the Court Meeting and the EGM to be held on 25 February 2008 are set out in the Composite Document.

The Minority Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendations in relation to the Proposal as set out in the letter from Quam Capital Limited, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions set out in the section of Explanatory Statement in the Circular headed "Conditions of the Proposal" being fulfilled or waived, as applicable, and thus the Proposal may not become effective or may lapse. The Scheme of Arrangement will lapse if it does not become effective on or before 30 June 2008 or such later date as the High Court may direct and in such event, the Shareholders will be notified by way of announcement accordingly. Accordingly, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the joint announcement of Best Star Group Limited and the Company dated 7 December 2007 (the "**Announcement**"). Terms used in this announcement shall have the same meaning as in the Announcement unless otherwise defined herein.

DESPATCH OF THE COMPOSITE DOCUMENT

The composite document containing, among other things, a letter from the Board, the Scheme of Arrangement, the explanatory statement required under section 166A of the Companies Ordinance in relation to the Scheme of Arrangement (the "**Explanatory Statement**"), the recommendation of the independent committee of the Board established for the purpose of advising the Minority Shareholders in respect of the Proposal (the "**Independent Board Committee**"), the letter of advice from the independent financial adviser to the Independent Board Committee, the expected timetable relating to the Scheme of Arrangement and the notices of the Court Meeting and the EGM (the "**Composite Document**") will be despatched to the Shareholders on 29 January 2008.

The Minority Shareholders should consider carefully the recommendation of the Independent Board Committee and the factors, reasons and recommendations in relation to the Proposal as set out in the letter from Quam Capital Limited, the independent financial adviser to the Independent Board Committee, before making a decision on the Proposal. Actions to be taken by the Minority Shareholders are set out in the Composite Document.

INDEBTEDNESS

As set out in the Composite Document, as at the close of business on 31 October 2007, the Group had contingent liabilities in respect of performance guarantees given to banks for certain customers of approximately HK\$130,415,000 and aggregate outstanding bank borrowings of approximately HK\$5,226,218,000 comprising the following:

- (i) unsecured bank loans of approximately HK\$3,971,916,000;
- (ii) unsecured bank overdrafts of approximately HK\$230,578,000;
- (iii) unsecured trust receipt loans of approximately HK\$976,984,000; and
- (iv) bills discounted with recourse of approximately HK\$46,740,000.

The Group's banking facilities at 31 October 2007 were provided under the corporate guarantees executed by the Company and certain subsidiaries of the Company, as well as corporate guarantees executed by the minority shareholders of certain subsidiaries of the Company.

Save as aforesaid, as at the close of business on 31 October 2007, the Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under debentures, mortgage, charges, finance lease commitments, guarantees or other material contingent liabilities.

MATERIAL CHANGES

As set out in the Composite Document, the Directors are of the view that save as disclosed in the interim results of the Group for the six months ended 30 June 2007 in relation to the contingent liabilities and commitments of the Group, related party transactions entered into by the Group and the profit attributable to equity holders of the Company, as further discussed below, or as otherwise disclosed in this announcement, there were no material changes in the financial or trading position or outlook of the Group since 31 December 2006, being the date to which the last published audited consolidated financial statements of the Company were made up, up to the date of this announcement.

The contingent liabilities as of 30 June 2007 represented an increase of HK\$18,700,000 as compared to 31 December 2006. The increase was mainly attributable to increase in performance guarantees given to banks for certain customers as a resulting of increased businesses. The commitments as of 30 June 2007 represented an increase of HK\$81,895,000 as compared to 31 December 2006. The increase was mainly attributable to increase in authorized capital commitments but not yet contracted. The related party transactions for the six months ended 30 June 2007 represented a decrease of HK\$1,188,597,000 as compared to 31 December 2006, the decrease was mainly due to comparison between half year and full year. On the other hand, there was an increase of HK\$6,516,596,000 as compared to same period last year. The increase was mainly due to purchases from certain associates for the six months ended 30 June 2007.

The profit attributable to equity holders of the Company for the six months ended 30 June 2007 was HK\$425,038,000. As of 30 June 2007, the equity attributable to equity holders of the Company represented an increase of HK\$515,572,000 as compared to 31 December 2006. The increase was mainly the results of profit for the period and exchange fluctuation reserve.

EXPECTED TIMETABLE

Hong Kong time

(unless otherwise stated)

Latest time for lodging transfers of the Shares in
order to qualify for attending and voting at the
Court Meeting and the Extraordinary General
Meeting 4.00 p.m. on Wednesday, 20 February 2008

Closure of register of members (*Note 1*) Thursday, 21 February 2008 to
Monday, 25 February 2008
(both days inclusive)

Latest time for lodging forms of proxy in respect of
Court Meeting (*Note 2*) 10:00 a.m. on
Saturday, 23 February 2008

Extraordinary General Meeting (*Note 2*) 11:00 a.m. on
Saturday, 23 February 2008

Court Meeting 10:00 a.m. on
Monday, 25 February 2008

Extraordinary General Meeting 11:00 a.m. on
Monday, 25 February 2008

(or as soon thereafter as the Court Meeting
shall have been concluded or adjourned)

Announcement of the results of the Court Meeting
and the Extraordinary General Meeting Monday, 25 February 2008

Latest time for lodging transfers of Shares in order
to qualify for entitlements under the Scheme
of Arrangement 4:00 p.m. on Thursday, 6 March 2008

Closure of register of members (*Note 3*) Friday, 7 March 2008 to
Tuesday, 11 March 2008
(both days inclusive)

Record Time..... 4:00 p.m. on Tuesday, 11 March 2008

High Court hearing of the petition to sanction the
Scheme of Arrangement (*Note 4*) Tuesday, 11 March 2008

Announcement of the results of the High Court
hearing of the petition to sanction the Scheme
of Arrangement Tuesday, 11 March 2008

Effective Date (*Note 4*) Wednesday, 12 March 2008

Announcement of, inter alia, the Effective Date and
the withdrawal of the listing of the Shares Wednesday, 12 March 2008

Withdrawal of the listing of the Shares on the Stock
Exchange..... 9:30 a.m. on Monday, 17 March 2008

Cheques for the payment of the Cancellation
Consideration to be despatched on or before Thursday, 20 March 2008

Shareholders should note that the above timetable is dependent on among other things the availability of dates for the High Court to hear proceedings relating to the Scheme of Arrangement, and is therefore subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

- (1) The register of members of the Company will be closed during such period for the purpose of determining entitlements of the Minority Shareholders to attend and vote at the Court Meeting and the Shareholders to attend and vote at the Extraordinary General Meeting. For the avoidance of doubt, this period of closure is not for determining entitlements under the Scheme of Arrangement.
- (2) Both forms of proxy in respect of the Court Meeting and the Extraordinary General Meeting should be lodged with the Company at its registered office at 8th Floor, New World Tower I, 18 Queen's Road Central, Hong Kong as soon as possible and by the times and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may alternatively be handed to the chairman of the Court Meeting at the Court Meeting if it is not so lodged. The white form of proxy for the Extraordinary General Meeting must be lodged no later than the time and date stated above in order for it to be valid. Completion and return of the forms of proxy will not preclude a member from attending and voting in person at the relevant meeting or any such adjourned meeting if the member so wishes. In such event, the relevant form of proxy shall be deemed to have been revoked.
- (3) The register of members of the Company will be closed during such period for the purpose of determining holders of the Scheme Shares who will be qualified for entitlements under the Scheme of Arrangement.
- (4) The Scheme of Arrangement shall become effective when it is sanctioned (with or without

modification) by the High Court and an office copy of the order of the High Court, together with the minute containing the particulars required by Section 61 of the Companies Ordinance, are delivered to and registered by the Registrar of Companies.

The Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions set out in the section of the Explanatory Statement in the Circular headed "Conditions of the Proposal" being fulfilled or waived, as applicable, and consequently the Proposal may not become effective or may lapse. Accordingly, they are advised to exercise caution when dealing in the Shares.

The Directors intend that the listing of the Shares on the Stock Exchange will be withdrawn if the Scheme of Arrangement is implemented or that it be maintained, subject to the restoration of its public float by the Company, in the event that the Proposal is withdrawn or not approved or lapses.

By order of
the board of directors of
BEST STAR GROUP LIMITED
Sim Siew Meng
Director

By order of
the board of directors of
LEI SHING HONG LIMITED
David Park
Chairman

Hong Kong, 28 January 2008

As at the date of this announcement, the board of directors of the Offeror comprises Madam Sim Siew Meng, Mr. Heng Chin Tung and Mr. Ito Taikichi.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Company, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement other than those relating to the Company have been arrived at after due and careful consideration and there are no facts relating to the Offeror and/or the Consortium not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Board comprises Mr. David Park, Mr. Gan Khian Seng, Mr. Yong Foo San and Ms. Lim Mooi Ying, Marianne as executive Directors, Mr. Christopher Patrick Langley, Mr. Victor Yang and Mr. Lam Kwong Yu as non-executive Directors and Mr. Fung Ka Pun, Mr. Hubert Meier and Mr. Alan Howard Smith as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, other than those relating to the Offeror and/or the Consortium, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement, other than those relating to the Offeror and/or the Consortium, have been arrived at after due and careful consideration and there are no facts relating to the Group not contained in this announcement, the omission of which would make any statement in this announcement misleading.