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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

PROFIT WARNING ANNOUNCEMENT

The Board wishes to inform the Shareholders that it is expected that the Group will record a loss for the year ending 31 December 2008 as compared to a profit for the year ended 31 December 2007. The incur of a loss for the Group is mainly attributable to (1) a decrease in fair value of the Group's investment properties; and (2) an impairment loss in goodwill arising from the acquisition of Shinhan-Golden.

This profit warning announcement is only based on the preliminary assessment by the management of the Company in accordance with the unaudited management accounts of the Group and in relation to the global economic downturn. The actual audited consolidated financial results of the Group for the year ending 31 December 2008 have not been finalised and are subject to confirmation with the auditors of the Company.

The results announcement of the Company for the year ending 31 December 2008 is expected to be released on or before 30 April 2009. Shareholders and investors are advised to read the results announcement carefully.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Star Investment Holdings Limited (the “**Company**”, together with its subsidiaries as the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders (the “**Shareholders**”) of the Company that it is expected that the Group will record a loss for the year ending 31 December 2008 as compared to a profit for the year ended 31 December 2007. The incur of a loss for the Group is mainly attributable to the followings:

(1) Decrease in fair value of the Group’s investment properties

Based on a recent independent property valuation, the fair value of the Group’s investment properties as at 31 October 2008 amounted to RMB800,000,000, whereas the fair value of which as at 30 June 2008 amounted to RMB861,000,000. Assuming there is no change in the fair value of the Group’s investment properties of RMB800,000,000, the Group has to recognise a decrease in fair value of investment properties of HK\$68,930,000 (or RMB61,000,000) in the year ending 31 December 2008.

(2) Impairment loss in goodwill arising from the acquisition of Shinhan-Golden

In view of the slowdown in the GDP growth in the People’s Republic of China (the “**PRC**”) in the second half of 2008 led by the collapse of Lehman Brothers in September 2008, an impairment loss in goodwill arising from the acquisition of Shinhan-Golden Faith International Development Limited (“**Shinhan-Golden**”), which holds a 96.7% effective interest in the investment properties, for the year ending 31 December 2008 is expected. Although the size of the impairment loss has not been yet quantified, the Directors believe that the impairment loss will be substantial. Such view is based on the fact that the Group recognised an impairment loss of HK\$37,828,000, representing 48.95% of the initial balance of the goodwill, in 2007 where the PRC economy performed well in that year.

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By Order of the Board
China Star Investment Holdings Limited
Heung Wah Keung
Chairman

Hong Kong, 11 December 2008

As at the date of this announcement, the Board comprises of two executive Directors, namely, Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany; and three independent non-executive Directors, namely, Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung.