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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

TOP-UP PLACING

Placing Agent



KINGSTON SECURITIES LIMITED

TOP-UP PLACING

On 29 December 2008 (before trading hours), the Vendor, the Placing Agent and the Company entered into the Top-Up Placing Agreement. Pursuant to the Top-Up Placing Agreement, the Vendor has agreed to place, through the Placing Agent, an aggregate of 39,000,000 existing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be third parties independent of the Company and its connect persons (as defined in the Listing Rules) at a price of HK\$0.102 per Placing Share. Pursuant to the Top-Up Placing Agreement, the Vendor has conditionally agreed to subscribe for an aggregate of 39,000,000 Top-Up Subscription Shares at a price of HK\$0.102 per Top-Up Subscription Share.

The Placing Price (or the Top-Up Subscription Price) of HK\$0.102 represents (i) a discount of approximately 17.07% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 17.74% to the average closing prices of HK\$0.124 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of approximately 35.03% to the average closing prices of HK\$0.157 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The 39,000,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 19.98% of the issued share capital of the Company of 195,186,997 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 234,186,997 Shares as enlarged by the Top-Up Subscription Shares.

The Top-Up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares; (ii) completion of the Placing; and (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Top-Up Subscription Shares (if necessary).

The gross proceeds from the Top-Up Subscription will be approximately HK\$3,978,000. The net proceeds of approximately HK\$3,820,000 from the Top-Up Subscription is intended to be used for reducing the Group's bank borrowings of approximately HK\$318,000,000. The net proceeds raised per Top-Up Subscription Share upon the completion of the Top-Up Subscription is approximately HK\$0.0979.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 29 December 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m., on 30 December 2008.

On 29 December 2008 (before trading hours), the Vendor, the Placing Agent and the Company entered into the Top-Up Placing Agreement, details of which are set out below in this announcement. On 4 November 2008, the Company and the Placing Agent entered into the Previous Placing Agreement, details of which are set out in the Company's announcement dated 6 November 2008. Completion of each tranche of the Previous Placing, in any event, will take place within four business days after the fulfillment of the conditions precedent as set out in the Previous Placing Agreement or such later date to be agreed between the Company and the Placing Agent (not later than the Long Stop Date). As at the date of this announcement, none of the tranches of the Previous Placing has been completed and it is intended that the Previous Placing will continue to proceed. Assuming the maximum of 500,000,000 new Shares are placed under the Previous Placing Agreement at the floor price of HK\$0.05 per new Share, the net proceeds from the Previous Placing will be approximately HK\$24,360,000.

TOP-UP PLACING AGREEMENT

Date

29 December 2008 (before trading hours)

Parties involved

The Vendor, the Placing Agent and the Company

PLACING

Placing Agent

The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Placees

The Placing Agent has agreed to place the Placing Shares on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be third parties independent of the Company and its connect persons (as defined in the Listing Rules). Immediately after the completion of the Placing, none of the Placees will become a substantial Shareholder (as defined in the Listing Rules).

Placing Price

The Placing Price (or the Top-Up Subscription Price) of HK\$0.102 represents (i) a discount of approximately 17.07% to the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 17.74% to the average closing prices of HK\$0.124 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of approximately 35.03% to the average closing prices of HK\$0.157 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined on 29 December 2008 with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Placing Shares

The 39,000,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 19.98 % of the issued share capital of the Company of 195,186,997 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 234,186,997 Shares as enlarged by the Top-Up Subscription Shares.

Ranking of Placing Shares

The Placing Shares rank *pari passu* in all respects with all Shares in issue as at the date of this announcement.

Condition of the Placing

The Placing is unconditional.

Termination of the Placing

The Placing may be terminated by the Placing Agent prior to 4:00 p.m. on 6 January 2009 or such other date as the Vendor and the Placing Agent shall agree, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by the following force majeure events:

- (i) the 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 of the Top-Up Placing Agreement) 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 by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Vendor or the Company or the Placing Agent to proceed with the Placing; or
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction of 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.

Completion

The Placing is expected to be completed on or about 6 January 2009.

TOP-UP SUBSCRIPTION

Top-Up Subscription Price

The Top-Up Subscription Price is HK\$0.102 per Top-Up Subscription Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

Number of Top-Up Subscription Shares

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being 39,000,000 Shares.

The Top-Up Subscription Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to allot and issue is 39,037,399 Shares (up to 20% of the issued share capital of the Company as at the date of the AGM). The total number of issued Shares at the AGM was 195,186,997 Shares. The General Mandate has not been utilised as at the date of this announcement and the total number of new Shares that can be allotted and issued under the General Mandate as at date of this announcement is 39,037,399 Shares.

Ranking of Top-Up Subscription Shares

The Top-Up Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects with all Shares in issue on the date of allotment and issue of the Top-Up Subscription Shares.

Conditions of the Top-Up Subscription

The Top-Up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares;
- (ii) completion of the Placing; and
- (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Top-Up Subscription Shares (if necessary).

Completion

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-Up Subscription must be completed within 14 days from the date of the Top-Up Placing Agreement, that is, on or before 11 January 2009.

In the event that the conditions to the Top-Up Subscription are not fulfilled on or before 11 January 2009, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor.

REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS

In view of the financial tsunami, banks tighten lending policy and global economy slows down. Although the Company has no immediate funding need on the proceeds from the Top-Up Subscription as at the date of this announcement, the Directors consider that the Top-Up Placing presents an opportunity to raise additional for the Company to strengthen the capital base of the Company and its liquidity in order to cope with volatility occurs in the crisis.

The gross proceeds from the Top-Up Subscription will be approximately HK\$3,978,000. The net proceeds of approximately HK\$3,820,000 from the Top-Up Placing is intended to be used for reducing the Group's bank borrowings of approximately HK\$318,000,000. The net proceeds raised per Top-Up Subscription Share upon completion of the Top-Up Subscription is approximately HK\$0.0979.

The Directors consider that the terms of the Top-Up Placing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

Save for the Previous Placing which has not been completed as at the date of this announcement, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement, immediately after the Placing but before the Top-Up Subscription, and immediately after the Placing and the Top-Up Subscription are as follows:

	As at the date of this announcement		Immediately after the Placing but before the Top-Up Subscription		Immediately after the Placing and the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
The Vendor	58,360,612	29.90	19,360,612	9.92	58,360,612	24.92
Northbay Investments Holdings Limited (Note 1)	12,941,217	6.63	12,941,217	6.63	12,941,217	5.53
Public Shareholders:						
Placees (Note 2)	—	—	39,000,000	19.98	39,000,000	16.65
Other	<u>123,885,168</u>	<u>63.47</u>	<u>123,885,168</u>	<u>63.47</u>	<u>123,885,168</u>	<u>52.90</u>
Total	<u>195,186,997</u>	<u>100.00</u>	<u>195,186,997</u>	<u>100.00</u>	<u>234,186,997</u>	<u>100.00</u>

Notes:

- 12,941,217 Shares are beneficially owned by Northbay Investments Holdings Limited. 35.5% and 64.5% of the entire shareholding of Northbay Investments Holdings Limited are respectively owned by Asia Vest Partners VII Limited and Asia Vest Partners X Limited, both of them are indirectly wholly owned by Mr. Andrew Nan Sherrill through Asia Vest Partners Limited. The ultimate beneficially owner does not have any role or position in the Company.
- None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the completion of the Placing.

GENERAL

The Group is principally engaged in property investment and the provision of management services to the concierge department of gaming promoters in Macau.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Top-Up Subscription Shares.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 29 December 2008 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 30 December 2008.

DEFINITIONS

“AGM”	the annual general meeting of the Company held on 27 June 2008
“Board”	the board of Directors
“Company”	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue new Shares at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	24 December 2008, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	three months after date of the SGM
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Top-Up Placing Agreement

“Placing”	the placing of 39,000,000 Placing Shares by the Placing Agent pursuant to the terms of the Top-Up Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	HK\$0.102 per Placing Share
“Placing Share(s)”	an aggregate of 39,000,000 existing Shares beneficially owned by the Vendor and to be placed by the Placing Agent pursuant to the Top-Up Placing Agreement
“Previous Placing”	the placing of a maximum of 500,000,000 new Shares pursuant to the Previous Placing Agreement, the allotment and issue of which was approved by the Shareholders at the SGM
“Previous Placing Agreement”	the conditional placing agreement dated 4 November 2008 entered into between the Company and the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 500,000,000 new Shares by a maximum of 5 tranches (in which each tranche shall not be less than 100,000,000 new Shares) to independent investors
“Shareholder(s)”	holder(s) of the Share(s)
“SGM”	the special general meeting of the Company held on 19 December 2008
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing”	the Placing and the Top-Up Subscription
“Top-Up Placing Agreement”	the top-up placing agreement between the Vendor, the Placing Agent and the Company dated 29 December 2008 in relation to the Placing and the Top-Up Subscription
“Top-Up Subscription”	the subscription of 39,000,000 new Shares pursuant to the terms of Top-Up Placing Agreement
“Top-Up Subscription Price”	HK\$0.102 per Top-Up Subscription Share

“Top-Up Subscription Share(s)”	a total of 39,000,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Placing Agreement
“Vendor”	Classical Statue Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Glenstone Investments Limited, which in turn is owned as to 60% by Porterstone Limited and as to 40% by Mr. Heung Wah Keung, an executive Director. Porterstone Limited is wholly owned by Ms. Chen Ming Yin, Tiffany, an executive Director
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 29 December 2008

As at the date of this announcement, the Board comprises 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.