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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

- (i) PROGRESS OF
PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL;**
- (ii) OPEN OFFER OF NOT LESS THAN 217,093,498 OFFER SHARES AND
NOT MORE THAN 367,093,498 OFFER SHARES ON THE BASIS OF
ONE OFFER SHARE FOR EVERY TWO EXISTING SHARES HELD
ON THE RECORD DATE;**

AND

- (iii) RESUMPTION OF TRADING**

Placing Agent and Underwriter



KINGSTON SECURITIES LIMITED

PROGRESS OF PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL

The Board would like to announce that the Second Tranche Placing Price of 300,000,000 Second Tranche Placing Shares has been fixed at HK\$0.091 per Second Tranche Placing Share after trading hours on 16 February 2009 for the second tranche of the Placing. The Second Tranche Placing Price of HK\$0.091 represents (i) a discount of approximately 11.65% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day (being the date on which the Second Tranche Placing Price is fixed) and (ii) a discount of approximately 14.15% to the average closing prices of HK\$0.106 per Share for the last 30 consecutive trading days up to and including the Last Trading Day.

The 300,000,000 Second Tranche Placing Shares represent (i) approximately 69.09% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 40.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Second Tranche Placing Shares.

Completion of the Placing is conditional upon:

- (i) the Proposed Increase in Authorised Share Capital becoming effective;
- (ii) the passing of a resolution by the Shareholders to approve the allotment, issue and dealing with the Placing Shares at the SGM;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the relevant tranche of the Placing; and
- (iv) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

As at the date of this announcement, conditions (i) and (ii) have been fulfilled.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Second Tranche Placing Shares.

The gross proceeds and net proceeds from the second tranche of the Placing are approximately HK\$27.30 million and HK\$26.85 million respectively. The net proceeds raised per Second Tranche Placing Share is approximately HK\$0.0895.

As the second tranche of the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OPEN OFFER

The Company proposes to raise not less than approximately HK\$21.71 million before expenses, by way of open offer of not less than 217,093,498 Offer Shares and not more than 367,093,498 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on application. Qualifying Shareholders are entitled to apply for excess Offer Shares not taken up in excess of their respective entitlements under the Open Offer. The Open Offer will not be extended to the Prohibited Shareholders.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, all transfers of Shares must be lodged for registration with the Registrar by 4:00 p.m. on Monday, 2 March 2009. The register of members of the Company will be closed from Tuesday, 3 March 2009 to Friday, 6 March 2009, both dates inclusive, to determine the eligibility of the Open Offer.

CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

All the holders of the Options have given irrevocable undertakings in favour of the Company and the Underwriter not to exercise any rights of the Options held by them into Shares on or before the Record Date and the holder of the Convertible Bonds has given irrevocable undertaking in favour of the Company and the Underwriter not to convert part or the whole of the Convertible Bonds held by it into Shares on or before the Record Date. The holder of the Convertible Bonds has also irrevocably undertaken with the Company and the Underwriter that the Convertible Bonds registered in the name of and beneficially owned by it will remain registered in the name of and beneficially owned by it up to and including completion of the Open Offer.

The Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by CSL under the CSL Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

The estimated net proceeds from the Open Offer will be not less than approximately HK\$19.49 million and not more than HK\$34.34 million pursuant to the Open Offer. The Board intends to apply the proceeds from the Open Offer for financing possible diversified investments of the Group and general working capital of the Group.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed.

Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from Friday, 27 February 2009 and that dealing in Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be 4:00 p.m. on Thursday, 26 March 2009), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

The Company will send the Prospectus Documents to the Qualifying Shareholders and the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders on Monday, 9 March 2009.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 17 February 2009 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 February 2009.

PROGRESS OF PLACING OF NEW SHARES SUBJECT TO SHAREHOLDERS' APPROVAL

As stated in the Circular, the Company and the Placing Agent entered into the Placing Agreement after trading hours on 4 November 2008, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis a maximum of 500,000,000 Placing Shares by a maximum of 5 tranches (in which each tranche shall not be less than 100,000,000 Placing Shares, save for the last tranche) to independent investors at the Placing Price.

The Board would like to announce that the Second Tranche Placing Price of the 300,000,000 Second Tranche Placing Shares has been fixed at per Second Tranche Placing Share after trading hours on 16 February 2009 for the second tranche of the Placing. The Second Tranche Placing Price of HK\$0.091 represents (i) a discount of approximately 11.65% to the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day (being the date on which the Second Tranche Placing Price is fixed) and (ii) a discount of approximately 14.15% to the average closing prices of HK\$0.106 per Share for the last 30 consecutive trading days up to and including the Last Trading Day.

The 300,000,000 Second Tranche Placing Shares represent (i) approximately 69.09% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 40.86% of the issued share capital of the Company as enlarged by the allotment and issue of the Second Tranche Placing Shares.

The Second Tranche Placing Shares shall be placed to not less than six Placees. Each of the Placees and their ultimate beneficial owners is independent of and not a connected person of the Company and its connected persons. None of the Placee will become a substantial/controllering Shareholder (as defined in the Listing Rules) upon completion of the second tranche of the Placing.

Completion of the Placing is conditional upon:

- (i) the Proposed Increase in Authorised Share Capital becoming effective;
- (ii) the passing of a resolution by the Shareholders to approve the allotment, issue and dealing with the Placing Shares at the SGM;

- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares under the relevant tranche of the Placing; and
- (iv) the obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

As at the date of this announcement, conditions (i) and (ii) have been fulfilled.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Second Tranche Placing Shares.

The gross proceeds and net proceeds from the second tranche of the Placing are approximately HK\$27.30 million and HK\$26.85 million respectively. The net proceeds raised per Second Tranche Placing Share is approximately HK\$0.0895.

As the second tranche of the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

OPEN OFFER

Issue statistics

Basis of the Open Offer:	One Offer Share for every two existing Shares held on the Record Date.
Subscription Price:	HK\$0.10 per Offer Share.
Number of Shares in issue as at the date of this announcement:	434,186,997 Shares.
Number of new Shares to be allotted and issued under the second tranche of the Placing:	300,000,000 Second Tranche Placing Shares.
Number of Shares in issue upon completion of the second tranche of the Placing:	734,186,997 Shares.
Number of Offer Shares:	Not less than 217,093,498 Offer Shares and not more than 367,093,498 Offer Shares (assuming completion of the second tranche of the Placing prior to the Record Date).

Number of Offer Shares undertaken to be taken up by CSL:	CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.
Number of Offer Shares underwritten by the Underwriter:	Not less than 80,721,242 Offer Shares and not more than 96,171,242 Offer Shares, being the number of the Offer Shares less the aggregate number of the Offer Shares agreed to be taken up by CSL under the CSL Undertaking.
Number of Shares in issue upon completion of the Open Offer:	Not less than 651,280,495 Shares and not more than 1,101,280,495 Shares.

It is expected that the second tranche of the Placing will be completed before the Record Date.

As at the date of this announcement, the Company has (i) 36,544,130 outstanding Options entitling the holders thereof to subscribe for 36,544,130 Shares; and (ii) 90,000,000 underlying Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds. Save for the Options and the Convertible Bonds, the Company has no other outstanding warrants, options or convertible securities as at the date of this announcement.

Qualifying Shareholders

The Open Offer is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders and (ii) the Overseas Letter together with the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Open Offer, the Shareholders must at the close of business on the Record Date (i) be registered on the register of members of the Company; and (ii) not be the Prohibited Shareholders. In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer of the Shares (with the relevant share certificates) for registration with the Hong Kong branch share register and transfer office of the Company, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by 4:00 p.m. on Monday, 2 March 2009.

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange. The Directors consider that the arrangement of trading in nil-paid entitlements on the Stock Exchange will involve additional administrative work and costs for the Open Offer, which is not considered to be cost effective.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 3 March 2009 to Friday, 6 March 2009, both dates inclusive, to determine the eligibility of the Open Offer. No transfer of Shares will be registered during this period.

Subscription Price

The Subscription Price is HK\$0.10 per Offer Share, payable in full on application. The Subscription Price represents:

- (i) a discount of approximately 2.91% to the closing price of HK\$0.103 per Share as quoted on Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.96% to the theoretical ex-entitlement price of approximately HK\$0.102 per Share based on the closing price of HK\$0.103 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iii) a discount of approximately 4.76% to the average of the closing prices of HK\$0.105 per Share for the last five consecutive trading days including and up to the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares. Taking into consideration of the theoretical ex-entitlement price per Share, the Directors consider that the Subscription Price is appropriate in order to increase the attractiveness of the Open Offer to the Qualifying Shareholders. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Directors consider the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Status of the Offer Shares

The Offer Shares (when allotted, fully paid and issued) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Offer Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid on or after the date of allotment and issue of the Offer Shares.

Certificates of the Offer Shares and refund cheques

Subject to fulfillment of the conditions of the Open Offer, share certificates for the Offer Shares are expected to be posted on or before Monday, 30 March 2009 to those entitled thereto by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Offer Shares are also expected to be posted on or before Monday, 30 March 2009 by ordinary post at their own risk.

Rights of the Overseas Shareholders

If, at the close of business on the Record Date, a Shareholder's address on the register of member of the Company is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as the Prospectus Documents will not be registered and/or filed under the applicable securities legislation of any jurisdictions other than Hong Kong and Bermuda. The Board will make enquiries to its lawyers as to whether the issue of Offer Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange pursuant to the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient not to Offer Shares to the Overseas Shareholders, no provisional allotment of Offer Shares will be made to the Overseas Shareholders. Accordingly, the Open Offer will not be extended to the Prohibited Shareholders.

Application for excess Offer Shares

For excess application of Offer Shares, the Company will determine on a fair and equitable basis based on the following principles:

- (1) preference will be given to applications for less than a board lot of Offer Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings; and
- (2) subject to availability of excess Offer Shares after allocation under principle (1) above, the excess Offer Shares will be allocated to Qualifying Shareholders who have applied for excess application based on a pro-rata basis to the excess Offer Shares applied by them, with board lots allocations to be made on a best effort's basis.

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 Offer Shares.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date: 16 February 2009

Underwriter: Kingston Securities Limited

Number of Offer Shares underwritten: Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Offer Shares (other than the Offer Shares agreed to be taken up by CSL under the CSL Undertaking) which have not been taken up. Accordingly, the Open Offer is fully underwritten.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

It is one of the conditions of the Underwriting Agreement that the Underwriter would enter into of binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of (i) the Underwriter together with its parties acting in concert nor (ii) any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

Undertaking given by CSL

CSL has given the CSL Undertaking in favour of the Company and the Underwriter (i) not to dispose of, or agree to dispose of, any Shares held by it from the date of the Underwriting Agreement to the close of business on the Record Date; (ii) to subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer; and (iii) subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.

Undertaking given by the holders of the Options and the holder of the Convertible Bonds

All the holders of the Options have given irrevocable undertakings in favour of the Company and the Underwriter not to exercise any rights of the Options held by them on or before the Record Date. The holder of the Convertible Bonds has given irrevocable undertaking in favour of the Company and the Underwriter not to convert part or the whole of the Convertible Bonds held by it into Shares on or before the Record Date. The holder of the Convertible Bonds has also irrevocably undertaken with the Company and the Underwriter that the Convertible Bonds registered in the name of and beneficially owned by it will remain registered in the name of and beneficially owned by it up to and including completion of the Open Offer.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) 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 Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or

- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the announcement in respect of the Open Offer or the Prospectus Documents or other announcements or circulars in connection with the Open Offer,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Conditions of the Open Offer

The Open Offer is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Prospectus Posting Date;
- (2) the registration with the Registrar of Companies in Bermuda one copy of each of the Prospectus Documents duly signed by one Director (for and on behalf of all Directors) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Companies Act 1981 of Bermuda, as amended, not later than the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Prohibited Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;

- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Offer Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (6) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (7) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (8) compliance with and performance of all undertakings and obligations of CSL under the CSL Undertaking; and
- (9) compliance with and performance of all undertakings and obligations of the holders of the Options and the Convertible Bonds under their respective irrevocable undertakings; and
- (10) the entering into of binding agreements by the Underwriter with certain places and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of the Underwriter and each of the places and/or sub-underwriters and their respective parties acting in concert (having the meaning under The Codes on Takeovers and Mergers and Share Repurchases) shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

The conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

The Open Offer is not subject to the Shareholders' approval.

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The gross proceeds from the Open Offer will be not less than approximately HK\$21.71 million and not more than approximately HK\$36.71 million. The estimated net proceeds of not less than approximately HK\$19.49 million and not more than approximately HK\$34.34 million from the Open Offer are intended to be used for financing possible diversified investments of the Group and general working capital of the Group but the allocation of the net proceeds has not yet been determined. As at the date of this announcement, no such investment has been identified by the Group.

The Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company to participate in the future development of the Company should they wish to do so. **However, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

The Directors consider that the Open Offer is fair and reasonable and in the interests of the Company and the Shareholders as a whole having taken into account the terms of the Open Offer.

EXPECTED TIMETABLE OF THE OPEN OFFER

2009

Last day of dealing in Shares on a cum-entitlement basis	Thursday, 26 February
First day of dealing in Shares on an ex-entitlement basis	Friday, 27 February
Latest time for lodging transfer of Shares in order to be qualified for the Open Offer	4:00 p.m. on Monday, 2 March
Register of members of the Company closes (both dates inclusive)	Tuesday, 3 March to Friday, 6 March
Record Date	Friday, 6 March
Register of members of the Company reopens	Monday, 9 March
Despatch of Prospectus Documents	Monday, 9 March
Latest time for acceptance of and payment for Offer Shares	4:00 p.m. on Monday, 23 March
Latest time for the Open Offer to become unconditional	4:00 p.m. on Thursday, 26 March
Announcement of the results of the Open Offer	Thursday, 26 March
Despatch of refund cheques in respect of wholly or partly unsuccessful excess applications	Monday, 30 March
Share certificates for Offer Shares to be posted	Monday, 30 March
Dealing in Offer Shares commences	Wednesday, 1 April

All times stated in this announcement refer to Hong Kong times. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Open Offer will be announced as appropriate.

Adjustments to Options and Convertible Bonds

As at the date of this announcement, there are 36,544,130 outstanding Options granted under the share option schemes adopted by the Company entitling the holders thereof to subscribe for a total of 36,544,130 Shares and the Convertible Bonds entitling the holder thereof to convert into 90,000,000 Shares. Save for the Options and the Convertible Bonds, the Company has no other outstanding options, warrants or other securities convertible into Shares.

Adjustments to the conversion prices of the Convertible Bonds and the exercise prices and numbers of the Options may be required under the relevant terms of the instrument constituting the Convertible Bonds and the share option schemes of the Company. An approved investment bank or the auditors of the Company will be appointed to certify the necessary adjustments, if any, to the conversion prices of the Convertible Bonds and the exercise prices and numbers of the Options. Further announcement will be made by the Company in this regard.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing and enlarged shareholding structure of the Company immediately before and after the completion of (i) the second tranche of the Placing; and (ii) the Open Offer are set out below (assuming that the second tranche of the Placing is completed on or before the Record Date):

	As at the date of this announcement		Immediately after completion of the second tranche of the Placing but before the Open Offer		Immediately after completion of the second tranche of the Placing and the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)		Immediately after completion of the second tranche of the Placing and the Open Offer (assuming no Qualifying Shareholders (other than CSL) take up his/her/its entitlements under the Open Offer)	
	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>	<i>No. of Shares</i>	<i>Approx. percentage</i>
CSL (Note 1)	58,360,612	13.44%	58,360,612	7.95%	87,540,918	7.95%	329,282,868	29.90%
<i>Public Shareholders:</i>								
Placees	—	—	300,000,000	40.86%	450,000,000	40.86%	300,000,000	27.24%
Underwriter (Note 2)	—	—	—	—	—	—	96,171,242	8.73%
Others	375,826,385	86.56%	375,826,385	51.19%	563,739,577	51.19%	375,826,385	34.13%
Sub-total	375,826,385	86.56%	675,826,385	92.05%	1,013,739,577	92.05%	771,997,627	70.10%
Total	434,186,997	100.00%	734,186,997	100.00%	1,101,280,495	100.00%	1,101,280,495	100.00%

For illustration purpose only, the existing and enlarged shareholding structure of the Company immediately before and after the completion of (i) the second tranche of the Placing; and (ii) the Open Offer are set out below (assuming that the second tranche of the Placing is completed after Record Date):

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer) but before completion of the second tranche of the Placing		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders take up his/her/its entitlements under the Open Offer) but before completion of the second tranche of the Placing		Immediately after completion of the second tranche of the Placing after completion of the Open Offer (assuming all Qualifying Shareholders take up his/her/its entitlements under the Open Offer)		Immediately after completion of the second tranche of the Placing after completion of the Open Offer (assuming no Qualifying Shareholders (other than CSL) take up his/her/its entitlements under the Open Offer)	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
CSL (Note 1)	58,360,612	13.44%	87,540,918	13.44%	194,732,868	29.90%	87,540,918	9.20%	194,732,868	20.47%
<i>Public Shareholders:</i>										
Placees	—	—	—	—	—	—	300,000,000	31.54%	300,000,000	31.54%
Underwriter (Note 2)	—	—	—	—	80,721,242	12.39%	—	—	80,721,242	8.48%
Others	375,826,385	86.56%	563,739,577	86.56%	375,826,385	57.71%	563,739,577	59.26%	375,826,385	39.51%
Sub-total	375,826,385	86.56%	563,739,577	86.56%	456,547,627	70.10%	863,739,577	90.80%	756,547,627	79.53%
Total	434,186,997	100.00%	651,280,495	100.00%	651,280,495	100.00%	951,280,495	100.00%	951,280,495	100.00%

Notes:

- (1) CSL shall subscribe for 29,180,306 Offer Shares to which it is entitled under the Open Offer and to subscribe for not less than 107,191,950 Offer Shares and not more than 241,741,950 Offer Shares under Excess Application Forms, which, when the Offer Shares are fully allotted and issued under the Open Offer together with all Shares held by CSL and its associates after the Open Offer, shall represent an aggregate of approximately 29.90% of the issued share capital of the Company as enlarged by the Open Offer.
- (2) It is one of the conditions of the Underwriting Agreement that the Underwriter would enter into of binding agreements with certain placees and/or sub-underwriters, which shall be Independent Third Parties, for placing and/or sub-underwriting the Offer Shares, such that none of (i) the Underwriter together with its parties acting in concert nor (ii) any of the placees and/or sub-underwriters and their respective parties acting in concert shall in aggregate be interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Descriptions	Amount raised	Intended usage
29 December 2008	Top-up placing of 39,000,000 existing Shares at HK\$0.102 per placing Share	Approximately HK\$3.98 million	Reducing the Group bank's borrowing
6 November 2008 and 3 February 2009	Placing of 200,000,000 new Shares at HK\$0.102 per new Share	Approximately HK\$19.87 million	Reducing the Group bank's borrowing

GENERAL

The Group is principally engaged in sales of financial assets, property investment and provision of management services to the concierge departments of gaming promoters.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 17 February 2009 at the request of the Company pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 18 February 2009.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meanings when used herein.

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business
“Circular”	the Company's circular dated 21 November 2008 in relation to the Placing and the Proposed Increase in Authorised Share Capital
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong

“Company”	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning given to that term in the Listing Rules
“Convertible Bonds”	the outstanding unsecured convertible notes in an aggregate principal amount of HK\$144,000,000 issued by the Company on 29 August 2008 conferring rights to convert the same into a total of 90,000,000 Shares at the conversion price of HK\$1.60 per Share (subject to adjustments)
“CSL”	Classical Statue Limited, a company incorporated in British Virgin Islands with limited liability, is wholly owned by Glenstone Investments Limited which in turn is owned as to 60% by Porterstone and as to 40% by Mr. Heung
“CSL Undertaking”	the irrevocable undertaking given by CSL in favour of the Company and the Underwriter, further details of which are set out in the paragraph headed “Undertaking given by CSL” in this announcement
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person who is independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	16 February 2009, being the last trading day for the Shares before the date of this announcement
“Latest Lodging Date”	4:00 p.m. on Monday, 2 March 2009 as the latest time for lodging transfer of Shares in order to qualify for the Open Offer
“Latest Time for Acceptance”	4:00 p.m. on Monday, 23 March 2009 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Heung”	Mr. Heung Wah Keung, an executive Director
“Ms. Chen”	Ms. Chen Ming Yin, Tiffany, an executive Director
“Offer Share(s)”	not less than 217,093,498 new Shares and not more than 367,093,498 new Shares proposed to be offered to the Qualifying Shareholders for subscription on the basis of one Offer Share for every two existing Shares held on the Record Date and payable in full on application pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of open offer to the Qualifying Shareholders on the terms to be set out in the Prospectus Documents and summarised herein
“Options”	the share options granted under the share option scheme adopted by the Company
“Overseas Letter”	a letter from the Company to the Prohibited Shareholders explaining the circumstances in which the Prohibited Shareholders are not permitted to participate in the Open Offer
“Overseas Shareholders”	the Shareholders with registered addresses on the register of members of the Company which are outside Hong Kong on the Record Date
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing for a maximum of 500,000,000 Placing Shares by a maximum of 5 tranches pursuant to the terms of the Placing Agreement, of which the first tranche of 200,000,000 Placing Shares has been completed as at the date of this announcement
“Placing Agreement”	the placing agreement dated 4 November 2008 entered into between the Company and the Placing Agent details of which is set out in the Circular
“Placing Price”	the issue price for each Placing Share which shall be determined by the Company in accordance to the terms as disclosed under the sub-section headed “Placing Price” in the Circular
“Placing Share(s)”	an aggregate of 500,000,000 new Shares to be placed pursuant to the Placing Agreement

“Porterstone”	Porterstone Limited, a company incorporated in the British Virgin Islands with limited liability which is beneficially owned by Ms. Chen
“Prohibited Shareholder(s)”	those Overseas Shareholder(s) to whom the Board, after making enquires, considers it necessary or expedient on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place not to offer the Offer Shares to them
“Proposed Increase in Authorised Share Capital”	the proposed increase the authorised share capital of the Company from HK\$6,000,000, divided into 600,000,000 Shares to HK\$20,000,000, divided into 2,000,000,000 Shares by the creation of 1,400,000,000 new Shares
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the application form in respect of the assured allotment of Offer Shares and the form of application for excess Offer Shares
“Prospectus Posting Date”	Monday, 9 March 2009 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholders”	the Shareholders, other than the Prohibited Shareholders, whose names appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Friday, 6 March 2009, being the date by reference to which entitlements to the Open Offer will be determined
“Registrar”	Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, the Hong Kong branch share register and transfer office of the Company
“Second Tranche Placing Price”	the Placing Price of HK\$0.091 per Second Tranche Placing Share
“Second Tranche Placing Shares”	the 300,000,000 Placing Shares under the second tranche of the Placing
“SGM”	the special general meeting of the Company held on 19 December 2008 to approve the Placing Agreement and the Proposed Increase in Authorised Share Capital

“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriter” or “Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 16 February 2009 entered into between the Company and the Underwriter in relation to the Open Offer
“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, 17 February 2009

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.