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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 28 August 2009, the Vendor, the Placing Agent and the Company entered into the Top-up Placing and Subscription Agreement pursuant to which the Vendor has agreed to place, through the Placing Agent, 22,000,000 Placing Shares, on a fully underwritten basis, to not less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) at a price of HK\$0.42 per Placing Share. Pursuant to the Top-up Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for 22,000,000 Top-up Subscription Shares at a price of HK\$0.42 per Top-up Subscription Share.

The Placing Price (or the Top-up Subscription Price) of HK\$0.42 represents (i) a discount of 16.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The 22,000,000 Placing Shares (or the Top-up Subscription Shares) represent (i) approximately 19.98% of the issued share capital of the Company of 110,128,049 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 132,128,049 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\$9.24 million. The net proceeds of approximately HK\$9.03 million from the Top-up Subscription is intended to be used for general working capital of the Group. The net proceeds raised per Top-up Subscription Share upon the completion of the Top-up Subscription is approximately HK\$0.41.

## **TOP-UP PLACING AND SUBSCRIPTION AGREEMENT**

### **Date**

28 August 2009 (after trading hours)

### **Parties involved**

The Vendor, the Placing Agent and the Company

As at the date of this announcement, the Vendor holds 32,928,286 Shares, representing approximately 29.90% of the issued share capital of the Company which comprises of 110,128,049 Shares.

## **THE PLACING**

### **Placing Agent**

As at the date of this announcement, the Placing Agent holds 8,159,510 Shares, representing approximately 7.41% of the issued share capital of the Company. Save for the holding of 8,159,510 Shares, the Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are not connected with 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 less than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) upon completion of the Placing.

## **Placing Price**

The Placing Price (or the Top-up Subscription Price) of HK\$0.42 represents (i) a discount of 16.00% to the closing price of HK\$0.50 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 19.85% to the average closing price of HK\$0.524 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are fair and reasonable based on the current trading price of the Share and in the interests of the Company and its Shareholders as a whole.

## **Placing Shares**

The 22,000,000 Placing Shares (or the Top-up Subscription Shares) represent (i) approximately 19.98% of the issued share capital of the Company of 110,128,049 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company of 132,128,049 Shares as enlarged by the Top-up Subscription Shares.

## **Ranking of Placing Shares**

The Placing Shares rank pari passu among themselves and with the 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 10:00 a.m. on 3 September 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 and Subscription 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 to the Placee(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 or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to the Placee(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 3 September 2009.

## **THE TOP-UP SUBSCRIPTION**

### **Subscriber**

The Vendor

### **Issuer**

The Company

### **Top-up Subscription Price**

The Top-up Subscription Price is HK\$0.42 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.

### **Top-up Subscription Shares**

The number of Top-up Subscription Shares is equivalent to the number of Placing Shares, being 22,000,000 Shares.

The Top-up Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the AGM. Pursuant to the general mandate granted to the Directors at the AGM, the total number of new Shares that the Company is authorised to allot and issue is 22,025,609 (up to 20% of the issued share capital of the Company as at the date of the AGM, being 110,128,049 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 22,025,609 Shares. The Top-up Subscription is not subject to Shareholders' approval.

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.

### **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 and Subscription Agreement, that is on or before 11 September 2009.

In the event that the conditions to the Top-up Subscription are not fulfilled on or before 11 September 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**

The Board considers the timing of the fund raising by the Top-up Placing is appropriate as the recent stock market has shown strong sentiment and there is an interest indicating by the investors in view of the business prospect of the Company. The Board also considers that the Top-up Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Board considers that entering into the Top-up Placing and Subscription Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-up Subscription will be approximately HK\$9.24 million. The net proceeds of approximately HK\$9.03 million from the Top-up Subscription is intended to be used for general working capital of the Group. The net proceeds raised per Top-up Subscription Share upon completion of the Top-up Subscription is approximately HK\$0.41.

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

<b>Date of announcement</b>	<b>Descriptions</b>	<b>Amount raised</b>	<b>Intended usage</b>	<b>Actual usage</b>
6 November 2008 and 3 February 2009	First tranche placing of 20,000,000 new Shares (as adjusted by the capital reorganisation of the Company effective on 23 April 2009 (the “Capital Reorganisation”))	Approximately HK\$19.87 million	Reducing the Group’s bank borrowings	See note below.
6 November 2008 and 17 February 2009	Second tranche placing of 30,000,000 new Shares (as adjusted by the Capital Reorganisation)	Approximately HK\$26.85 million	Reducing the Group’s bank borrowings	See note below.
29 December 2008	Top-up placing of 3,900,000 new Shares (as adjusted by the Capital Reorganisation)	Approximately HK\$3.82 million	Reducing the Group’s bank borrowings	See note below.
17 February 2009	Offer of 36,709,349 new Shares (as adjusted by the Capital Reorganisation) by way of the open offer	Approximately HK\$34.34 million	Financing possible diversified investments of the Group and general working capital of the Group	The proceeds have been used as general working capital of the Group.

*Note:* The proceeds have been used as general working capital of the Group as the Group disposed its entire interests in the issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited (which includes the outstanding bank borrowings) in April 2009 pursuant to a conditional sale and purchase agreement dated 26 November 2008. Please refer to the Company’s circular dated 23 January 2009 for details.

## 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:

	<b>As at the date of this announcement</b>		<b>Immediately after the Placing but before the Top-up Subscription</b>		<b>Immediately after the Placing and the Top-up Subscription</b>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Vendor	32,928,286	29.90	10,928,286	9.92	32,928,286	24.92
Public Shareholders:						
Placees	—	—	22,000,000	19.98	22,000,000	16.65
Other	<u>77,199,763</u>	<u>70.10</u>	<u>77,199,763</u>	<u>70.10</u>	<u>77,199,763</u>	<u>58.43</u>
Total	<u>110,128,049</u>	<u>100.00</u>	<u>110,128,049</u>	<u>100.00</u>	<u>132,128,049</u>	<u>100.00</u>

## GENERAL

The Company is an investment holding company and its subsidiaries are principally engaged in distribution of films, sub-licensing of film rights, sales of financial assets and provision of management services to concierge departments of gaming promoters.

## DEFINITIONS

“AGM”	the annual general meeting of the Company held on 30 June 2009
“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 main board of the Stock Exchange
“Director(s)”	the director(s) of the board of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other 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 and Subscription Agreement
“Placing”	the placing of 22,000,000 Placing Shares by the Placing Agent pursuant to the terms of the Top-up Placing and Subscription Agreement
“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)
“Placing Price”	HK\$0.42 per Placing Share
“Placing Share(s)”	22,000,000 existing Shares beneficially owned by the Vendor and to be placed by the Placing Agent pursuant to the Top-up Placing and Subscription Agreement
“Shareholder(s)”	the holder(s) of the Share(s)
“Share(s)”	the 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 and Subscription Agreement”	the placing and subscription agreement entered into between the Vendor, the Placing Agent and the Company dated 28 August 2009 in relation to the Placing and the Top-up Subscription
“Top-up Subscription”	the subscription of 22,000,000 new Shares by the Vendor pursuant to the terms of Top-up Placing and Subscription Agreement
“Top-up Subscription Price”	HK\$0.42 per Top-up Subscription Share
“Top-up Subscription Share(s)”	22,000,000 new Shares to be subscribed for by the Vendor pursuant to the Top-up Placing and Subscription 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 beneficially 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, 28 August 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.*