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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(stock code: 764)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KINGSTON SECURITIES LIMITED

THE PLACING

On 12 July 2010 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, whereby the Company has conditionally agreed to place, through the Placing Agent, on a best effort basis, a maximum of 45,920,000 Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons at a price of HK\$0.55 per Placing Share.

The 45,920,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 229,608,049 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 275,528,049 Shares as enlarged by the allotment and issue of the Placing Shares.

The Placing Price of HK\$0.55 represents (i) a discount of approximately 16.67% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the date of this announcement; and (ii) a discount of approximately 17.91% the average closing price of HK\$0.67 per Share in the last five consecutive trading days immediately prior to the date of this announcement.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$25.26 million and HK\$24.90 million respectively, which are intended to be used for general working capital of the Group.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions of the Placing” and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing 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.

THE PLACING

Date of the Placing Agreement

12 July 2010 (after trading hours)

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place a maximum of 45,920,000 Placing Shares on a best effort basis and will receive a placing commission of 1.0% on the gross proceeds of the actual number of the Placing Shares being placed. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the fact that the Placing Agent is holding one Share as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Placees

The Placing Agent has agreed to place the Placing Shares on a best effort basis to not fewer than six Placees who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons. It is expected that none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Number of the Placing Shares

The 45,920,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 229,608,049 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 275,528,049 Shares as enlarged by the allotment and issue of the Placing Shares.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.55 represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.66 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a discount of approximately 17.91% to the average closing price of HK\$0.67 per Share in the last five consecutive trading days immediately 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 on normal commercial terms and are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$25.26 million and HK\$24.90 million respectively. The maximum net proceeds raised per Placing Share is approximately HK\$0.54 upon completion of the Placing. The aggregate nominal value of the Placing Shares is HK\$459,200.

General Mandate

The Placing Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the annual general meeting held on 29 June 2010 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the annual general meeting. Under the General Mandate, the Company is authorised to issue 45,921,609 Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate and the Company is allowed to issue up to 45,921,609 new Shares.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) 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.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Termination and force majeure

The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date of completion of the Placing, there occurs:

- (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 as a whole; 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 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 to potential investors or otherwise makes it inexpedient or inadvisable for 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 on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investors) 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.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

The conditions set out in the Placing Agreement are expected to be fulfilled on or before 11 August 2010 or such later date as may be agreed by the Company and the Placing Agent and the completion of the Placing will take place within four Business Days after the Placing Agreement becomes unconditional.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the distribution of films, sub-licensing of film rights, sale of financial assets and provision of management services of concierge departments of gaming promoters.

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$25.26 million and HK\$24.90 million respectively, which are intended to be used for general working capital of the Group. The Directors consider that the Placing represents an opportunity to raise capital for the Company while broadening the Shareholders' base and capital base of the Company.

The Directors (including the independent non-executive Directors) consider that the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund raising activities conducted by the Company in the past twelve months prior to the date of the announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
20 November 2009	Subscription of 56,000,000 new Shares	HK\$27.7 million	For possible diversified investments of the Group	The proceeds have not yet been utilised.
28 August 2009	Top-up placing of 22,000,000 new Shares	HK\$9.03 million	For general working capital of the Group	The proceeds have been used as intended.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon completion of the Placing (assuming the 45,920,000 Placing Shares are placed in full):

	As at the date of this announcement		Upon completion of the Placing (assuming the 45,920,000 Placing Shares are placed in full)	
	Number of Shares	Approximately %	Number of Shares	Approximately %
Thought Diamond International Limited (<i>Note 1</i>)	56,000,000	24.39	56,000,000	20.32
Mr. Man Kong Yui	26,420,000	11.51	26,420,000	9.59
Mr. Gu San Guan	26,480,000	11.53	26,480,000	9.61
Public:				
The Placees (<i>Note 2</i>)	—	—	45,920,000	16.67
Existing public Shareholders	120,708,049	52.57	120,708,049	43.81
Total	<u>229,608,049</u>	<u>100.00</u>	<u>275,528,049</u>	<u>100.00</u>

Notes:

1. Thought Diamond International Limited is wholly and beneficially owned by Mr. Cheung Kwok Fan.
2. Some Placees may be the existing Shareholders (holding less than 5% of the existing issued share capital of the Company as at the date of this announcement). The existing holdings of such Placees, if any, are included under “Existing public Shareholders”. Pursuant to the Placing Agreement, none of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

WARNING OF THE RISK OF DEALINGS IN THE SHARES

Shareholders and potential investors should note that the Placing is subject to the satisfaction of the conditions precedent as set out in the section headed “Conditions of the Placing” and the Placing Agent not having terminated the Placing Agreement in accordance with the terms thereunder. Accordingly, the Placing 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.

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.

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company at the annual general meeting held on 29 June 2010
“Group”	the Company and its subsidiaries
“Hong Kong”	the 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 investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 45,920,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activity for the purposes of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the conditional placing agreement dated 12 July 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.55 per Placing Share
“Placing Shares”	a maximum of 45,920,000 new Shares to be placed pursuant to the terms of the Placing Agreement
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Star Investment Holdings Limited
Lei Hong Wai
Chairman

Hong Kong, 12 July 2010

As at the date of this announcement, the Board comprises two executive Directors namely, Mr. Lei Hong Wai, and Mr. Chan Kin Wah, Billy; and three independent non-executive Directors namely Mr. Tang Chak Lam, Gilbert, Mr. Hung Hing Man and Mr. Wan Shing Chi.