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KH INVESTMENT HOLDINGS LIMITED

嘉匯投資控股有限公司*

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 8172)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Mansion House Securities (F.E.) Limited

On 16 December 2010 (after trading hours of the Stock Exchange), 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, up to 84,000,000 Placing Shares 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 under the GEM Listing Rules) at a price of HK\$0.255 per Placing Share.

The Placing Price of HK\$0.255 represents (i) a discount of approximately 17.74% to the closing price of HK\$0.31 per Share as quoted on the GEM on the date of this announcement; and (ii) a discount of approximately 18.53% the average closing price of HK\$0.313 per Share in the last five consecutive trading days immediately prior to the date of this announcement.

The 84,000,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 420,049,726 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 504,049,726 Shares as enlarged by the allotment and issue of the Placing Shares.

* *For identification purposes only*

The maximum gross proceeds and the maximum net proceeds from the Placing will be approximately HK\$21.4 million and HK\$20.2 million respectively, which are intended to be used for satisfying part of the Company's capital contribution to the joint venture company as announced by the Company on 8 December 2010.

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

16 December 2010

Issuer

The Company

Placing Agent

The Placing Agent has conditionally agreed to place up to 84,000,000 Placing Shares on a best effort basis and agreed to receive a placing commission of 5% on the gross proceeds of the actual number of the Placing Shares being placed. In view of the recent thin trading volume of the Shares, 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, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

Placees

The Placing Agent has conditionally agreed to place the Placing Shares on a best effort 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 under the GEM Listing Rules). It is expected that none of the Placees will become a substantial Shareholder (as defined under the GEM Listing Rules) immediately after completion of the Placing.

Number of the Placing Shares

The 84,000,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 420,049,726 Shares as at the date of this announcement; and (ii) approximately 16.67% of the Company's issued share capital of 504,049,726 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\$0.255 represents:

- (i) a discount of approximately 17.74% to the closing price of HK\$0.31 per Share as quoted on the GEM on the date of this announcement; and
- (ii) a discount of approximately 18.53% to the average closing price of HK\$0.313 per Share in the last five consecutive trading days immediately prior to the date of this announcement.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price and the recent thin trading volume of the Shares. 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 are approximately HK\$21.4 million and HK\$20.2 million respectively. The maximum net proceeds raised per Placing Share is approximately HK\$0.24. The aggregate nominal value of the 84,000,000 Placing Shares is HK\$840,000.

General mandate

The Placing Shares will be issued under the general mandate granted to the Directors by resolution of the Shareholders passed at the special general meeting held on 6 December 2010 subject to the limit up to 20% of the then issued share capital of the Company as at the date of the special general meeting.

Under the general mandate, the Company is authorised to issue 84,009,945 new 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 84,009,945 new Shares. Accordingly, no Shareholder's approval is required for the Placing.

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.

Completion of the Placing, in any event, will take place within four Business Days after the fulfillment of the conditions as set out above or such later date to be agreed between the Company and the Placing Agent.

If the above conditions are not satisfied and/or waived in whole or in part by the Placing Agent prior to 9:30 a.m. on or before 31 January 2011 or such later date to be agreed between the Company and the Placing Agent, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties to the Placing Agreement will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches of the Placing Agreement).

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 9:30 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 investor(s) 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 or 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.

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in film production and distribution, the provision of artists management services, the provision of infrared thermal imaging and thermography solutions and consultancy services.

As disclosed in the Company's announcement dated 8 December 2010, the Company entered into the JV Agreement pursuant to which the Company has agreed to set up a joint venture company with China Star (BVI) engaging in film production and distribution business. The Directors intend to use the net proceed from the Placing for satisfying part of the Company's capital contribution to the joint venture company. The Directors consider that the Placing represents an opportunity to raise capital to satisfy part of the Company's capital contribution commitment to the joint venture company while broadening the Shareholders' base and capital base of the Company. As such, 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 ACTIVITY IN THE PAST TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Set out below is the fund raising activity conducted by the Company in the past twelve months immediately preceding the date of this announcement.

Date of announcement	Description	Net proceeds	Proposed use of proceeds	Actual use of proceeds
7 December 2009	the placing of up to 200,000,000 new Shares, in one or more tranches, on a fully underwritten basis, at HK\$0.30 per Share	Approximately HK\$59 million	Future investments and general working capital of the Group	The proceeds has been used for the repayment of the outstanding borrowings of the Company as disclosed in the Company's announcement dated 13 April 2010.

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 84,000,000 Placing Shares are placed in full):

	As at the date of this announcement		Upon completion of the Placing	
	<i>Shares</i>	<i>Approximately %</i>	<i>Shares</i>	<i>Approximately %</i>
Galaxy Asset Management (H.K.) Limited	56,730,000	13.51	56,730,000	11.25
UBS AG	56,730,000	13.51	56,730,000	11.25
Mr. Lai Hok Lim (<i>Note 1</i>)	3,348,000	0.80	3,348,000	0.66
Public:				
Existing public Shareholders	303,241,726	72.18	303,241,726	60.17
Placees (<i>Note 2</i>)	—	—	84,000,000	16.67
Total	420,049,726	100.00	504,049,726	100.00

Notes:

1. Mr. Lai Hok Lim is the executive Director.
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 GEM 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 the 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
“China Star (BVI)”	China Star Entertainment (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of China Star Entertainment Limited (Stock code: 326)
“Company”	KH Investment Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares are listed on the GEM
“Directors”	the directors of the Company

“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Agreement”	the joint venture agreement dated 8 December 2010 entered into between China Star (BVI), the Company and China Star Film Group Limited
“Placee(s)”	any independent 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 up to 84,000,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Mansion House Securities (F.E.) Limited, a SFC regulated firm licensed with Types 1 — Dealing in Securities, 4 — Advising in Securities, and 6 — Corporate Finance regulated activities
“Placing Agreement”	the conditional placing agreement dated 16 December 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.255 per Placing Share
“Placing Shares”	up to 84,000,000 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
KH Investment Holdings Limited
Lai Hok Lim
Chairman

Hong Kong, 16 December 2010

As at the date of this announcement, the executive Director is Mr. Lai Hok Lim; and the independent non-executive Directors are Mr. Yip Tai Him, Mr. Law Yiu Sang, Jacky and Ms. Chio Chong Meng.

This announcement, for which the Directors collectively and individually accept full responsibilities, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will be published on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of its publication and on the Company’s website at www.golife.com.hk.