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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

DISCLOSEABLE TRANSACTIONS AND RESUMPTION OF TRADING

THE SALE AND PURCHASE AGREEMENT

On 31 March 2010 (after trading hours), the Purchaser entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares for the Consideration of HK\$18.0 million, which shall be settled by the Purchaser procuring the Company to allot and issue 26,420,000 Consideration Shares credited as fully paid to the Vendor upon Completion.

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to grant the Call Option to the Vendor to acquire the Sale Shares from the Purchaser for a consideration of HK\$21.6 million within one year from the date of the Completion, provided that the Vendor is not in breach of any provisions under the Sale and Purchase Agreement.

The Acquisition and the grant of the Call Option constitute discloseable transactions on the part of the Company under the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange has been suspended from 11:55 a.m. on 31 March 2010 pending for the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the issued Shares on the Stock Exchange from 9:30 a.m. on 1 April 2010.

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The Vendor is the beneficial owner of the Sale Shares, and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its associates are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing the 4.5% of entire issued share capital of Hantec.

According to the presentation by the Vendor, the Hantec Group was founded in 1990. In 2008, a strategic restructuring had taken place. Its purpose is to optimize the business performance, enlarge overseas market and enhance customer service quality by offering tailor-made services. Besides, the Hantec Group will further develop the sustainability and variety of bullion trading service, providing intelligent online trading platform, real time price quoting service and updated international market news to customers. The Hantec Group is keen on applying competitive advantages in formulating an effective marketing strategy and future plan to meet the enormous and increasing global demand of Gold Future products.

According to the financial information of the Hantec Group provided by the Vendor, the audited profit before and after taxation of the Hantec Group for the year ended 31 December 2007 were approximately HK\$53.02 million and HK\$39.95 million respectively, and the audited profit before and after taxation of the Hantec Group for the period from 1 January 2008 to 30 June 2009 were approximately HK\$109.14 million and HK\$103.48 million respectively. The audited net assets of the Hantec Group as at 31 December 2007 and 30 June 2009 was approximately HK\$412.97 million and HK\$319.35 million respectively. According to the management accounts of the Hantec Group provided by the Vendor, the unaudited net assets of the Hantec Group as at 31 December 2009 was approximately HK\$334.37 million.

Consideration

The Consideration for the sale and purchase of the Sale Shares of HK\$18.0 million shall be satisfied by the Purchaser procuring the Company to allot and issue 26,420,000 Consideration Shares credited as fully paid to the Vendor upon Completion.

The issue price of the Consideration Shares of approximately HK\$0.681 represents (i) a discount of approximately 7.97% to the closing price of HK\$0.740 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of approximately 7.08% over the average of the closing prices of HK\$0.636 per Share for the five consecutive trading days immediately prior to the Last Trading Date; and (iii) a premium of approximately 10.73% over the average of the closing prices of HK\$0.615 per Share for the ten consecutive trading days immediately prior to the Last Trading Date.

The 26,420,000 Consideration Shares represent approximately 14.04% of the existing issued share capital of the Company and approximately 12.31% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Consideration for the Sale Shares was agreed between the Vendor and the Purchaser after arm's length negotiations with reference to the net asset value of the Hantec Group as at 31 December 2009, the historical profitability of the Hantec Group and the Dividend Guarantee. The Directors (including the independent non-executive Directors) consider that the terms, including the Consideration and the issue of the Consideration Shares, of the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Consideration Shares will be allotted and issued pursuant to the General Mandate. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the existing Shares in issue on the date of allotment and issue of such Consideration Shares.

Dividend Guarantee

Pursuant to the Sale and Purchase Agreement, the Vendor has irrevocably warranted and guaranteed to the Purchaser that the dividends payouts to the Purchaser in respect of the Sale Shares for (i) the period commencing from the date of the Completion to 30 June 2010 (the "**1st Relevant Period**") shall be no less than the amount equivalent to HK\$1.8 million per annum in proportion to the number of days during the 1st Relevant Period (calculated based on 365 days per annum); (ii) for the year ending 30 June 2011 shall be no less than HK\$1.8 million (the "**2nd Relevant Period**"); and (iii) for the year ending 30 June 2012 shall be no less than HK\$1.8 million (the "**3rd Relevant Period**").

If the dividend payouts to the Purchaser in respect of the Sale Shares for any of the 1st Relevant Period, the 2nd Relevant Period and/or the 3rd Relevant Period are less than the amount as stated in above, the Vendor shall pay to the Purchaser the shortfall on dollar-to-dollar basis in cash within three month from the dates of issuing the audited financial statements of Hantec for each of the 1st Relevant Period, the 2nd Relevant Period or the 3rd Relevant Period.

Call Option

Pursuant to the Sale and Purchase Agreement, the Purchaser has agreed to grant the Call Option to the Vendor to acquire the Sale Shares from the Purchaser for a consideration of HK\$21.6 million within one year from the date of the Completion, provided that the Vendor is not in breach of any provisions under the Sale and Purchase Agreement.

The consideration of HK\$21.6 million for the Sale Shares shall be paid in cash by the Vendor to the Purchaser upon completion of the transfer of the Sale Shares to the Vendor or its nominee.

Completion and conditions precedent

Completion is conditional upon and subject to:

- (a) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (b) if necessary, the relevant government or monetary authority granting consent to the allotment and issue of the Consideration Shares.

Completion shall take place within the third business day upon fulfilment of the above conditions (or such other dates as agreed between the parties).

If the above conditions have not been satisfied on or before 5:00 p.m. on 30 June 2010, the Sale and Purchase Agreement shall cease and determine pursuant to the terms of the Sale and Purchase Agreement and none of the parties shall have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

REASONS FOR THE ACQUISITION

The Group is 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.

The Directors consider the Acquisition represents an investment opportunity for the Group to participate in the profit making business of Hantec, taking into the established business and the historical financial performance of the Hantec Group and the Dividend Guarantee. The Directors

believe that the Acquisition enables the Group to attain possible return on investment and consider that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement, and for illustrative purpose, the effects on the shareholding structure of the Company upon completion of the Acquisition:

	As at the date of this announcement		Upon completion of the Acquisition	
	Shares	%	Shares	%
Thought Diamond International Limited (Note 1)	56,000,000	29.77	56,000,000	26.10
Classical Status Limited (Note 2)	32,928,286	17.50	32,928,286	15.35
The Vendor	—	—	26,420,000	12.31
Public Shareholder	99,199,763	52.73	99,199,763	46.24
Total	<u>188,128,049</u>	<u>100.00</u>	<u>214,548,049</u>	<u>100.00</u>

Notes:

- Thought Diamond International Limited is wholly and beneficially owned by Mr. Cheung Kwok Fan.
- Classical Status Limited is wholly and beneficially owned by Glenstone Investments Limited which in turn is owned as to 60% by Ms. Chen Ming Yin, Tiffany through Porterstone Limited and as to 40% by Mr. Heung Wah Keung.

GENERAL

The Acquisition and the grant of the Call Option constitute discloseable transactions on the part of the Company under the Listing Rules.

SUSPENSION AND RESUMPTION OF TRADING

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DEFINITIONS

In this announcement, the following words and expressions shall, unless the context otherwise requires, have the same meanings when used herein:

“Acquisition”	the proposed acquisition of the Sale Shares in accordance with the Sale and Purchase Agreement
“Board”	the board of Directors
“Call Option”	the option granted by the Purchaser to the Vendor to acquire the Sale Shares for a consideration of HK\$21.6 million within one year from the date of the Completion pursuant to the Sale and Purchase Agreement
“Company”	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability whose issued Shares are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Consideration”	the consideration of HK\$18.0 million for the Acquisition
“Consideration Shares”	26,420,000 new Shares to be allotted and issued by the Company credited as fully paid to the Vendor upon Completion for the purpose of settling the Consideration
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the SGM, among other things, to allot, issue and deal with up to 26,425,609 Shares, being 20% of the then issued share capital of the Company as at the date of the SGM
“Directors”	the directors of the Company
“Dividend Guarantee”	the guarantee of dividend payouts to the Purchaser in respect of the Sale Shares given by the Vendor pursuant to the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hantec”	Hantec Holdings Investment Limited (formerly known as Hantec Holdings Limited), a company incorporated in Hong Kong with limited liability
“Hantec Group”	Hantec and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who is/are 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”	31 March 2010, being the trading day immediately prior to the suspension of trading in Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Riche (BVI) Limited, a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 31 March 2010 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Shares
“Sale Shares”	6,750,000 shares with a par value of HK\$1 each in the capital of Hantec, representing the 4.5% of the issued share capital of Hantec
“SGM”	the special general meeting held by the Company on 17 December 2009
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	the beneficial owner of the Sale Shares and an Independent Third Party
“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, 31 March 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. Ho Wai Chi, Paul and Mr. Lien Wai Hung.