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CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE

Financial adviser to the Company



KINGSTON CORPORATE FINANCE LIMITED

Underwriter to the Rights Issue



KINGSTON SECURITIES LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$330.63 million to HK\$351.98 million, before expenses, by issuing not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at a price of HK\$0.40 per Rights Share on the basis of three (3) Rights Shares for every one (1) existing Share held on the Record Date.

The estimated net proceeds of the Rights Issue will be approximately HK\$325.33 million to HK\$346.46 million. The Company intends to apply the entire net proceeds for funding the Facility.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue could not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Pursuant to the requirements of the Listing Rules, the Rights Issue is conditional upon the approval by the Shareholders by way of a poll at the SGM, where the controlling Shareholder, or in the case where the Company has no controlling Shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Rights Issue. As at the date of this announcement, the Company has no controlling Shareholder and Mr. Lei Hong Wai and Mr. Chan Kin Wah, Billy, all are executive Directors, held 1,320,000 Shares and 1,320,000 Shares, respectively. Accordingly, all such Directors and their respective associates are required to abstain from voting in favour of the Rights Issue at the SGM.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (a) further details about the Rights Issue; (b) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (c) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (d) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus will be despatched to the Prohibited Shareholders for information only.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price:	HK\$0.40 per Rights Share
Number of Shares in issue as at the date of this announcement:	275,528,049 Shares
Number of outstanding Options:	17,792,268 Options entitling the holders thereof to subscribe for 17,792,268 Shares under the Share Option Scheme
Number of enlarged Shares in issue assuming all the Options are exercised in full from the date of this announcement to the Record Date:	293,320,317 Shares
Number of Rights Shares:	Not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares
Number of Rights Shares underwritten by the Underwriter:	Not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares. Accordingly, the Rights Issue is fully underwritten.
Number of enlarged Shares in issue upon completion of the Rights Issue:	Not less than 1,102,112,196 Shares and not more than 1,173,281,268 Shares

As at the date of this announcement, save for the 17,792,268 Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 826,584,147 Rights Shares propose to be provisionally allotted represent 300% of the Company's issued share capital as at the date of this announcement and 75% of the Company's issued share capital as enlarged by the issue of the 826,584,147 Rights Shares.

The aggregate nominal value of the Rights Shares will be not less than HK\$8,265,841.47 and not more than HK\$8,799,609.51.

Basis of provisional allotment

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Share in issue and held on the Record Date, being not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares at the Subscription Price of HK\$0.40 per Rights Share. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted for.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (a) the Prospectus Documents to the Qualifying Shareholders; and (b) the Prospectus, for information only, to the Prohibited Shareholders.

To qualify for the Rights Issue, the Shareholders must at the close of business on the Record Date (a) be registered on the register of members of the Company; and (b) not be the Prohibited Shareholders.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Registrar at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Friday, 27 August 2010.

Closure of register of members

The register of members of the Company will be closed from Monday, 30 August 2010 to Friday, 3 September 2010, both days inclusive. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things,

details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Prohibited Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Prohibited Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Prohibited Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of the Prohibited Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

Subscription Price

The Subscription Price is HK\$0.40 per Rights Share, payable in full on application for the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 29.82% to the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 35.48% to the average closing price of approximately HK\$0.62 per Share for the five consecutive trading days ended on the Last Trading Day; and
- (d) a discount of approximately 9.09% to the theoretical ex-rights price of approximately HK\$0.44 per Share based on the closing price of HK\$0.57 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares prior to the Last Trading Day. The Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of the independent financial adviser) consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share will be approximately HK\$0.394.

Fractions of the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Prohibited Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (a) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (b) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares).

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. on Friday, 27 August 2010.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 29 September 2010. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 29 September 2010 by ordinary post to the applicants at their own risk.

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 Rights Shares in both their nil-paid and fully-paid forms to be allotted and issued pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Rights Shares in nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares (as the Shares are currently traded on the Stock Exchange in board lots of 2,000 Shares).

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the passing by the Independent Shareholders of ordinary resolution(s) to approve the Underwriting Agreement, the allotment and issue of the Rights Shares and the transactions contemplated hereunder at the SGM;
- (b) 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;
- (c) 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 not later than or shortly after the Prospectus Posting Date;
- (d) 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 Rights Issue on or before the Prospectus Posting Date;
- (e) 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 Rights Shares (in both nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (f) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares by the Latest Time for Termination or such other time as the Underwriter may agree with the Company in writing;
- (g) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms; and
- (h) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement.

If the above conditions are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save for any antecedent

breach of the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

Underwriting Arrangement

Date: 28 July 2010

Underwriter: Kingston Securities Limited. As at the date of this announcement, the Underwriter is interested in one Share.

Number of Rights Shares to be underwritten: Not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares. Accordingly, the Rights Issue is fully underwritten.

Commission: 1.0% of the aggregate Subscription Price in respect of the maximum number of the Underwritten Shares

The Board considers the terms of the Underwriting Agreement including the commission rate accord with the market practice and are fair and reasonable so far as the Company and the Shareholders are concerned.

To the best of the Directors' knowledge, information and belief, save for the fact that the Underwriter is interested in one Share, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers for the Underwritten Shares not taken up by the Qualifying Shareholders (the "**Untaken Shares**"), (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (having the meaning of the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be the Independent Third Party; and (ii), save for the Underwriter itself and its associates, shall not, together with any party acting in concert (having the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on the third Business Day after the Acceptance Date, if:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) 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 Rights Issue; 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 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 Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) 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 Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) 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
- (d) 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

- (e) 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
- (f) 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 Rights Issue; or
- (g) 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 Rights Issue or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

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:

- (a) any material breach of any material representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (b) 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.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Thursday, 26 August 2010. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 8 September 2010 to Wednesday, 15 September 2010 (both days inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or potential investors contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Wednesday, 8 September 2010 to Wednesday, 15 September 2010 (both days inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or potential investors dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Wednesday, 8 September 2010 to Wednesday, 15 September 2010 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2010

Expected date of despatch of the Circular and form of proxy for the SGM	not later than Friday, 20 August
Last day of dealings in Shares on a cum-rights basis	Wednesday, 25 August
First day of dealings in Shares on an ex-rights basis	Thursday, 26 August
Latest time for lodging transfers of Shares in order to qualify for the Rights Issue	4:00 p.m. on Friday, 27 August
Register of members closes	Monday, 30 August to Friday, 3 September (both dates inclusive)
Latest time for return of form of proxy for the SGM (not less than 48 hours)	4:00 p.m. on Wednesday, 1 September
SGM	4:00 p.m. on Friday, 3 September
Record Date	Friday, 3 September
Announcement of results of the SGM	Friday, 3 September
Register of members reopens	Monday, 6 September
Prospectus Documents expected to be despatched	Monday, 6 September
First day of dealings in nil-paid Rights Shares	Wednesday, 8 September
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 10 September
Last day of dealings in nil-paid Rights Shares	Wednesday, 15 September
Latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Monday, 20 September

Rights Issue expected to become unconditional Friday, 24 September

Announcement of results of acceptance and
excess application of the Rights Shares Tuesday, 28 September

Refund cheques for wholly and partially
unsuccessful applications for excess Rights Shares
expected to be posted on or before Wednesday, 29 September

Certificates for fully-paid Rights Shares expected
to be despatched on or before Wednesday, 29 September

First day of dealings in the fully-paid Rights Shares Monday, 4 October

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue:

(a) Assuming that there is no Option is exercised on or before the Record Date:

	As at the date of this announcement		Upon completion of the Rights Issue (assuming all Shareholders take up the Rights Shares)		Upon completion of the Rights Issue (assuming no Shareholders take up the Rights Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Thought Diamond International Limited	56,000,000	20.32	224,000,000	20.32	56,000,000	5.08
Mr. Lei Hong Wai	1,320,000	0.48	5,280,000	0.48	1,320,000	0.12
Mr. Chan Kin Wah, Billy	1,320,000	0.48	5,280,000	0.48	1,320,000	0.12
Public:						
Mr. Man Kong Yui	26,420,000	9.59	105,680,000	9.59	26,420,000	2.40
Mr. Gu San Guan	27,180,000	9.87	108,720,000	9.87	27,180,000	2.47
Underwriter	1	0.00	4	0.00	826,584,148	75.00
Other public Shareholders	163,288,048	59.26	653,152,192	59.26	163,288,048	14.81
Total	275,528,049	100.00	1,102,112,196	100.00	1,102,112,196	100.00

(b) Assuming that all the Options are exercised in full on or before the Record Date:

	As at the date of this announcement		Upon completion of the Rights Issue (assuming all Shareholders take up the Rights Shares)		Upon completion of the Rights Issue (assuming no Shareholders take up the Rights Shares)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Thought Diamond International Limited	56,000,000	19.09	224,000,000	19.09	56,000,000	4.77
Mr. Lei Hong Wai	2,355,559	0.80	9,422,236	0.80	2,355,559	0.20
Mr. Chan Kin Wah, Billy	2,355,559	0.80	9,422,236	0.80	2,355,559	0.20
Public:						
Mr. Man Kong Yui	26,420,000	9.01	105,680,000	9.01	26,420,000	2.25
Mr. Gu San Guan	27,180,000	9.27	108,720,000	9.27	27,180,000	2.32
Holder of Options	15,721,150	5.36	62,884,600	5.36	15,721,150	1.34
Underwriter	1	0.00	4	0.00	879,960,952	75.00
Other public Shareholders	163,288,048	55.67	653,152,192	55.67	163,288,048	13.92
Total	293,320,317	100.00	1,173,281,268	100.00	1,173,281,268	100.00

Note: This scenario is for illustration purpose only and will never occur. Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscribers to subscribe for any of the Untaken Shares: (a) the Underwriter shall not subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (having the meaning under the Takeovers Code) with it in the Company to exceed 10% of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (i) shall be Independent Third Party; and (ii) save for the Underwriter and its associates, shall not, together with any party acting in concert (having the meaning under the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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

On 23 July 2010, the Company entered into the joint venture agreement with Campbell Shillinglaw & Partners (Vietnam) Limited for the purpose of setting up the JV Co. to proceed with business of conducting, development and investing into real estate and related projects in Vietnam, including the Target Project. To facilitate the business development of the JV Co., the Group entered into a facility agreement with the JV Co. on 23 July 2010. Pursuant to the facility agreement, the Company conditionally agreed to provide the Facility to the JV Co., subject to conditions. Details of which has been disclosed in the Company's announcement dated 23 July 2010.

The Board considers that it is prudent to finance the Facility by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board considers that the Rights Issue will enable the Group to strengthen its capital base and to enhance its financial position for strategic investments. The estimated net proceeds of the Rights Issue will be approximately HK\$325.33 million to HK\$346.46 million. The Board intends to apply all the proceeds from the Rights Issue for the fund required under the Facility. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISES 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 this announcement.

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds
12 July 2010	Placing of a maximum of 45,920,000 new Shares	HK\$24.90 million	For general working capital of the Group	The proceeds have been used as intended.
20 November 2009	Subscription of 56,000,000 new Shares	HK\$27.70 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.

Save as abovementioned, the Company had not conducted any other fund raising exercise in the past 12 months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

Pursuant to the requirements of the Listing Rules, the Rights Issue is conditional upon the approval by the Shareholders by way of a poll at the SGM, where the controlling Shareholder, or in the case where the Company has no controlling Shareholder, the directors (excluding independent non-executive directors), the chief executive of the Company and their respective associates are required to abstain from voting in favour of the Rights Issue. As at the date of this announcement, the Company has no controlling Shareholder and Mr. Lei Hong Wai and Mr. Chan Kin Wah, Billy, all are executive Directors, held 1,320,000 Shares and 1,320,000 Shares, respectively. Accordingly, all such Directors and their respective associates are required to abstain from voting in favour of the Rights Issue at the SGM.

An independent board committee of the Company comprising the independent non-executive Directors will be formed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

GENERAL

A circular containing, among other things, (a) further details about the Rights Issue; (b) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (c) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders on the Rights Issue; and (d) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date and the Prospectus will be despatched to the Prohibited Shareholders for information only.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	Monday, 20 September 2010 or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched to the Shareholders in relation to the Rights Issue together with the notice of the SGM to approve the relevant resolution
“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 and issued Shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Facility”	the revolving facility of up to HK\$700 million to be granted by the Company to the JV Co.

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates
“Independent Third Part(ies)”	the parties or persons who are third parties 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
“JV Co.”	a company to be owned as to 90.1% by Riche (BVI) Limited, a wholly-owned subsidiary of the Company, and 9.9% by Campbell Shillinglaw & Partners (Vietnam) Limited, an Independent Third Party
“Last Trading Day”	28 July 2010, being the date of the Underwriting Agreement, which is a Stock Exchange trading day
“Latest Time for Acceptance”	4:00 p.m. on Monday, 20 September 2010 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 Rights 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
“Option(s)”	the option(s) to subscribe for Shares under the Share Option Scheme

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prohibited Shareholders”	those Overseas Shareholders to whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders 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
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Prospectus Posting Date”	Monday, 6 September 2010 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Prohibited Shareholders
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Prohibited Shareholders
“Record Date”	Friday, 3 September 2010 or such other date as the Underwriter may agree in writing with the Company, as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong

“Rights Issue”	the proposed issue by way of rights on the basis of three (3) Rights Shares for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be allotted and issued under the Rights Issue, being not less than 826,584,147 Shares and not more than 879,960,951 Shares
“SGM”	the special general meeting of the Company to be convened to approve the Rights Issue
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 21 January 2002
“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
“Subscription Price”	HK\$0.40 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Project”	the acquisition of a land located at the Socialist Republic of Vietnam and the development thereof into a high-end multi-storey apartments and commercial building for sales. Details are disclosed in the Company’s announcement dated 23 July 2010
“Underwriter”	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)

“Underwriting Agreement”	the underwriting agreement dated 28 July 2010 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 826,584,147 Rights Shares and not more than 879,960,951 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 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.