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If you have sold or transferred all your shares in China Star Investment Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

**MAJOR TRANSACTION
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of China Star Investment Holdings Limited to be held at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Wednesday, 22 April 2009 at 4:45 p.m. is set out on pages 24 to 25 of this circular. Whether or not you intend to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof should you so wish.

30 March 2009

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DEFINITIONS

In this circular, the following expressions have the meanings respectively set opposite them unless the context otherwise requires:

“Advance”	each of the principal amount advanced to CSE on the occasion of each drawdown under the Loan Facility
“Announcement”	the announcement dated 12 March 2009 issued by the Company in relation to the Loan Agreement
“Availability Period”	a term commencing from (i) the date of the Loan Agreement or (ii) the date on which the Loan Agreement becoming unconditional (whichever is the later) and ending on the Maturity Date
“Bank Loan”	the outstanding bank borrowings of approximately HK\$318 million obtained by 北京莎瑪房地產開發有限公司, a wholly-owned subsidiary of the Shinhan-Golden Faith International Development Limited and World East Investments Limited, from Hang Seng Bank Limited, Fuzhou Branch
“Board”	the board of Directors
“Company”	China Star Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange
“CSE”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the issued CSE Shares of which are listed on the Stock Exchange
“CSE Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of CSE
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	the Shareholders other than the parties involved in the Loan Agreement and its associates
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Latest Practicable Date”	26 March 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the conditional loan agreement dated 11 March 2009 entered into between the Company as lender and CSE as borrower in respect of the Loan Facility
“Loan Facility”	an unsecured loan facility of up to HK\$200 million to be granted by the Company to CSE pursuant to the terms of the Loan Agreement
“Maturity Date”	a date falling the thirty-six (36) months after the date of the first drawdown of the Advance
“Placing Agreement”	the placing agreement dated 4 November 2008 (as supplemented by a supplemental agreement dated 6 November 2008) entered into by the Company and Kingston Securities Limited, pursuant to which the Company agreed to place a maximum of 500,000,000 new Shares by a maximum of five tranches (in which each tranche shall not be less than 100,000,000 new Shares) to independent investors

DEFINITIONS

“Placing Announcements”	the announcements of the Company dated 6 November 2008 and 29 December 2008 in relation to the Placing Agreement and the Top-Up Placing Agreement respectively
“Prime Rate”	the rate of interest per annum as announced or applied by The Hongkong and Shanghai Banking Corporation Limited (or such other bank as the Company may from time to time select in its absolute discretion) from time to time as its prime interest rate in Hong Kong for lending Hong Kong dollars to its prime customers
“Proposed Disposal”	the proposed disposal of the entire issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited, both of them are wholly-owned subsidiaries of the Company, and the two sale loans by Riche (BVI) Limited to Mega Shell Services Limited at a consideration of HK\$211.47 million pursuant to the conditional sale and purchase agreement dated 26 November 2008 entered into between Riche (BVI) Limited, Mega Shell Services Limited and Golife Concepts Holdings Limited
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Loan Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing Agreement”	the top-up placing and subscription agreement entered into among the Company, Kingston Securities Limited and Classical Statue Limited in relation to the placing of 39,000,000 existing Shares and the top-up subscription of 39,000,000 new Shares

DEFINITIONS

“US Treasuries”	the government debts issued by the Department of the Treasury of the United States of America through the Bureau of the Public Debt
“VSD Circular”	the circular of the Company dated 23 January 2009 in relation to the Proposed Disposal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

Executive Directors:

Mr. Heung Wah Keung

Ms. Chen Ming Yin, Tiffany

Independent non-executive Directors:

Mr. Tang Chak Lam, Gilbert

Mr. Ho Wai Chi, Paul

Mr. Lien Wai Hung

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Head office and principal place of
business in Hong Kong:*

Unit 3408, Shun Tak Centre

West Tower

168-200 Connaught Road Central

Hong Kong

30 March 2009

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 11 March 2009 (after trading hours), the Company entered into the Loan Agreement with CSE, pursuant to which the Company has conditionally agreed to make available the Loan Facility of up to HK\$200 million to CSE.

Given the relevant percentage ratios under Rule 14.07 of the Listing Rules for the grant of Loan Facility are more than 25%, the grant of Loan Facility constitutes a major transaction of the Company under the Listing Rules.

LETTER FROM THE BOARD

The purpose of this circular is (i) to provide further information in respect of the Loan Agreement and (ii) to give you a notice of the SGM at which resolution will be proposed to consider and, if thought fit, approve, inter alia, the Loan Agreement.

THE LOAN AGREEMENT

Date

11 March 2009 (after trading hours)

Parties

Lender: the Company

Borrower: CSE, a company incorporated in Bermuda with the issued CSE Shares listed on the main board of the Stock Exchange

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, save as (i) Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are the common directors of the Company and CSE and Mr. Ho Wai Chi, Paul is the common independent non-executive director of the Company and CSE; (ii) Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are the common shareholders of the Company and CSE who are beneficially interested in 58,360,612 Shares, representing approximately 7.95% of the entire issued share capital of the Company, and 1,143,722,019 CSE Shares, representing approximately 23.88% of the entire issued share capital of CSE; and (iii) Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are also interested in 1,054,678 and 1,054,678 share options of CSE respectively, each of CSE and its associates is Independent Third Party.

Amount

Subject to the terms and conditions of the Loan Agreement, the Company has agreed to grant the Loan Facility to CSE. The Loan Facility is of up to HK\$200 million and will be financed by the internal resources of the Group.

CSE may request Advances be made by the Company by giving a notice of drawing at any time during the Availability Period. The drawdown of each Advance is also subject to conditions, among others, that the Company has sufficient fund available to make the Advance.

LETTER FROM THE BOARD

Interest

The Advance carries an interest to be accrued at the Prime Rate on the actual number of days elapsed and on the basis of a 365-day year. A default interest rate of 3% per annum above the Prime Rate is payable on any overdue amount whether principal or interest. The Directors consider that the interest rate of the Advance is fair and reasonable on the following grounds:

- (1) given the coupon rate for three (3)-year US Treasuries is currently at 1.375% and the Prime Rate is currently at 5.00%, there is a risk premium of 3.625% for the Loan Facility;
- (2) the sufficient net consolidated tangible assets of CSE as explained in the section headed “Reason for and benefits of the entering into of the Loan Agreement” below; and
- (3) the strong cash inflow of CSE as explained in the section headed “Reason for and benefits of the entering into of the Loan Agreement” below.

Interest on the Advance shall be payable on the last day of each interest period, which is of six (6) months commencing from the date of drawdown of each Advance.

Availability Period

The Loan Facility is available for a term commencing from (i) the date of the Loan Agreement or (ii) the date on which the Loan Agreement becoming unconditional (whichever is the later) and ending on the Maturity Date.

Conditions Precedent

The drawdown of the Loan Facility is subject to the following conditions:

- (1) if required, the Shareholders (or where appropriate, the Independent Shareholders) passing at a special general meeting of the Company the resolutions approving the Loan Agreement and the transactions contemplated thereunder;
- (2) if required, the shareholders of CSE (or where appropriate, the shareholders of CSE other than the parties involved in the Loan Agreement or their respective associates) passing at a special general meeting of CSE the resolutions approving the Loan Agreement and the transactions contemplated thereunder;

LETTER FROM THE BOARD

- (3) all necessary approval, consents, authorisations and licences in relation to the transactions contemplated under the Loan Agreement having been obtained;
- (4) all representations and warranties made by CSE in the Loan Agreement or in connection herewith shall be true and correct with the same effect as though made on and as of the date of drawdown with reference to the facts and circumstances then subsisting;
- (5) no event of default shall have occurred or potential event of default shall have occurred (or would be likely to occur as a result of the Loan Facility being made); and
- (6) the Company shall have received and found satisfactory such additional information and documents relating to CSE of the Loan Agreement as the Company may reasonably require.

Repayment

CSE shall repay each Advance in full prior to the Maturity Date. However, notwithstanding the aforementioned, the Company shall have the overriding right at any time by written notice to CSE to demand (apart from the other representations, warranties, covenants and undertakings given by CSE under the Loan Agreement) immediate repayment of the whole or part of each Advance drawn and all interest accrued thereon under the Loan Agreement whereupon the same shall be repaid by CSE within twenty (20) business days from the date of such notice.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE LOAN AGREEMENT

The Company is an investment holding company and its subsidiaries are principally engaged in sales of financial assets, property investment and provision of management services to concierge departments of gaming promoters.

CSE is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, the provision of post-production services, investing in operations which receive the profit streams from the gaming promotion business and property and hotel investment.

Reference is made to the Placing Announcements and the VSD Circular. As disclosed in the Placing Announcements, the net proceeds from the placing of new Shares under the Placing Agreement and the Top-Up Placing Agreement were intended to be used for reducing the Bank Loan.

LETTER FROM THE BOARD

The Bank Loan was obtained by 北京莎瑪房地產開發有限公司, a wholly-owned subsidiary of Shinhan-Golden Faith International Development Limited and World East Investments Limited. As disclosed in the VSD Circular, on 26 November 2008, the Group entered into the conditional sale and purchase agreement for the Proposed Disposal. Since the Shareholders have approved the Proposed Disposal at the special general meeting of the Company held on 12 February 2009 and any repayment of the Bank Loan will cause an adjustment to the consideration, the Group has not made any repayment regarding the Bank Loan as at the Latest Practicable Date.

As such, the net proceeds generated from the placing of new Shares under the Placing Agreement and the Top-Up Placing Agreement become the Group's surplus cash and the Directors are of the view that the Loan Agreement provides an opportunity to yield a high rate of return on the Group's surplus cash than bank deposits. Though no security shall be provided by CSE under the Loan Agreement, the credit risk in granting the Loan Facility to CSE is considered acceptable as CSE is a company with the issued CSE Shares listed on the Stock Exchange with considerable amount of assets and of high reputation in Hong Kong. The adjusted net consolidated tangible assets of CSE as at 30 June 2008 amounted to HK\$387.41 million (adjusted for the net proceeds of HK\$39.60 million received from the open offer of CSE completed on 26 February 2009). The adjusted net consolidated tangible assets of CSE as at 30 June 2008 well exceeds the Loan Facility of HK\$200 million by HK\$187.41 million.

In addition, based on the interim report of CSE for the six months ended 30 June 2008, the gaming and entertainment operation of CSE generated a cash profit of HK\$78.76 million for the period from 18 March 2008 to 30 June 2008 (or a monthly cash profit of HK\$22.55 million). The vendor of the gaming and entertainment operation has guaranteed to CSE that the cash profit to be received by CSE shall not be less than HK\$384 million for the period from 17 August 2007 to 16 August 2009 (or monthly cash profit of HK\$16 million). Assuming the gaming and entertainment operation of CSE achieves a monthly cash profit at the guaranteed level of HK\$16 million, the Loan Facility would be fully repaid in 12.5 months.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the grant of the Loan Facility is on normal commercial terms and it is fair and reasonable and in the interest of Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL AND TRADING PROSPECT OF THE GROUP

For the year ended 31 December 2007, the Group recorded a profit attributable to the equity holders of the Company of HK\$25.69 million. The net assets value of the Group was HK\$1,049.98 million as at 31 December 2007. For the nine months ended 30 September 2008, the Group recorded a loss attributable to the equity holders of the Company of HK\$209.99 million. The net assets value of the Group was HK\$911.13 million as at 30 September 2008.

The significant loss incurred for the nine months ended 30 September 2008 was attributable to the recognition of a decrease in fair value of the Group's investment properties of HK\$66.75 million and the impairment loss in respect of goodwill of HK\$142.35 million, which had been mentioned in the Company's announcement date 11 December 2008 in relation to a profit warning.

During the nine months ended 30 September 2008, the Hong Kong films market remained sluggish and the demand for Hong Kong-made movies in the Mainland China remained weak. The number of films produced by local producers had been decreased. As a result, the Group was not able to secure a sufficient number of quality films at reasonable prices for distribution. The Directors are not optimistic about the Hong Kong films market in the near future as the Hong Kong-made movies are less appealing to the Mainland Chinese audience, one of the major markets for Hong Kong-made movie, than before and there is a downward trend on film investments in Hong Kong.

As the volatility in equity market remains high, the Group sold all of its financial assets in the second half of 2007 and the trading in financial assets during the nine months ended 30 September 2008 was minimal. The Group will preserve its cash on hand until the equity market is stable.

On 28 February 2008, the Group entered into the conditional sale and purchase agreement with Well Will Investment Limited and Mr. Ng Cheuk Fai relating to the proposed acquisition of a 100% of the issued share capital of Rich Daily Group Limited from Well Will Investment Limited at an initial consideration of HK\$504 million (subject to adjustment). Rich Daily Group Limited is a management services provider to the concierge departments of the gaming promoters. The monthly service fee earned by Rich Daily Group Limited is calculated at 0.03% of the monthly rolling turnover generated by the gaming promoters. The proposed acquisition was approved by the Shareholders on 27 June 2008 and was completed on 29 August 2008. Following the completion of the proposed acquisition, Rich Daily Group Limited generates a constant monthly cashflow to the Group. Although Rich Daily Group Limited experienced a drop in its services fee income

LETTER FROM THE BOARD

in September 2008, the monthly services fee income was fairly stable during the period from October 2008 to December 2008. The Directors believe that the newly expanded management service business provides the Group with a stable source of revenue and improves the Group's profitability.

On 26 November 2008, the Group entered into the conditional sale and purchase agreement with Mega Shell Services Limited, a wholly-owned subsidiary of the Golife Concepts Holdings Limited ("Golife"), and Golife. Pursuant to the conditional sale and purchase agreement, Mega Shell Services Limited has conditionally agreed to acquire and the Group has conditionally agreed to sell the entire issued share capital of Shinhan-Golden Faith International Development Limited and World East Investments Limited, both of them are wholly-owned subsidiaries of the Company, and the sale loans at a consideration of HK\$211.47 million (subject to adjustment). Shinhan-Golden Faith International Development Limited and World East Investments Limited hold 96.7% and 3.3% of the registered capital of 北京莎瑪房地產開發有限公司, respectively. 北京莎瑪房地產開發有限公司 is the registered and beneficial owner of the Group's investment properties located in Beijing, Mainland China with a carrying amount of HK\$919.75 million. The Group's investment properties have been transformed into a high-end serviced apartment for rental purpose. In view of the recent global financial crisis and the credit crunch led by the collapse of Lehman Brothers in September 2008, the Directors forecast a tough 2009 and a persist downturn in the global economy over a long period of time. As such, the Directors consider that the Proposed Disposal provides an opportunity to the Group to (i) restructure its businesses, (ii) enable the Group to concentrate its resources on the provision of management services business, and (iii) improve the Group's gearing ratio. The Proposed Disposal was approved by the Shareholders on 12 February 2009 and is expected to be completed in the first half of 2009. Assuming no further shares are issued and repurchased by Golife, the Group will hold 20.63% of the issued share capital of Golife upon completion of the Proposed Disposal and Golife will be treated as an associate of the Company for accounting purposes. Please refer to the VSD Circular for further details of the Proposed Disposal.

On 23 December 2008, the Group terminated the proposed acquisition of a 100% interest in the issued share capital of Exceptional Gain Profits Limited and a sale loan from CSE as the proposed acquisition had been hinged on the release of the security given by CSE relating to Kingsway Hotel Limited to be replaced by security given by the Company. Both the Company and CSE had determined not to keep their shareholders and investors lingering on the status of the proposed acquisition or the proposed disposal, as the case may be, as it has been more than one year since the announcement of the proposed acquisition or the proposed disposal, as the case may be.

LETTER FROM THE BOARD

As the Directors expect the recent financial crisis has an adverse impact on the business community in general and the economic downturn persists for a long period of time, the Directors believe that the best strategy for the Group is to preserve its resources, improve its gearing ratio and seek any investment opportunity with an attractive price.

FINANCIAL EFFECT TO THE GROUP

Assuming the Loan Facility is granted to CSE and the Advance is drawdown in full by CSE, the net assets value of the Group will not be changed and the earnings of the Group will be increased by an interest income which is calculated at the Prime Rate on the Advance made.

LISTING RULES IMPLICATIONS

Given that the relevant percentage ratios under Rule 14.07 of the Listing Rules for the grant of the Loan Facility are more than 25%, the grant of the Loan Facility constitutes a major transaction of the Company under the Listing Rules.

As Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are the common shareholders of the Company and CSE who are beneficially interested in 58,360,612 Shares, representing approximately 7.95% of the entire issued share capital of the Company, and 1,143,722,019 CSE Shares, representing approximately 23.88% of the entire issued share capital of CSE, Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany are considered to have interests in the Loan Facility and therefore are required to abstain from voting in respect of the Loan Agreement and the transaction contemplated thereunder at the SGM.

THE SGM

A notice convening the SGM to be held at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Wednesday, 22 April 2009 at 4:45 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution to approve the Loan Agreement is set out on pages 24 to 25 of this circular.

A form of proxy for use by the Shareholders at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Loan Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend that all Shareholders should vote in favour of the resolution proposed at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
China Star Investment Holdings Limited
Heung Wah Keung
Chairman

1. STATEMENT OF INDEBTEDNESS

As at the close of business of 31 January 2009, being the latest practicable date for the purpose of the statement of indebtedness, the Group had outstanding borrowings and commitments of approximately HK\$426,320,000 and approximately HK\$210,783,000 respectively, details of which are as follows:

Borrowings

As at 31 January 2009, the Group had outstanding borrowings of approximately HK\$426,320,000 which comprised (i) a bank borrowing of approximately HK\$322,090,000, which were secured by certain of the Group's investment properties, a bank deposit of approximately HK\$27,341,000 and a corporate guarantee given by the Company; (ii) the liability component of the convertible bonds of approximately HK\$103,630,000 with an aggregate principle amount of HK\$144,000,000; and (iii) amount due to CSE of HK\$600,000.

Commitments

As at 31 January 2009, the Group had the following material commitments:

- (a) capital expenditures of approximately HK\$10,783,000 in respect of the renovation works of the Group's investment properties;
- (b) an unused revolving facility of up to HK\$200,000,000 granted to Best Season Holdings Corp., a 75% owned subsidiary of the Group; and
- (c) a commitment in respect of acquiring the registered capital of 上海昇平文化發展有限公司 from its owners at a price to be determined by the valuers in Mainland China when the laws in Mainland China allow foreign investors to own more than 51% interest in the registered capital of 上海昇平文化發展有限公司.

Disclaimer

Saved as disclosed above and apart from intra-group liabilities, the Group did not have any loan capital issued and outstanding or agreed to be issued, any loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, capital commitments, guarantees or other material contingent liabilities as at the close of business on 31 January 2009.

2. WORKING CAPITAL

As at the Latest Practicable Date, after taking into account of the available credit facilities and the internal resources of the Group, the Directors were of the opinion that the Group had sufficient working capital for the 12-month period from the date of this circular.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 30 September 2008, being the date to which the latest audited financial statements of the Group were made up.

In arriving at the aforesaid statement, the Directors have performed sufficient due diligence on the Group and anticipated that:

- (a) there will be no significant change in the fair value of the Group's investment properties during the period from 1 October 2008 to 31 January 2009 as the Group's investment properties was valued at RMB796,440,000 (approximately HK\$905,393,000) as at 30 September 2008 in the Group's consolidated balance sheet, whereas the carrying amount of the Group's investment properties as at 31 January 2009 was approximately HK\$919,751,000. Having discussed with the independent qualified professional valuers, the Directors do not anticipate any substantial movements in the fair value of the Group's investment properties during the month of February 2009; and
- (b) there will be no significant further impairment loss incurred in respect of goodwill as the goodwill arising from the acquisition of Shinhan-Golden Faith International Development Limited and Rich Daily Group Limited had been fully impaired in the nine months ended 30 September 2008.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short position in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

Long positions

Name of Director	Nature of interest	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Percentage of the issued share capital of the Company
Ms. Chen Ming Yin, Tiffany	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Mr. Heung Wah Keung	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%

3. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long positions

Name	Notes	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Percentage of the issued share capital of the Company
Classical Statue Limited	<i>1</i>	Beneficial owner	329,282,868	—	329,282,868	44.85%
Glenstone Investments Limited	<i>1</i>	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Porterstone Limited	<i>1</i>	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Mr. Heung Wah Keung	<i>1</i>	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Ms. Chen Ming Yin, Tiffany	<i>1</i>	Interest of controlled corporation	329,282,868	—	329,282,868	44.85%
Well Will Investment Limited		Beneficial owner	—	90,000,000	90,000,000	46.11%

Name	Notes	Capacity	Interest in Shares	Interest in underlying Shares	Total interest in Shares	Percentage of the issued share capital of the Company
Mr. Ng Cheuk Fai		Interest of controlled corporation	—	90,000,000	90,000,000	46.11%
Northbay Investments Holdings Limited	2	Beneficial owner	12,949,217	—	12,949,217	9.95%
Asia Vest Partners VII Limited	2	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Asia Vest Partners X Limited	2	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Asia Vest Partners Limited	2	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Mr. Andrew Nan Sherrill	2	Interest of controlled corporation	12,949,217	—	12,949,217	9.95%
Kingston Securities Limited	3	Beneficial owner	—	81,595,092	81,595,092	7.40%
Ms. Chu Yuet Wah	3	Interest of controlled corporation	—	81,595,092	81,595,092	7.40%
Ms. Ma Siu Fong	3	Interest of controlled corporation	—	81,595,092	81,595,092	7.40%

Notes:

1. Classical Statue Limited is a company wholly-owned by Glenstone Investments Limited. Glenstone Investments Limited is a company owned as to 60% by Porterstone Limited (a company wholly-owned by Ms. Chen Ming Yin, Tiffany) and as to 40% by Mr. Heung Wah Keung.
2. 12,949,217 Shares are beneficially owned by Northbay Investments Holdings Limited. 35.5% and 64.5% of the shareholding of Northbay Investments Holdings Limited are respectively owned by Asia Vest Partners VII Limited and Asia Vest Partners X Limited, and both of them are indirectly wholly-owned by Mr. Andrew Nan Sherrill through Asia Vest Partners Limited.
3. Kingston Securities Limited is deemed to be interested in 81,595,092 Shares by virtue of its capacity as the underwriter in relation to the open offer as announced by the Company on 17 February 2009. 51% and 49% of the shareholding of Kingston Securities Limited are respectively owned by Ms. Chu Yuet Wah and Ms. Ma Siu Fong. Ms. Chu Yuet Wah and Ms. Ma Siu Fong are deemed to be interested in the 81,595,092 Shares by virtue of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the date of this circular and which was significant in relation to the business of the Group.

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 30 September 2008, being the date to which the latest published audited accounts of the Group were made up.

5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates had any business or interest that competes or may compete with the business of the Group or any other conflicts of interest with the Group.

6. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal office of the Company is situated at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) Mr. Chan Kin Wah, Billy, the company secretary of the Company, is a member of the Hong Kong Institute of Certified Public Accountants, a CPA member of CPA Australia and a non-practicing member of the Chinese Institute of Certified Public Accountants. He holds a Bachelor of Administration Degree from University of Ottawa in Canada and a Master of Commerce Degree in Professional Accounting from University of New South Wales in Australia.
- (d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date:

- (i) the conditional placing agreement dated 4 April 2007 entered into between the Company and Kingston Securities Limited in relation to the placing of 155,620,000 new ordinary shares of HK\$0.10 each in the share capital of the Company at a price of HK\$0.55 per share;
- (ii) the joint venture agreement dated 11 May 2007 entered into between Legend Rich Limited, a wholly-owned subsidiary of the Company, the Company and Steve Leung Hotel Design and Management Limited;
- (iii) the facility agreement dated 11 May 2007 entered into between Rich Joy Investments Limited, a wholly-owned subsidiary of the Company, and Best Season Holdings Corp., a 75% owned subsidiary of the Company, in relation to the revolving facility of up to HK\$200,000,000;
- (iv) the placing agreement dated 25 June 2007 entered into between the Company and Kingston Securities Limited in relation to the placing of 162,100,000 new ordinary shares of HK\$0.10 each in the share capital of the Company at a price of HK\$0.50 per share;
- (v) the conditional sale and purchase agreement dated 19 July 2007 entered into between Legend Rich Limited and Ms. Chen Ming Yin, Tiffany, an executive Director, relating to an acquisition of a 100% interest in Modern Vision (Asia) Limited;
- (vi) the placing agreement dated 24 July 2007 entered into between Classical Statue Limited, Kingston Securities Limited and the Company in relation to the top-up placing of 173,000,000 new ordinary shares of HK\$0.10 each in the share capital of the Company at a price of HK\$0.83 per share;
- (vii) the conditional sale and purchase agreement dated 1 August 2007 entered into between Legend Rich Limited, the Company and CSE relating to the acquisition of a 100% interest in the issued share capital of Exceptional Gain Profit Limited and a sale loan at a consideration of HK\$447,000,000;

- (viii) the underwriting agreement dated 16 October 2007 entered into between the Company and Kingston Securities Limited in relation to the proposed issue of 650,619,987 new ordinary shares of HK\$0.10 each in the share capital of the Company at a subscription price of HK\$0.30 per share by way of open offer to the qualifying Shareholders for subscription on the basis of one new share for every two existing shares held on the record date;
- (ix) the loan agreement dated 5 November 2007 entered into between the Company and Ms. Chen Ming Yin, Tiffany pursuant to which Ms. Chen Ming Yin, Tiffany granted an unsecured and interest-free loan of HK\$45,000,000 to the Company for a period of six months from the date of the loan agreement;
- (x) the conditional sale and purchase agreement dated 28 February 2008 entered into between Riche (BVI) Limited and Well Will Investment Limited relating to an acquisition of a 100% interest in Rich Daily Group Limited at an initial consideration of HK\$504,000,000 (subject to adjustment);
- (xi) the service agreement entered into between Ocho Sciedade Unipessoal Limited (“Ocho”) and Rich Daily Group Limited on 28 February 2008 in relation to the provision of converge services by Rich Daily Group Limited to Ocho;
- (xii) the Placing Agreement;
- (xiii) the conditional sale and purchase agreement dated 26 November 2008 entered into between Riche (BVI) Limited, Mega Shell Services Limited and Golife Concepts Holdings Limited in relation to the Proposed Disposal for a consideration of HK\$211,466,310 (subject to adjustment);
- (xiv) the termination agreement dated 23 December 2008 entered into Legend Rich Limited, the Company and CSE in relation to the termination of the conditional sale and purchase agreement as mentioned in (vii) above;
- (xv) the Top-Up Placing Agreement;
- (xvi) the underwriting agreement dated 16 February 2009 entered into between the Company and Kingston Securities Limited in relation to the proposed issue of not less than 217,093,498 new Shares and not more than 367,093,498 new Shares at a subscription price of HK\$0.10 per new Share by way of open offer to the qualifying Shareholders for subscription on the basis of one new Share for every two existing Shares held on the record date;

(xvii) the Loan Agreement; and

(vxiii) the deed of termination dated 18 March 2009 entered into between Rich Joy Investments Limited and Best Season Holdings Corp. in relation to the termination of the facility agreement as mentioned in (iii) above.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the SGM:

- (a) the memorandum and bye-laws of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” to this Appendix; and
- (c) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since the date of the latest published audited accounts of the Company.

NOTICE OF SPECIAL GENERAL MEETING



CHINA STAR INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of China Star Investment Holdings Limited (the “**Company**”) will be held at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Wednesday, 22 April 2009 at 4:45 p.m. for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the agreement (the “**Loan Agreement**”) dated 11 March 2009 entered into between the Company as lender and China Star Entertainment Limited (“**CSE**”) as borrower in respect of an unsecured loan facility (the “**Loan Facility**”) of up to HK\$200 million to be granted by the Company to CSE (copy of the Loan Agreement has been produced to the Meeting marked “A” and signed by the chairman of the Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all other acts and things and execute all documents, instruments and agreements which he/she/they consider(s) necessary or expedient for the implementation of and giving effect to the Loan Agreement and the transactions contemplated thereunder.”

By Order of the Board

China Star Investment Holdings Limited

Heung Wah Keung

Chairman

Hong Kong, 30 March 2009

NOTICE OF SPECIAL GENERAL MEETING

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal place of
business in Hong Kong:*
Unit 3408, Shun Tak Centre,
West Tower,
168-200 Connaught Road Central,
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the bye-laws of the Company, vote in his stead. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the Meeting is enclosed. In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, at the office of the Company's branch share registrar in Hong Kong, Tricor Standard Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the above Meeting or any adjournment thereof, should he so wish, in such event, the form of proxy will be deemed to be revoked.
4. In the case of joint holders of shares, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof, whether in person or in proxy.