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**RICHE MULTI-MEDIA  
HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 764)**

**TOP-UP PLACING AND  
RESUMPTION OF TRADING**



**CHINA STAR  
ENTERTAINMENT LIMITED**

*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 326)**

**DISCLOSEABLE  
TRANSACTIONS**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

**THE TOP-UP PLACING**

On 24 July 2007, the Vendor, the Placing Agent and the Company entered into the Top-Up Placing Agreement. Pursuant to the Top-Up Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 173,000,000 existing Shares, on a fully underwritten basis, to not fewer than six Placers who and whose ultimate beneficial owners are to be third parties independent of the Company and its connect persons (as defined in the Listing Rules) at a price of HK\$0.83 per Placing Share. Pursuant to the Top-Up Placing Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 173,000,000 Top-Up Subscription Shares at a price of HK\$0.83 per Top-Up Subscription Share.

The Placing Price (or the Top-Up Subscription Price) of HK\$0.83 represents (i) a premium of approximately 3.75% over the closing price of HK\$0.8 per Share as quoted on the Stock Exchange on 24 July 2007; (ii) a premium of approximately 14.01% over the average closing price per Share of approximately HK\$0.728 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a premium of approximately 22.24% over the average closing price per Share of HK\$0.679 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The 173,000,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 15.33% of the existing issued share capital of the Company of 1,128,239,974 Shares as at the date of this announcement; and (ii) approximately 13.30% of the issued share capital of the Company of 1,301,239,974 Shares as enlarged by the Top-Up Subscription.

The gross proceeds from the Top-Up Placing will be approximately HK\$143.59 million. The net proceeds of approximately HK\$139.8 million from the Top-Up Placing is intended to be used for expansion of the property investment business of the Group. The net proceeds raised per Share upon the completion of the Top-Up Placing will be approximately HK\$0.808.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the Vendor is an indirect wholly-owned subsidiary of China Star, the Top-Up Placing constitutes discloseable transactions in respect of China Star under Chapter 14 of the Listing Rules.

A circular contains further details of the Top-Up Placing will be despatched to the shareholders of China Star as soon as possible.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 10:05 a.m. on 24 July 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 July 2007.

#### **THE TOP-UP PLACING AGREEMENT**

##### **Date**

24 July 2007

##### **Parties involved**

The Vendor, the Placing Agent and the Company

#### **THE PLACING**

##### **Placing Agent**

The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

## **Placees**

The Placing Agent agreed to place the Placing Shares on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners are to be third parties independent of the Company and its connected persons (as defined in the Listing Rules). Immediately after completion of the Placing, none of the Placees will become a substantial Shareholder (as defined in the Listing Rules).

## **Placing Price**

The Placing Price (or the Top-Up Subscription Price) of HK\$0.83 represents (i) a premium of approximately 3.75% over the closing price of HK\$0.8 per Share as quoted on the Stock Exchange on 24 July 2007; (ii) a premium of approximately 14.01% over the average closing price per Share of approximately HK\$0.728 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a premium of approximately 22.24% over the average closing price per Share of HK\$0.679 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined on 24 July 2007 with reference to the prevailing market price of the Share and the prospect of the Company as enlightening by the acquisition of the Company as announced on 23 July 2007 and was negotiated on an arm's length basis between the Company and the Placing Agent on 24 July 2007. The Placing terms are determined under normal commercial terms and with reference to the market rate. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

## **The Placing Shares**

The 173,000,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 15.33% of the existing issued share capital of the Company of 1,128,239,974 Shares as at the date of this announcement; and (ii) approximately 13.30% of the issued share capital of the Company of 1,301,239,974 Shares as enlarged by the Top-Up Subscription.

## **Ranking of Placing Shares**

The Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

## **Condition of the Placing**

The Placing is unconditional.

## **Completion**

The Placing is expected to be completed on or about 1 August 2007.

## **THE TOP-UP SUBSCRIPTION**

### **The Top-Up Subscription Price**

The Top-Up Subscription Price is HK\$0.83 per Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

### **Number of Top-Up Subscription Shares**

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being 173,000,000 Shares.

### **Ranking of Top-Up Subscription Shares**

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

### **Conditions of the Top-Up Subscription**

The Top-Up Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares;
- (ii) completion of the Placing; and
- (iii) the Bermuda Monetary Authority approving or agreeing to the allotment and issue of the Top-Up Subscription Shares (if necessary).

## **Completion**

Under Rule 14A.31(3)(d) of the Listing Rules, the Top-Up Subscription must be completed within 14 days from the date of the Top-Up Placing Agreement, that is, on or before 7 August 2007.

In the event that the Top-Up Subscription under the Top-Up Placing Agreement are not completed by 7 August 2007, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor.

## **REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS**

The Directors consider the timing of the fund raising by the way of the Top-Up Placing is appropriate in the view that the recent stock market has shown strong sentiment and there is imminent demand for the Shares as the investors are interested and confident about the business prospect of the Company. The Directors are of the view that the liquidity flow and the conditions in the equity market are subject to abrupt changes and consider whilst there is imminent demand for the Shares, the Top-Up Placing represents an opportunity to raise additional capital instantly for the Company to enhance the general working capital base and to further strengthen the existing business of the Group notwithstanding that the Top-Up Placing will result in the dilution of the existing shareholding interest of the Shareholders. In addition, in view of the financial needs for further expansion of the Company's existing business or possible diversified investment, the Directors consider that the previous fund raising activities as stated in section headed "**FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**" in addition to the Top-Up Placing are fair and reasonable and are in the best interest of the Company and its shareholders as a whole. The Directors also consider that Top-Up Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Top-Up Placing Agreement is in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-Up Placing will be approximately HK\$143.59 million. The net proceeds of approximately HK\$139.8 million from the Top-Up Placing is intended to be used for expansion of the property investment business of the Group including the property set out in the Company's announcement dated 23 July 2007 (the "VSA Announcement"). Not until the publication of the VSA Announcement on 23 July 2007, the potential investors have indicated their interest in the Company and approached the Company for potential investment in the Company. Thereafter, the Company contacted the Placing Agent and proposed for the Top-Up Placing. Accordingly, the initial negotiation on the Top-Up Placing commenced after the publication of the VSA Announcement. The net proceeds raised per Share upon the completion of the Top-Up Placing will be approximately HK\$0.808.

## GENERAL MANDATE

The total number of issued Shares as at the date of the AGM was 966,139,974 Shares. Pursuant to the General Mandate granted to the Directors at the AGM, the total number of new Shares that the Company is authorised to allot and issue are 193,227,994 Shares (up to 20% of the issued share capital of the Company as at the date of the AGM). The General Mandate has not been utilised as at the date of this announcement and the total number of new Shares that can be allotted and issued under the General Mandate as at the date of this announcement is 193,227,994 Shares. The Top-Up Subscription Shares will be allotted under the General Mandate.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds as announced	Actual use of proceeds
25 June 2007	Placing of new Shares under general mandate	HK\$78.9 million	For the expansion of the Group's property investment business	Fully utilised on the deposit payment on the proposed acquisition of 100% equity interest in Modern Vision (Asia) Limited
10 April 2007	Placing of 155,620,000 new Shares	HK\$83.30 million	For financing possible diversified investments of the Group and the general working capital of the Group	Fully utilised on the deposit payment on the proposed acquisition of 100% equity interest in Modern Vision (Asia) Limited
19 March 2007	Placing of 129,686,000 existing Shares and subscription of 129,686,000 new Shares	HK\$50.5 million	For financing possible diversified investments of the Group and the general working capital of the Group	Fully utilised on the deposit payment on the proposed acquisition of 100% equity interest in Modern Vision (Asia) Limited

## EFFECTS ON SHAREHOLDING STRUCTURE

	As at the date of this announcement		Immediately after the Placing		Immediately after the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
The Vendor ( <i>Note 1 and 3</i> )	276,351,000	24.49	103,351,000	9.16	276,351,000	21.24
Northbay Investments Holdings Limited ( <i>Note 2</i> )	129,492,174	11.48	129,492,174	11.48	129,492,174	9.95
Public:						
Places	0	0	173,000,000	15.33	173,000,000	13.30
— Public Shareholders	722,396,800	64.03	722,396,800	64.03	722,396,800	55.51
	<u>1,128,239,974</u>	<u>100.00</u>	<u>1,128,239,974</u>	<u>100.00</u>	<u>1,301,239,974</u>	<u>100.00</u>

### Notes:

1. The Vendor is an indirect wholly-owned subsidiary of China Star which is listed on the Stock Exchange. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, both being the executive directors of China Star, are the only directors of the Vendor.
2. 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. Northbay Investments Holdings Limited and its ultimate beneficial owners do not hold any management position or directorship in the Company. Save for being a substantial Shareholder, Northbay Investments Holdings Limited and the Vendor have no other connection with each other.
3. These Shares will be issued and allotted upon completion of the Top-Up Subscription.

## THE EXTRACTED FINANCIAL INFORMATION OF THE COMPANY SUBJECT TO THE TOP-UP PLACING

As set out in the Company's annual report for the year 2006, the total asset of the Group is HK\$922,228,000 as at 31 December 2006. The value of the asset which is subject to the Top-Up Placing are HK\$141,380,000 or 15.33% of the existing issued share capital of the Company (before the completion of the Top-Up Subscription) and HK\$122,660,000 or 13.30% of the issued share capital of the Company as enlarged by the Top-Up Subscription (after the completion of the Top-Up Subscription).

As set out in the Company's annual report for the year 2006, (i) the net loss of the Group before and after the taxation are HK\$21,099,000 and HK\$21,294,000 respectively for the year ended 31 December 2006; and (ii) the net loss of the Group before and after the taxation are HK\$29,664,000 for the year ended 31 December 2005.

There is no gain or loss arising from the Top-Up Placing to the China Star.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Vendor is an indirect wholly-owned subsidiary of China Star, the Top-Up Placing constitutes discloseable transactions in respect of China Star under Chapter 14 of the Listing Rules.

A circular contains further details of the Top-Up Placing will be despatched to the shareholders of China Star as soon as possible.

## **GENERAL**

The Group is principally engaged in the distribution of films, sub-licensing of film rights, sales of financial assets and property investment. The Group intends to maintain the existing business of the Group.

China Star is an investment holding company. China Star and its subsidiaries are principally engaged in film production, distribution of film and television drama series, the provision of post-production services, and property and hotel investment. The reason for China Star to enter into the Top-Up Placing Agreement is mainly to facilitate the Top-Up Placing. The directors of China Star (including the independent non-executive directors) consider the Top-Up Placing is fair and reasonable and in the interest of China Star and its shareholders.

As at the date of this announcement, the existing authorised share capital of the Company consists of 2,000,000,000 Shares out of which 1,128,239,974 Shares are issued and fully paid up. Save for the Top-Up Placing and 239,355,995 employee share options, the Company neither have any options, warrants and other convertible securities nor have any non-completed placing as at the date of this announcement.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Top-Up Subscription Shares.

The closing price of HK\$0.8 per Share as quoted on the Stock Exchange on 24 July 2007 represented an increase of approximately 12.68% from the closing price of HK\$0.71 as quoted on the Stock Exchange on 19 July 2007.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 10:05 a.m. on 24 July 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 July 2007.



## Terms and definitions

“AGM”	the annual general meeting of the Company held on 29 June 2007
“Board”	the board of Directors
“China Star”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock code: 326)
“Company”	Riche Multi-Media Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	19 July 2007, being the last trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Top-Up Placing Agreement
“Placing”	the placing of 173,000,000 existing Shares beneficially owned by the Vendor pursuant to the terms of the Top-Up Placing Agreement
“Placing Agent”	Kingston Securities Limited, a licensed corporation to carry on business in type 1 regulated activities (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	HK\$0.83 per Placing Share
“Placing Share(s)”	an aggregate of 173,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Top-Up Placing Agreement

“PRC”	The People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Top-Up Placing”	the Placing and the Top-Up Subscription
“Top-Up Placing Agreement”	the top-up placing agreement entered into between the Company, the Vendor and the Placing Agent dated 24 July 2007 in relation to the Top-Up Placing
“Top-Up Subscription”	the subscription of 173,000,000 new Shares pursuant to the terms of Top-Up Placing Agreement
“Top-Up Subscription Price”	HK\$0.83 per Top-Up Subscription Share
“Top-Up Subscription Share(s)”	a total of 173,000,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Placing Agreement
“Vendor”	Classical Statue Limited, an indirect wholly-owned subsidiary of China Star
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Riche Multi-Media Holdings Limited**  
**Heung Wah Keung**  
*Chairman*

By order of the Board  
**China Star Entertainment Limited**  
**Heung Wah Keung**  
*Chairman*

Hong Kong, 25 July 2007

*As at the date of this announcement, the executive Directors are Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany and the independent non-executive Directors are Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung.*

*As at the date of this announcement, the executive directors of China Star are Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and Ms. Li Yuk Sheung and the independent non-executive directors are Mr. Hung Cho Sing, Mr. Ho Wai Chi, Paul and Mr. Leung Hok Man.*