
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Star Entertainment Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



CHINA STAR ENTERTAINMENT LIMITED

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

DISCLOSEABLE TRANSACTIONS

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	
Introduction	3
The Top-up Placing Agreement	4
The Placing	4
The Top-up Subscription	5
Reasons for the Top-up Placing	6
Financial Effects of the Top-up Placing	6
Information on Riche	6
General	7
APPENDIX – GENERAL INFORMATION	8

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings when used herein:

“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	board of the Directors
“Classical Statue”	Classical Statue Limited, an indirect wholly-owned subsidiary of the Company
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Announcement”	the joint announcement dated 25 July 2007 made by the Company and Riche
“Last Trading Date”	19 July 2007, being the last full trading day for the Riche Shares before the Joint Announcement
“Latest Practicable Date”	13 August 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Heung”	Mr. Heung Wah Keung, a Director
“Ms Chen”	Ms Chen Ming Yin, Tiffany, a Director
“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 Riche Shares beneficially owned by Classical Statue pursuant to the terms of the Top-Up Placing Agreement

DEFINITIONS

“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 Riche Shares beneficially owned by Classical Statue and to be placed pursuant to the Top-Up Placing Agreement
“Riche”	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
“Riche Group”	Riche and its subsidiaries
“Riche Share”	ordinary share(s) of HK\$0.1 in the share capital of Riche
“Riche Shareholder(s)”	holder(s) of Riche Shares
“SFO”	Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.05 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”	the Placing and the Top-Up Subscription
“Top-Up Placing Agreement”	the top-up placing agreement entered into between Riche, Classical Statue 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 Riche Shares pursuant to the terms of the 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 Riche Shares to be subscribed for by Classical Statue pursuant to the Top-Up Placing Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



CHINA STAR ENTERTAINMENT LIMITED

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

Executive Directors:

Mr. Heung Wah Keung (*Chairman*)
Ms. Chen Ming Yin, Tiffany (*Vice Chairman*)
Ms. Li Yuk Sheung

Independent non-executive Directors:

Mr. Hung Cho Sing
Mr. Ho Wai Chi, Paul
Mr. Leung Hok Man

Registered Office:

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

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

Unit 3409, Shun Tak Centre
West Tower
168-200 Connaught Road Central
Hong Kong

15 August 2007

*To the Shareholders and, for information only,
the holders of options*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTIONS

INTRODUCTION

The Company announced on 25 July 2007 that Classical Statue, the Placing Agent and Riche entered into the Top-Up Placing Agreement on 24 July 2007. Pursuant to the Top-Up Placing Agreement, Classical Statue agreed to place, through the Placing Agent, an aggregate of 173,000,000 existing Riche 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 Riche and its connect persons at a price of HK\$0.83 per Placing Share. Pursuant to the Top-Up Placing Agreement, Classical Statue 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.

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

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details regarding the Top-Up Placing.

THE TOP-UP PLACING AGREEMENT

Date

24 July 2007

Parties involved

Classical Statue, the Placing Agent and Riche

THE PLACING

Placing Agent

The Placing Agent has received a placing commission of 2.5% on the gross proceeds of the Placing, which was arrived at after arm's length negotiations between Riche and the Placing Agent. The Placing Agent and its ultimate beneficial owners are third parties independent of Riche and its connected persons.

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 third parties independent of Riche and its connected persons. Immediately after completion of the Placing, none of the Placees has become a substantial shareholder (as defined in the Listing Rules) of Riche.

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 Riche Share as quoted on the Stock Exchange on 24 July 2007; (ii) a premium of approximately 14.01% over the average closing price per Riche 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; (iii) a premium of approximately 22.24% over the average closing price per Riche 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; and (iv) a premium of approximately 56.60% over the closing price per Riche Share of HK\$0.53 as quoted on the Stock Exchange as at the Latest Practicable Date.

The Placing Price was determined on 24 July 2007 with reference to the prevailing market price of the Riche Share and the prospect of Riche as enlightening by the acquisition of Riche as announced on 23 July 2007 and was negotiated on an arm's length basis between Riche 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

LETTER FROM THE BOARD

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 issued share capital of Riche of 1,128,239,974 Riche Shares as at the date of the Joint Announcement; and (ii) approximately 13.30% of the issued share capital of Riche of 1,301,239,974 Riche Shares as enlarged by the Top-Up Subscription.

Ranking of Placing Shares

The Placing Shares rank pari passu among themselves and with Riche Shares in issue as at the date of the Joint Announcement.

Condition of the Placing

The Placing is unconditional.

Completion

The Placing was completed on 30 July 2007.

THE TOP-UP SUBSCRIPTION

The Top-Up Subscription Price

The Top-Up Subscription Price is HK\$0.83 per Riche Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between Riche and Classical Statue 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 Riche 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 Riche Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

LETTER FROM THE BOARD

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. The Top-Up Subscription was completed on 7 August 2007.

REASONS FOR THE TOP-UP PLACING

The Company is an investment holding company. The Group is principally engaged in film production, distribution of film and television drama series and the provision of post-production services.

The reason for the Company to enter into the Top-Up Placing Agreement is mainly to facilitate the Top-Up Placing. The Directors (including the independent non-executive Directors) consider the Top-Up Placing is fair and reasonable and in the interest of the Company and its Shareholders.

FINANCIAL EFFECTS OF THE TOP-UP PLACING

The Directors expect that the completion of the Top-Up Placing would not result in any financial effect to the Company. In view that the sale proceeds from the Top-Up Placing has been used for subscribing the Top-Up Subscription Shares, no gain or loss would be recorded as a result of the Top-Up Placing and accordingly, there is no effect on the earnings and assets and liabilities of the Company.

INFORMATION ON RICHE

Riche Group is principally engaged in the distribution of films, sub-licensing of film rights, sales of financial assets and property investment.

LETTER FROM THE BOARD

As set out in Riche's annual report for the year 2006, the total asset of the Riche 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 approximately HK\$141,380,000 or 15.33% of the existing issued share capital of Riche (before the completion of the Top-Up Subscription) and approximately HK\$122,660,000 or 13.30% of the issued share capital of Riche as enlarged by the Top-Up Subscription (after the completion of the Top-Up Subscription).

Set out below is a summary of the audited consolidated results of the Riche for the two financial years ended 31 December 2005 and 2006:

For the year ended 31 December

	2005 (Audited) <i>HK\$'000</i>	2006 (Audited) <i>HK\$'000</i>
Loss before income tax	29,664	21,099
Net loss for the year	29,664	21,294

As at 31 December 2006, the audited consolidated net assets value of the Riche attributable to the Riche Shareholders amounted to approximately HK\$399,636,000.

GENERAL

Your attention is drawn to the general information set out in the appendix of this circular.

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

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. 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. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Name of Director	Capacity	Nature of Shares held	Number of underlying Shares held	Total	Approximate percentage or attributable percentage of shareholdings (%)
Mr. Heung Wah Keung	Beneficial owner/ interest of spouse/ interest of controlled corporation	319,199,410 (Note a)	2,018,075 (Note b)	321,217,485	19.03
Ms. Chen Ming Yin, Tiffany	Beneficial owner/ interest of spouse/ interest of controlled corporation	319,199,410 (Note a)	2,018,075 (Note b)	321,217,485	19.03
Ms. Li Yuk Sheung	Beneficial owner	16	3,394,557 (Note c)	3,394,573	0.20

All interests stated above represent long positions.

- (a) These Shares are held as to 36,395,000 Shares by Mr. Heung, as to 21,144,410 Shares by Ms. Chen (the spouse of Mr. Heung), as to 243,150,000 Shares by Porterstone Limited (a company wholly-owned by Ms. Chen) and as to 18,510,000 Shares by Dorest Company Limited (a company wholly-owned by Glenstone Investments Limited which is in turn controlled as to 60% by Porterstone Limited and as to 40% by Mr. Heung).
- (b) These underlying Shares comprised outstanding share options of the Company are held as to 1,009,037 options by Mr. Heung and as to 1,009,038 options by Ms. Chen (the spouse of Mr. Heung). Therefore, Mr. Heung and Ms. Chen are deemed to be interested in the share options of each other.
- (c) These underlying Shares comprised outstanding share options of the Company held by Ms. Li Yuk Sheung.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% 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:

(i) Interests in Shares:

Name	Capacity	Number of Shares held	Approximate percentage of interest held (%)
Porterstone Limited	Beneficial owner	243,150,000	
	Interest of controlled corporation	18,510,000*	
		<u>261,660,000</u>	<u>15.51</u>

All interest stated above represent long positions.

* These Shares are held by Dorest Company Limited, a wholly owned subsidiary of Glenstone Investments Limited which is in turn beneficially owned as to 60% by Porterstone Limited. Ms. Chen, a Director is also a director of Porterstone Limited. Mr. Heung is a director of Dorest and Glenstone Investments Limited.

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interest or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% 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.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service agreement with any member of the Group, which will expire or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and there was no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business which competes or may compete, either directly or indirectly, with the business of the Group or, any other conflicts of interest within the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Unit 3409, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The secretary and the qualified accountant of the Company is Ms. Wong Shuk Han, Dorothy. Ms. Wong is member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text.