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CHINA STAR ENTERTAINMENT LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 326)

DISCLOSEABLE TRANSACTION

On 16 October 2007 (after trading hours), Classical Statue entered into the Undertaking with Riche pursuant to which Classical Statue has agreed to subscribe for 138,175,500 Offer Shares at the price of HK\$0.30 each to which it is entitled under the Open Offer and to submit an excess application for a maximum of 169,079,628 Offer Shares at the price of HK\$0.30 each such that when aggregated with all Riche Shares held by it and its concert parties (taking into account the 138,175,500 Offer Shares agreed to be subscribed by it under the Open Offer), does not exceed 30% of the issued share capital of Riche on a fully diluted basis taking into account the Open Offer.

The Undertaking constitutes a discloseable transaction for the Company on the basis that the relevant ratios in relation to the Undertaking by Classical Statue is between 5% and 25% under Chapter 14 of the Listing Rules.

A circular containing details of the Undertaking will be despatched to the shareholders of the Company as soon as practicable.

Reference is made to the announcement of Riche dated 18 October 2007 relating to the Open Offer.

UNDERTAKING DATED 16 OCTOBER 2007

Date: 16 October 2007 (after trading hours)

Parties:

The parties to the Undertaking are:

- (1) Classical Statue, a substantial shareholder of Riche. As at the date of the Undertaking, Classical Statue holds 276,351,000 Riche Shares, representing approximately 21.24% of the existing issued share capital of Riche; and
- (2) Riche.

The Undertaking

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Assuming the maximum number of excess applications for Offer Shares, being 169,079,628 Offer Shares, are allotted and issued to Classical Statue, the value of such Offer Shares is approximately HK\$50,724,000. The aggregated maximum consideration to Riche for all the Offer Shares agreed to be taken up by Classical Statue is approximately HK\$92,177,000. The offer price for the subscription pursuant to the Undertaking is the same price of Offer Shares under the Open Offer.

The Company has entered into the Undertaking in order to increase its investment in Riche. The Directors believe that Riche has a bright outlook and can provide good investment return to the Group as the Directors are confident in the Macau property market, a sector where Riche makes its investment.

The Directors (including the independent non-executive Directors (but save for Mr. Ho Wai Chi, Paul who is out of town)) are of the view that the terms of the Undertaking are fair and reasonable and in the interest of the shareholders of the Company as a whole.

INFORMATION ON THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in film production, distribution of film and television drama series, and the provision of post production services, property and hotel investment. The Group will cease to invest in property and hotel following the disposal of Kingsway Hotel Limited to Riche as per the Company's announcement dated 8 August 2007 and the Company's circular dated 9 October 2007.

INFORMATION ON RICHE

The principal activities of Riche is investment holding. Riche and its subsidiaries are principally engaged in the distribution of films, sub-licensing of film rights and sale of financial assets and property investment.

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DEFINITIONS

“Board”	the board of Directors
“Company”	China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Classical Statue”	Classical Statue Limited, a company incorporated in the British Virgin Islands, a substantial shareholder of Riche and is a wholly-owned subsidiary of the Company
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	650,619,987 new Riche Shares proposed to be offered to the shareholders of Riche for subscription on the basis of one Offer Share for every two existing Riche Shares held on the relevant date and payable in full on acceptance pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares by way of Open Offer to the shareholders of Riche on the terms to be set out in the prospectus documents of Riche and summarised in the relevant Riche’s announcement
“Riche”	Riche Multi-Media Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Riche Shares”	ordinary share(s) of HK\$0.10 each in the share capital of Riche
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Undertaking”

the undertaking dated 16 October 2007 entered into between Classical Statue and Riche relating to the subscription of 138,175,500 Offer Shares and up to 169,079,625 excess Offer Shares pursuant to the Open Offer

By Order of the Board
China Star Entertainment Limited
Li Yuk Sheung
Executive Director

Hong Kong, 18th October, 2007

As at the date of this announcement, the executive Directors 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.