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If you have sold or transferred all your shares in Riche Multi-Media Holdings Limited, you should at once hand this circular 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.



RICHE MULTI-MEDIA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

**PROPOSED CAPITAL REORGANISATION
PROPOSED CHANGE OF COMPANY NAME
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the special general meeting of Riche Multi-Media Holdings Limited to be held at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Wednesday, 30 April 2008 at 4:30 p.m. is set out on pages 18 to 21 of this circular. Whether or not you intend to attend the 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 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 meeting or any adjournment thereof should you so wish.

8 April 2008

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DEFINITION

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

“AGM”	the annual general meeting of the Company held on 24 June 2007
“Announcement”	the announcement dated 19 March 2008 issued by the Company in relation to the proposed Capital Reorganisation and the proposed change of Company name
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday and a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Bye-laws”	the bye-laws of the Company
“Capital Reduction”	the proposed reduction of the issued Consolidated Shares by cancelling from the paid-up capital thereof to the extent of HK\$0.99 of each issued Consolidated Share and reducing the nominal value of all Consolidated Shares comprising the authorised share capital of the Company from HK\$1.00 each to HK\$0.01 each
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Share Consolidation, the Capital Reduction and the Share Premium Cancellation as announced by the Company on 19 March 2008
“Company”	Riche Multi-Media Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Company Act”	Companies Act 1981 of Bermuda (as amended) from time to time

DEFINITION

“Consolidated Share(s)”	consolidated ordinary share(s) of HK\$1.00 each in the issued and unissued share capital of the Company immediately after the completion of the Share Consolidation
“Convertible Bonds”	collectively the convertible bonds in an aggregate principal amount of HK\$447,000,000 to be issued by the Company upon completion of the acquisition of the entire issued share capital of Exceptional Gain Profits Limited and a sale loan as disclosed in the Company’s circular dated 14 December 2007, the Convertible Bond I and the Convertible Bond II
“Convertible Bond I”	a convertible bond in the principal amount of HK\$72,000,000, to be issued by the Company in favour of Well Will Investment Limited upon completion of the Share Acquisition Agreement
“Convertible Bond II”	a convertible bond in the principal amount of HK\$72,000,000, to be issued by the Company in favour of Well Will Investment Limited upon completion of the Share Acquisition Agreement
“Director(s)”	director(s) of the Company
“Eligible Persons”	<p>(i) (a) any director or proposed director (whether executive or non-executive, including any independent non-executive director), employee or proposed employee (whether full time or part time) of, or</p> <p style="padding-left: 40px;">(b) any individual for the time being seconded to work for,</p> <p style="padding-left: 40px;">any member of the Group or any controlling Shareholder or any company controlled by a controlling Shareholder; or</p> <p>(ii) any holder of any securities issued by any member of the Group or any controlling Shareholder or any company controlled by a controlling Shareholder; or</p>

DEFINITION

- (iii) (a) any business or joint venture partner, contractor, agent or representative of,
- (b) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to,
- (c) any supplier, producer or licensor of films, television programmes, video features, goods or services to,
- (d) any customer, licensee (including any sub-licensee) or distributor of films, television programmes, video features, goods or services of, or
- (e) any landlord or tenant (including any sub-tenant) of,

any member of the Group or any controlling Shareholder or any company controlled by a controlling Shareholder;

and, for the purposes of the Share Option Scheme, shall include any company controlled by one or more persons belonging to any of the above classes of participants

“Existing Shares”	existing ordinary share(s) of HK\$0.10 each in the issued and unissued share capital of the Company before the implementation of the Capital Reorganisation
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information

DEFINITION

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	ordinary share(s) of HK\$0.01 each in the issued and unissued share capital of the Company immediately after the completion of the Capital Reorganisation
“Open Offer”	the open offer of 650,619,987 new Existing Shares to the qualifying Shareholders as completed on 18 December 2007
“Options”	share options issued or to be issued by the Company under the Share Option Scheme
“Scheme Mandate Limit”	the total number of Shares (being up to 10% of Shares in issue at the date of the special general meeting) which may be issued upon exercise of all options to be granted under the Share Option Scheme as at the date of adoption of the Share Option Scheme or as refreshed
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Capital Reorganisation, the proposed change of the Company’s name and the refreshment of Scheme Mandate Limit
“Share(s)”	Existing Share(s), Consolidated Share(s) and/or New Share(s), as the case may be
“Share Acquisition Agreement”	the conditional sale and purchase agreement dated 28 February 2008 entered into among Riche (BVI) Limited as a purchaser, Well Will Investment Limited as a vendor and warrantor and Mr. Ng Cheuk Fai as a warrantor relating to the sale and purchase of the total issued share capital of Rich Daily Group Limited as disclosed in the Company’s announcement dated 4 March 2008
“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share

DEFINITION

“Share Option Scheme”	the share option scheme adopted by the Company on 21 January 2002
“Share Premium Cancellation”	the proposed cancellation of the entire amount of HK\$813,058,000 standing to the credit of the share premium account of the Company as at 31 December 2007
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



RICHE MULTI-MEDIA 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

8 April 2008

To the Shareholders

Dear Sir or Madam,

**PROPOSED CAPITAL REORGANISATION
PROPOSED CHANGE OF COMPANY NAME
REFRESHMENT OF SCHEME MANDATE LIMIT
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

On 19 March 2008, the Board announced that the Company intended to put forward to Shareholders for their approval the Capital Reorganisation and proposed change of Company's name.

The purpose of this circular is (i) to provide further information in respect of the Capital Reorganisation, the proposed change of Company's name and the refreshment of Scheme Mandate Limit and (ii) to give you a notice of the SGM at which resolutions will be proposed to consider and if thought fit, approve, inter alia, the Capital Reorganisation, the proposed change of the Company's name and the refreshment of Scheme Mandate Limit.

LETTER FROM THE BOARD

PROPOSED CAPITAL REORGANISATION

On 19 March 2008, the Board announced that the Company intended to put forward to Shareholders for their approval a proposal involving the following changes to the capital of the Company:

- (a) Share Consolidation: that every ten (10) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share;
- (b) Capital Reduction: (i) that the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share in the share capital of the Company such that the nominal value of all issued Consolidated Shares will be reduced from HK\$1.00 each to HK\$0.01 each; and (ii) that the nominal value of all the Consolidated Shares in the authorised share capital of the Company be reduced from HK\$1.00 each to HK\$0.01 each; and
- (c) Share Premium Cancellation: that the entire amount of HK\$813,058,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be cancelled and such credit amount arising from the Share Premium Cancellation be transferred to the contributed surplus account of the Company. A sum of HK\$518,374,000 in the contributed surplus account of the Company shall be applied to set off against the accumulated losses of the Company, which amounted to approximately HK\$518,374,000 as at 31 December 2006, and the remaining credit balance will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws.

The Company also proposed to change the board lot size for trading in the Shares from 10,000 Existing Shares to 5,000 New Shares upon the Capital Reorganisation becoming effective.

The Directors have duly resolved to put forward to Shareholders for their approval of the Capital Reorganisation comprising the Share Consolidation, the Capital Reduction and the Share Premium Cancellation with details as follows:

1. Share Consolidation

That the Share Consolidation be implemented whereby every ten (10) Existing Shares be consolidated into one (1) Consolidated Share.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$600,000,000 divided into 6,000,000,000 Existing Shares, and the issued share capital of the Company is HK\$195,185,996 divided into 1,951,859,961 Existing Shares. As at the Latest Practicable Date, save for the Options eligible for exercise to subscribe for up to 365,451,296 Existing Shares (equivalent to 36,545,129 New Shares), there are no other outstanding options, warrants or securities convertible or exchangeable into Shares.

Immediately after completion of the Share Consolidation, the authorised share capital of the Company will remain at HK\$600,000,000, but divided into 600,000,000 Consolidated Shares and the issued share capital of the Company will remain at HK\$195,185,996, divided into 195,185,996 Consolidated Shares.

2. Capital Reduction

That the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share in the share capital of the Company such that the nominal value of all issued Consolidated Shares will be reduced from HK\$1.00 each to HK\$0.01 each. The nominal value of all the Consolidated Shares in the authorised share capital of the Company be also reduced from HK\$1.00 each to HK\$0.01 each.

Immediately after completion of the Share Consolidation and the Capital Reduction, the authorised share capital of the Company will be reduced from HK\$600,000,000 to HK\$6,000,000, divided into 600,000,000 New Shares and the issued share capital of the Company will be reduced from HK\$195,185,996 to HK\$1,951,860, divided into 195,185,996 New Shares. The Capital Reduction, if duly sanctioned and thereafter implemented, will result in reducing the paid up capital of the Company by HK\$193,234,136. Such amount will be credited to the contributed surplus account of the Company.

3. Share Premium Cancellation

That the entire amount of HK\$813,058,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be cancelled and such credit amount arising from the Share Premium Cancellation be transferred to the contributed surplus account of the Company. A sum of HK\$518,374,000 in the contributed surplus account of the Company shall be applied to set off against the accumulated losses of the Company, which amounted to approximately HK\$518,374,000 as at 31 December 2006, and the remaining credit balance will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws.

LETTER FROM THE BOARD

According to the management accounts of the Company as at 31 December 2007, the amounts of the share premium account and the contributed surplus account are HK\$813,058,000 and HK\$163,456,000 respectively. Immediately after completion of the Capital Reorganisation and the elimination of the Company's entire accumulated losses as at 31 December 2006, an additional amount of HK\$487,918,136 will be credited to the contributed surplus account. As a result, the total outstanding amount standing to the credit of the contributed surplus account of the Company will increase to HK\$651,374,136.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing of the necessary resolutions for: (i) the Share Consolidation; (ii) the Capital Reduction; and (iii) the Share Premium Cancellation by Shareholders at the SGM;
- (b) the publication of a notice of the Capital Reduction and the Share Premium Cancellation in Bermuda in accordance with the Companies Act; and
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon exercise of the Options and may be issued upon conversion of the Convertible Bonds.

The Capital Reorganisation will become effective on the Business Day immediately following fulfillment of the above conditions.

Effect of the Capital Reorganisation

The New Shares will rank *pari passu* in all respects with the Existing Shares in issue prior to the Capital Reorganisation becoming effective and each other and there will be no change in the respective rights of the Shareholders. Any fractional entitlements to the New Shares will be aggregated, sold and retained for the benefit of the Company.

Full and complete implementation of the Capital Reorganisation would not, by itself, alter in whatsoever and howsoever way the underlying assets, liabilities, businesses, management or financial position of the Company and the Group or the rights of Shareholders except for incurring the liability for payment of the related costs and expenses.

LETTER FROM THE BOARD

The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and immediately after the Capital Reorganisation:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value per Share	HK\$0.10 per Existing Share	HK\$0.01 per New Share
Authorised share capital of the Company	HK\$600,000,000 divided into 6,000,000,000 Existing Shares	HK\$6,000,000 divided into 600,000,000 New Shares
Issued and paid-up share capital of the Company	HK\$195,185,996 divided into 1,951,859,961 Existing Shares	HK\$1,951,860 divided into 195,185,996 New Shares

Change in board lots

The Existing Shares are currently traded in board lots of 10,000 Existing Shares and the market value per board lot of the Existing Shares is HK\$1,110 (based on the closing price of HK\$0.111 per Existing Share as quoted on the Stock Exchange on 19 March 2008). The New Shares will be traded in board lots of 5,000 New Shares and the estimated market value per board lot of the New Shares will be HK\$5,550 (based on the adjusted closing price of HK\$1.11 per New Share assuming the Capital Reorganisation becoming effective).

Reason for the Capital Reorganisation

Taking into account the Share Consolidation and the Capital Reduction will increase the trading price per board lot, and hence reduce the overall transaction and handling costs for dealing in the New Shares, the Directors are of the view that the Share Consolidation and the Capital Reduction are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Capital Reorganisation will facilitate any possibility that the Company is required to comply with Rule 13.64 of the Listing Rules in the future.

As stated in the latest published audited financial statements of the Company for the year ended 31 December 2006, the Company had accumulated losses of HK\$518,374,000 as at 31 December 2006. The Share Premium Cancellation will allow the Company to declare dividends to the Shareholders at an earlier opportunity than by generating profits to offset such losses. Hence, the Directors are of the view that the Share Premium Cancellation is beneficial to the Company and the Shareholders as a whole. The Company has not yet decided whether to declare dividends or not.

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Application for listing of the New Shares

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 New Shares to be issued forthwith upon the Capital Reorganisation becoming effective and any New Shares which may fall to be issued upon the exercise of the Options and may be issued upon conversion of the Convertible Bonds.

Free exchange of New Share certificates and trading arrangements

Subject always to the passing of the resolutions approving the Capital Reorganisation, Shareholders may, during business hours for the period from 2 May 2008 to 13 June 2008 submit their share certificates in brown for Existing Shares held by them to 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 in exchange for new share certificates in red for New Shares at the expense of the Company. Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued for the New Shares or each share certificate for Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the New Shares at any time but are not acceptable for trading, settlement and registration purpose upon completion of the Capital Reorganisation.

The expected timetable for implementation of the Capital Reorganisation and the associated trading arrangement are set out below:

2008

Effective date of the Capital Reorganisation.	Friday, 2 May
Dealing in New Shares commence	Friday, 2 May
Original counter for trading in Existing Shares in board lot of 10,000 Existing Shares temporarily closes	9:30 a.m. on Friday, 2 May
Temporary counter for trading in New Shares in board lot of 1,000 New Shares in the form of existing share certificate(s) opens.	9:30 a.m. on Friday, 2 May

LETTER FROM THE BOARD

2008

First day for free exchange of existing share certificate(s) of Existing Shares for new share certificate(s) for New Shares	Friday, 2 May
Original counter for trading in New Shares in board lot of 5,000 New Shares in the form of new share certificate(s) for New Shares re-opens.	9:30 a.m. on Monday, 19 May
Parallel trading in New Shares in the form of new share certificate(s) and existing share certificate(s) commences	9:30 a.m. on Monday, 19 May
Designated broker starts to stand in the market to purchase and sell odd lots of New Shares	Monday, 19 May
Parallel trading in New Shares in the form of new share certificate(s) and existing share certificate(s) ends	4:00 p.m. on Tuesday, 10 June
Temporary counter for trading in board lot of 1,000 New Shares in the form of existing certificate(s) closes	4:00 p.m. on Tuesday, 10 June
Designated broker ceases to stand in the market to purchase and sell odd lots of New Shares.	4:00 p.m. on Tuesday, 10 June
Last day for free exchange of existing share certificate(s) of Existing Shares for new share certificate(s) for New Shares	Friday, 13 June

Arrangement for matching service for odd lots

In order to alleviate the difficulties arising from the existence of odd lots of the New Shares, the Company has procured an agent to arrange for the matching of the sales and purchases of odd lots of the New Shares on behalf of the Shareholders. Holders of odd lots of the New Shares who wish to take advantage of this facility to dispose of or top up odd lots should contract Mr. Leung Siu Wa at 2235-7801 of Hantec International Finance Group Limited located at 45th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong, during the period from Monday, 19 May 2008 to Tuesday, 10 June 2008, both dates inclusive.

Holders of the New Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the New Shares will not be guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

Adjustments in relation to the Options

As at the Latest Practicable Date, there are outstanding Options entitling the holders thereof to subscribe for up to an aggregate of 365,451,296 Existing Shares (equivalent to 36,545,129 New Shares). The Capital Reorganisation may cause adjustments to the exercise prices and/

LETTER FROM THE BOARD

or the number of New Shares to be issued under the Options. The Company will appoint the Company's auditors to review and confirm that the basis of such adjustments to the Options comply with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and in accordance with the rules of the share option scheme of the Company. The Company will inform the holders of the Options of the adjustments accordingly.

PROPOSED CHANGE OF COMPANY NAME

On 19 March 2008, the Board announced that it is proposed to change the name of the Company from "Riche Multi-Media Holdings Limited" to "China Star Investment Holdings Limited" and upon the name change becoming effective, the new Chinese name "中國星投資有限公司" will be adopted to replace "豐采多媒體集團有限公司" for identification purposes only which shall be subject to, (i) the passing of a special resolution by the shareholders at a SGM to approve the change of the Company's name; and (ii) the approval by the Registrar of Companies in Bermuda.

The Board believes that the change of name of the Company would reflect that China Star Entertainment Limited is the largest Shareholder and would provide a better reflection of the existing business of the Group as the name "Riche Multi-Media Holdings Limited" has over the years been synonymous with film distribution and multi-media business. The word "China" in the new name would link the Group to investments in China and the word "Star" in the new name would link the Group to a bright future as the word "Star" and related symbols is an indication of category of excellence i.e. a "five-star" hotel, and symbols such as an asterisk (*) suggests illumination and radiance.

The new name of the Company will take effect from the date of entry of the new name on the register of companies maintained by the Registrar of Companies in Bermuda. The Company will then carry out all necessary filing procedures with the Registrar of Companies in Hong Kong.

The proposed change of company name will not affect any of the rights of any Shareholders. All existing share certificates in issue bearing the existing name of the Company will, after the change of company name has become effective, continue to be evidence of title to the Shares and will be valid for trading, settlement and registration purposes. There will not be any arrangement for exchange of the existing share certificates. Once the change of the Company's name has become effective, new share certificates for Shares will be issued in the new name of the Company.

REFRESHMENT OF SCHEME MANDATE LIMIT

Pursuant to a resolution passed at the special general meeting of the Company held on 21 January 2002, the Share Option Scheme was adopted and the old share option scheme was terminated.

LETTER FROM THE BOARD

The purpose of the Share Option Scheme is to provide incentives and rewards to Eligible Persons for their contribution or potential contribution to the Group. The exercise price of an Option must be the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Day immediately preceding the date of grant; and (iii) the nominal value of the Share.

Apart from the Share Option Scheme, the Company has no other share option scheme in place as at the Latest Practicable Date.

Share Option Scheme

Pursuant to the Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options to be granted by the Company under the Share Option Scheme and any other options to be granted by the Company under any other share option schemes of the Company must not in aggregate exceed 10% of the Shares in issue as at the date of approval of the Share Option Scheme (being the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Scheme Mandate Limit may be refreshed by Shareholders in general meeting from time to time.

At the AGM, the Scheme Mandate Limit was refreshed to allow the Company to grant Options entitling holders to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment, which amounted to 96,613,997 Options.

On 11 July 2007, the Company granted a total of 97,983,415 Options (adjusted for the Open Offer) to certain Eligible Persons to allow them to subscribe for 97,983,415 Existing Shares (equivalent to 9,798,341 New Shares), which represented approximately 99.44% of the Scheme Mandate Limit as refreshed at the AGM and approximately 2.36% of the remaining Scheme Mandate Limit as refreshed at the special general meeting of the Company held on 18 May 2007.

At the special general meeting of the Company held on 12 October 2007 (the "First SGM"), the Scheme Mandate Limit was refreshed to allow the Company to grant Options entitling holders to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment, which amounted to 130,123,997 Options.

On 20 March 2008, the Company granted a total of 127,440,000 Options to certain Eligible Persons to allow them to subscribe for 127,440,000 Existing Shares (equivalent to 12,744,000 New Shares), which represented 97.94% of the Scheme Mandate Limit as refreshed at the First SGM.

LETTER FROM THE BOARD

Up to the Latest Practicable Date, the Company has granted an aggregate of 398,801,296 Options (adjusted for the Open Offer) under the Share Option Scheme pursuant to the Scheme Mandate Limit as last refreshed on 14 January 2005, 18 May 2007, 29 June 2007 and 12 October 2007. 32,400,000 Options and 950,000 Options were exercised and cancelled respectively, and no Option was lapsed under the Share Option Scheme.

Therefore, as at the Latest Practicable Date, there are 365,451,296 Options (adjusted for the Open Offer) outstanding and unexercised under the Share Option Scheme to which holders were entitled to subscribe for 365,451,296 Existing Shares (equivalent to 36,545,129 New Shares).

Details of the refreshments of Scheme Mandate Limit and Options granted exercised, lapsed and outstanding as at the Latest Practicable Date are summarised as follows:

Date of adoption of Share Option Scheme (A)/date of refreshment of Scheme Mandate Limit (R)	Number of Shares that may be issued pursuant to all Options to be granted under the Share Option Scheme and the Scheme Mandate Limit		Number of Options granted	Number of Options exercised	Number of Options cancelled	Number of Options outstanding before adjustment for the Open Offer	Adjustment for the Open Offer	Number of Options outstanding as at the Latest Practicable Date
	Date of grant							
21 January 2002 (A)	47,520,000	8 March 2002	19,950,000	—	(950,000)	19,000,000	(106,742)	18,893,258
		13 December 2004	27,570,000	—	—	27,570,000	(154,888)	27,415,112
14 January 2005 (R)	47,520,000	22 March 2007	47,520,000	(32,400,000)	—	15,120,000	(84,944)	15,035,056
18 May 2007 (R)	81,051,997	31 May 2007	79,129,000	—	—	79,129,000	(444,545)	78,684,455
		11 July 2007	1,922,997	—	—	1,922,997	(10,803)	1,912,194
29 June 2007 (R)	96,613,997	11 July 2007	96,613,997	—	—	96,613,997	(542,776)	96,071,221
12 October 2007 (R)	130,123,997	20 March 2008	127,440,000	—	—	—	—	127,440,000
	<u>402,829,991</u>		<u>400,145,994</u>	<u>(32,400,000)</u>	<u>(950,000)</u>	<u>239,355,994</u>	<u>(1,344,698)</u>	<u>365,451,296</u>

As 97.94% of the Scheme Mandate Limit of 130,123,997 Options as refreshed at the First SGM has been used, the Directors are of the view that in order to provide incentives and rewards to the Eligible Persons for their contribution or potential contribution to the Group by granting Options to them, the Scheme Mandate Limit shall be refreshed to provide the Company with greater flexibility on recruiting and retaining high-calibre employees and attracting human resources that are valuable to the Group.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 1,951,859,961 Existing Shares (equivalent to 195,185,996 New Shares) in issue. Assuming there is no further allotment and issue of Shares and no further grant of Options under the Share Option Scheme, upon the granting of a refreshment of Scheme Mandate Limit by the Shareholders at the SGM, the Scheme Mandate Limit (as refreshed) will allow the Company to grant Option entitling holders thereof to subscribe for Shares not exceeding 10% of the issued share capital of the Company as at the date of approving the refreshment of Scheme Mandate Limit which are 195,185,996 Existing Shares (equivalent to 19,518,599 New Shares).

The limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company must not exceed 30% of the Shares in issue from time to time. As at the Latest Practicable Date, such number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Company does not exceed 30% of the Shares in issue.

The refreshment of Scheme Mandate Limit is conditional upon:

1. the passing by the Shareholders of an ordinary resolution at the SGM to approve, among other things, the refreshment of Scheme Mandate Limit; and
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the refreshment of Scheme Mandate Limit which may be issued pursuant to the exercise of Options to be granted under the Share Option Scheme.

Application will be made to the Listing Committee of the Stock Exchange for the grant of listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of the refreshment of Scheme Mandate Limit which may be issued pursuant to the exercise of Options to be granted under the Share Option Scheme.

PROCEDURES FOR DEMANDING A POLL

Pursuant to bye-law 66 of the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three Shareholders present in person or, in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (iii) Shareholder or Shareholders present in person or, in the case of a Shareholder being a corporation by its duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (iv) Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised corporate representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

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, 30 April 2008 at 4:30 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the resolutions to approve the Capital Reorganisation, the proposed change of the Company's name and the refreshment of Scheme Mandate Limit are set out on pages 18 to 21 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 registrars 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the opinion that the Capital Reorganisation, the change of the Company's name and the refreshment of Scheme Mandate Limit are fair and reasonable and are 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 resolutions proposed at the SGM.

Yours faithfully,
For and on behalf of
Riche Multi-Media Holdings Limited
Heung Wah Keung
Chairman

NOTICE OF SPECIAL GENERAL MEETING



RICHE MULTI-MEDIA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

NOTICE IS HEREBY GIVEN that the special general meeting of Riche Multi-Media Holdings Limited (the “Company”) will be held at Unit 3408, Shun Tak Centre, West Tower, 168-200 Connaught Road Central, Hong Kong on Wednesday, 30 April 2008 at 4:30 p.m. for the purpose of consideration and, if thought fit, passing with or without modification the following resolutions as an ordinary resolution and special resolutions of the Company:

ORDINARY RESOLUTION

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, 10% of the Shares in issue at the date of approval of this resolution which may be issued pursuant to the exercise of options to be granted under the share option scheme adopted by the Company on 21 January 2002 (the “Share Option Scheme”) and any other share option schemes of the Company, and pursuant to rule 4 of the rules of the Share Option Scheme, approval be and is hereby granted for “refreshing” the Scheme Mandate (as defined in the rules of the Share Option Scheme) under the Share Option Scheme provided that (i) the total number of Shares in the share capital of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company under the limit as “refreshed” hereby shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and (ii) options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company) shall not be counted for the purpose of calculating the 10% limit as “refreshed” hereby.”

NOTICE OF SPECIAL GENERAL MEETING

SPECIAL RESOLUTION NO.1

“**THAT** with effect from 2 May 2008:

- (a) every ten existing shares of HK\$0.10 each be consolidated into one share of HK\$1.00 each (the “Consolidated Share(s)”);
- (b) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$0.99 on each issued Consolidated Share in the share capital of the Company such that the nominal value of all issued Consolidated Shares will be reduced from HK\$1.00 each to HK\$0.01 each, resulting in the reduction of issued share capital from HK\$195,185,996 divided into 195,185,996 Consolidated Shares to HK\$1,951,860 divided into 195,185,996 shares of HK\$0.01 each;
- (c) the nominal value of all the Consolidated Shares in the authorised share capital of the Company be also reduced from HK\$1.00 each to HK\$0.01 each, resulting in the reduction of the authorised share capital from HK\$600,000,000 divided into 600,000,000 Consolidated Shares to HK\$6,000,000 divided into 600,000,000 shares of HK\$0.01 each;
- (d) the entire amount of HK\$813,058,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be cancelled and such credit amount arising from the share premium cancellation be transferred to the contributed surplus account of the Company. A sum of HK\$518,374,000 in the contributed surplus account of the Company shall be applied to set off against the accumulated losses of the Company, which amounted to approximately HK\$518,374,000 as at 31 December 2006, and the remaining credit balance will be utilised by the Board in accordance with the bye-laws of the Company and all applicable laws; and
- (e) the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this special resolution No.1.”

NOTICE OF SPECIAL GENERAL MEETING

SPECIAL RESOLUTION NO.2

“**THAT** subject to and conditional upon the approval of the Registrar of Companies in Bermuda being obtained, the name of the Company be changed from “Riche Multi-Media Holdings Limited” to “China Star Investment Holdings Limited” and upon the name change becoming effective, the new Chinese name “中國星投資有限公司” will be adopted to replace “豐采多媒體集團有限公司” for identification purposes only and the Directors be and are hereby authorised to do all such acts and things and exercise all such documents they consider necessary and expedient to give effect to the aforesaid change of name of the Company.”

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

Hong Kong, 8 April 2008

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong:

Unit 3408, West Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at 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 of the above meeting or any adjournment thereof.

NOTICE OF SPECIAL GENERAL MEETING

5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.