



RICHE MULTI-MEDIA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ADJUSTMENTS OF EXERCISE PRICE OF SHARE OPTIONS, SUBSCRIPTION PRICE OF WARRANTS AND CONVERSION PRICE OF CONVERTIBLE NOTE

The Board is pleased to announce that at the special general meeting of the Company held on 14 January 2005, resolutions were passed to approve, among other things, the Share Subdivision on the basis of one Share of HK\$0.10 in the issued and unissued share capital of the Company be subdivided into 10 Subdivided Shares of HK\$0.01 each in the issued and unissued share capital of the Company.

With the Share Subdivision becoming effective, the exercise price per Share and the number of Shares entitled under the Share Options, the subscription price of the Warrants and the conversion price of the Convertible Note will be adjusted as detailed below.

Reference is made to the announcement and the circular of the Company in relation to the proposed subdivision of shares, change of board lot size and refreshment of scheme mandate limit under the share option scheme dated 21 December 2004 and 28 December 2004 respectively.

The board (the **"Board"**) of directors (the **"Directors"**) of the Company is pleased to announce that at the special general meeting of the Company held on 14 January 2005, resolutions were passed to approve, among other things, the share subdivision (the **"Share Subdivision"**) on the basis of one share (each a **"Share"**) of HK\$0.10 in the issued and unissued share capital of the Company be subdivided into 10 subdivided shares (each a **"Subdivided Share"**) of HK\$0.01 each in the issued and unissued share capital of the Company.

ADJUSTMENTS OF EXERCISE PRICE AND NUMBER OF SHARE OPTIONS

According to the respective terms of the share option scheme adopted on 21 January 2002, the exercise prices of the share options (the **"Share Options"**) that remained outstanding as at 17 January 2005 will be adjusted with effect from 18 January 2005 following the Share Subdivision coming into effect as follows:

Number of Share Options	Exercise price per Share before adjustment	Adjusted exercise price per Subdivided Share	Adjusted number of Share Options	Exercisable period
Outstanding Share Options granted on 8 March 2002				
19,000,000	HK\$2.60	HK\$0.260	190,000,000	8 March 2002 to 7 March 2012
Outstanding Share Options granted on 13 December 2004				
27,570,000	HK\$1.94	HK\$0.194	275,700,000	13 December 2004 to 12 December 2014

ADJUSTMENT OF SUBSCRIPTION PRICE OF WARRANTS

As at 17 January 2005, the Company has a total of HK\$342,144,000 warrants (the **"Warrants"**) outstanding entitling the holders thereof to subscribe for 95,040,000 Shares at a price of HK\$3.60 per Share on or before 16 June 2005. On the basis of the adjustment formula contained in the instrument constituting the Warrants, the subscription price will be adjusted from HK\$3.60 per Share to HK\$0.36 per Subdivided Share with effect from 18 January 2005.

ADJUSTMENT OF CONVERSION PRICE OF CONVERTIBLE NOTE

As at 17 January 2005, the Company has outstanding convertible note (the **"Convertible Note"**) in the principal amount of HK\$33,800,000 carrying rights to subscribe for Shares at an exercise price of HK\$4.00 per Share on or before 19 April 2005. On the basis of the adjustment formula contained in the instrument constituting the Convertible Note, the conversion price will be adjusted from HK\$4.00 per Share to HK\$0.40 per Subdivided Share with effect from 18 January 2005.

Reports of factual findings dated 28 December 2004 with respect to the calculations of the effect of the Share Subdivision on: (i) the exercise price and number of the outstanding Share Options; (ii) the subscription price payable on the exercise of the Warrants; and (iii) the conversion price of the Convertible Note from the auditors of the Company are available for inspection by the holders of the Share Options, Warrants and Convertible Note respectively at the head office and principal place of business of the Company in Hong Kong at Unit 609, Miramar Tower, 132 Nathan Road, Tsimshatsui, Kowloon.

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

Hong Kong, 18 January 2005

As at the date of this announcement, the executive Directors are Mr Heung Wah Keung, Ms Chen Ming Yin, Tiffany, Mr Lei Hong Wai and the three independent non-executive Directors are Mr Lai Hok Lim, Mr Tang Chak Lam, Gilbert and Mr Ho Wai Chi, Paul.