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RICHE MULTI-MEDIA HOLDINGS LTD.

(incorporated in Bermuda with limited liability)
(Stock Code: 764)

PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES

Placing Agent



GOLDBOND SECURITIES LIMITED

The Placing and Subscription Agreement was entered into on 7 September 2005, pursuant to which the Vendor has appointed the Placing Agent as its placing agent to place, on a best effort basis, an aggregate of up to 400,000,000 Placing Shares which the Vendor held to independent third parties who are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates at HK\$0.34 per Placing Share.

Under the Placing and Subscription Agreement, the Vendor has conditionally agreed to subscribe for the Subscription Shares (the number of which is equivalent to the Placing Shares) at HK\$0.34 per Subscription Share. The Subscription is subject to various conditions set out below under the heading "Conditions of the Subscription".

Both the price per Placing Share and the price per Subscription Share are identical, and represent (i) a discount of approximately 6.85 per cent. to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange at 4:00 p.m. on 6 September 2005 and (ii) a discount of approximately 6.21 per cent. to the average closing price of approximately HK\$0.3625 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 6 September 2005, being the last trading day prior to the date of this announcement.

The Placing Shares represent approximately 8.41 per cent. of the existing issued share capital of the Company and approximately 7.76 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The Placing will reduce the aggregate shareholding of the Vendor and parties acting in concert with them from about 42.54 per cent. to approximately 34.13 per cent. of the existing issued share capital of the Company.

The Subscription will then increase the aggregate shareholding of the Vendor and parties acting in concert with them to approximately 39.24 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. An application will be made by the Vendor to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Code on Takeovers and Mergers as a result of the Subscription. An application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 29 June 2005.

The net proceeds from the Subscription, assuming that the 400,000,000 existing Shares are fully placed, will amount to approximately HK\$132,000,000. The Company intends to use the proceeds for investment in other relevant business opportunities that may arise in the future and for general working capital of the Group.

Further announcement on the number of the Placing Shares actually placed will be made by the Company after completion of the Placing and the Subscription.

Trading in the Shares was suspended at 9:30 a.m. on 7 September 2005 at the request of the Company pending this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 September 2005.

The Placing and Subscription Agreement dated 7 September 2005 was entered into between the Company, the Vendor and the Placing Agent.

1. THE PLACING

Vendor: Classical Statue Limited, a wholly owned subsidiary of China Star Entertainment (BVI) Limited which, in turn, is a wholly owned subsidiary of China Star Entertainment Limited, a company incorporated in Bermuda and whose securities are listed on the main board of the Stock Exchange (stock code: 326) and immediately prior to the signing of the Placing and Subscription Agreement, owned 2,022,530,000 Shares, representing approximately 42.54 per cent. of the existing issued share capital of the Company.

Number of Placing Shares:

The Placing Agent has agreed to procure on a best effort basis placees for up to 400,000,000 Shares owned by the Vendor, representing approximately 8.41 per cent. of the existing issued share capital of 4,754,018,000 Shares as at the date of this announcement or approximately 7.76 per cent. of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription. The Placing Agent has agreed to procure placees of the Placing Shares on a best effort basis.

Further announcement on the number of the Placing Shares actually placed will be made by the Company after completion of the Placing and the Subscription.

Placees:

More than six independent private individual and institutional investors who are independent of and not connected nor acting in concert with the directors, chief executive or substantial shareholders of the Company or its subsidiaries, or any of their respective associates.

Placing price:

HK\$0.34 per Placing Share.

This price was agreed after arm's length negotiations. This price represents (i) a discount of approximately 6.85 per cent. to the closing price of HK\$0.365 per Share at 4:00 p.m. on 6 September 2005, being the last trading day immediately prior to this announcement; and (ii) a discount of approximately 6.21 per cent. to the average closing price of approximately HK\$0.3625 per Share as quoted on the Stock Exchange from 24 August 2005 to 6 September 2005, both dates inclusive, being the last ten trading days immediately prior to the date of this announcement.

Placing Agent:

Goldbond Securities Limited.

Independence of placees and placing agent:

The placees and their ultimate beneficial owners will not be, and the Placing Agent are not connected persons (within the meanings under the Listing Rules) of the Company, and they will be and are, respectively, independent of and not connected nor acting in concert with the Vendor or any persons acting in concert with them. The placees and their ultimate beneficial owners will be, and the Placing Agent are, also independent of and not connected nor acting in concert with any of the directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their associates.

To the best knowledge of the Directors, none of the placees will become substantial Shareholders immediately following the Placing.

The Placing Agent will charge a placing commission of 2.5% of the aggregate Placing Price multiplied by the number of Placing Shares actually placed.

Completion of the Placing:

The Placing is unconditional and is expected to be completed on or about 8 September 2005 or such other date as the Vendor and the Placing Agent may agree.

Rights of the Placing Shares

The Placing Shares will be sold by the Vendor free of liens, charges, encumbrances and any third party rights and together with all rights attaching thereto at the date of completion of the Placing and Subscription Agreement (which will be the business day immediately after the date of Placing and Subscription Agreement, or such other time as the Vendor and the Placing Agent shall agree).

2. THE SUBSCRIPTION

Subscriber: the Vendor

Number of Subscription Shares:

The Company will allot and issue and the Vendor will subscribe for such number of new Shares as is equivalent to the aggregate number of Placing Shares sold to the placees under the Placing up to a maximum number of 400,000,000 Subscription Shares. Such maximum number of 400,000,000 Subscription Shares represents approximately 8.41 per cent. of the existing issued share capital of the Company as at the date of this announcement or approximately 7.76 per cent. of the issued share capital as enlarged by the allotment and issue of the Subscription Shares pursuant to the Subscription.

Subscription price:

HK\$0.34 per Subscription Share, which is the equivalent of the price per Placing Share.

Mandate to allot and issue new Shares:

The Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of its Shareholders passed at the annual general meeting of the Company held on 29 June 2005.

The Company is authorised to issue 950,803,600 Shares under such mandate and the Company has not exercised the power to allot and issue any new Shares pursuant to such mandate prior to the Placing and the Subscription.

Ranking:

The Subscription Shares will rank equally in all respects among themselves and with all other Shares in issue as at the date of such allotment and issue pursuant to the Placing and Subscription Agreement.

Conditions of the Subscription:

The Subscription is conditional upon, among other conditions:

- completion of the Placing pursuant to the Placing and Subscription Agreement;
- the Listing Committee of the Stock Exchange agreeing to grant a listing of, and permission to deal in, the Subscription Shares;
- (if so required) the Executive granting a waiver to the Vendor to the effect that neither of the Vendor nor any party acting in concert with them will be obliged to make a general offer for the Shares under the Code on Takeovers and Mergers as a result of the Placing and the Subscription pursuant to the Placing and Subscription Agreement;
- (if so required) the Bermuda Monetary Authority granting permission for the allotment and issue of the Subscription Shares; and
- the supply by the Company to the Placing Agent of a legal opinion to be issued by Conyers Dill & Pearman, in such form and substance to the reasonable satisfaction of the Placing Agent, confirming, among other matters, (i) the general mandate granted by the Company's shareholders at the annual general meeting held on 29 June 2005 to the Directors being valid, and (ii) the Placing and Subscription Agreement upon being entered into by the Company shall constitute valid and binding obligations on the part of the Company, including its obligations (among others) to allot and issue the Subscription Shares pursuant to the above general mandate (subject to the conditions precedent in the Placing and Subscription Agreement being satisfied).

None of the above conditions can be waived by the parties to the Placing and Subscription Agreement.

The aggregate shareholdings of the Vendor and its associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers) will decrease from approximately 42.54 per cent. to approximately 34.13 per cent. immediately after the Placing and will increase back to approximately 39.24 per cent. immediately after the Subscription. Such change in shareholding will trigger an obligation to make a general offer under the Code on Takeovers and Mergers.

An application will be made by the Vendor to the Executive for the granting of a waiver from general offer obligation that might otherwise arise under the Code on Takeovers and Mergers as a result of the Subscription.

Completion of the Subscription:

The completion of the Subscription will take place on the business day next following the day on which the conditions referred to above are fulfilled (which is expected to be on or before 20 September 2005) and in any event within 14 days from the date of the Placing and Subscription Agreement.

If the conditions are not fulfilled within the time specified above (or such later date as may be agreed by the Placing Agent, the Vendor and the Company), the Subscription will lapse. If the date of completion of the Subscription is to be extended beyond 20 September 2005, the Subscription will constitute a connected transaction under the Listing Rules which will require the approval of the independent Shareholders and the Company will take steps to ensure compliance with the Listing Rules. Further announcement will be made as and when appropriate.

Changes to the shareholding as a result of the Placing and the Subscription:

Assuming that 400,000,000 Placing Shares will be placed and the same number of Subscription Shares will be subscribed, the shareholding of the Vendor and its associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers) in the Company and other parties as mentioned below immediately before the Placing, immediately after the Placing but before the Subscription, and immediately after the Placing and the Subscription are as follows:

	Existing Shareholding		After the Placing but before the Subscription		After the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor and its associates (being parties deemed to be acting in concert under the Code on Takeovers and Mergers) (<i>Note 1</i>)	2,022,530,000	42.54	1,622,530,000	34.13	2,022,530,000	39.24
Placees	—	—	400,000,000	8.41	400,000,000	7.76
Top Vision Management Limited (a substantial shareholder) and its associates (<i>Note 2</i>)	792,000,000	16.66	792,000,000	16.66	792,000,000	15.37
Lucky Star Consultants Limited and its associates (<i>Note 3</i>)	354,000,000	7.45	354,000,000	7.45	354,000,000	6.87
The public	1,585,488,000	33.35	1,585,488,000	33.35	1,585,488,000	30.76
In aggregate	<u>4,754,018,000</u>	<u>100</u>	<u>4,754,018,000</u>	<u>100</u>	<u>5,154,018,000</u>	<u>100</u>

Notes:

- (1) The Vendor is the registered and beneficial owner of all these Shares.
- (2) Top Vision Management Limited is solely owned by Mr. Chan Kam Sum.
- (3) Lucky Star Consultants Limited is solely owned by Mr. Lau Tung Hoi.

The above table excludes: (i) the short position held by Top Vision Management Limited in respect of 420,000,000 Shares; and (ii) in connection with the acquisition of Best Winning Group Limited (as detailed in the Company's announcement dated 15 April 2005), up to 1,000,000,000 new Shares which may be allotted and issued upon full conversion of convertible notes to be issued to Leadfirst Limited and up to 500,000,000 new Shares which may be allotted and issued upon exercise of the options granted to Mr Benny Ki.

Reasons for the Placing and Subscription and use of proceeds:

In view of the current market condition, the Directors consider that the Placing and Subscription represent an ideal opportunity for the Company to raise additional capital for its future business developments, to enhance its capital base, and to increase its shareholders' base. The Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement were fair and reasonable and they were in the best interests of the Company, as far as the Shareholders are concerned.

The net proceeds, after deducting related placing commission, professional fees and all related expenses which will be borne by the Company, under the Subscription of a maximum of 400,000,000 new Shares are estimated to be approximately HK\$132,000,000. The net price to the Company of each Subscription Share, which is calculated by dividing the aggregate net proceeds by the total number of the Subscription Shares, is approximately HK\$0.33. The Company intends to use the proceeds for investment in other relevant business opportunities that may arise in the future and for general working capital of the Group. As at the date of this announcement, the Company had not identified any such business opportunities.

General information

The Group is principally engaged in the distribution of films, sub-licensing of film rights and investments. In April 2005, the Company announced that it had entered into an agreement with Leadfirst Limited and Mr. Benny Ki to acquire 100% of the issued share capital of Best Winning Group Limited, which has been appointed as the sole and exclusive service provider for the promotion and introduction of customers to a casino on board the vessel named Radisson Diamond (to be re-named as Asia Star) and the provision of relating rolling and settlement services, from Leadfirst Limited at a total consideration of HK\$600,000,000, which will be satisfied by the issue of convertible notes in the principal amount of HK\$500,000,000 and the payment of cash of HK\$100,000,000. It is expected that completion of the above acquisition will take place in early October 2005. The Directors confirm that proceeds from the Subscription will not be used to finance the above acquisition.

The Group has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

Application for listing

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Suspension and resumption of trading

Trading in the Shares was suspended at 9:30 a.m. on 7 September 2005 at the request of the Company pending the publication of this announcement and application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8 September 2005.

Definitions

The following defined terms are used in this announcement:

"associates"	having the meaning ascribed thereto in the Listing Rules.
"Board"	the board of Directors.
"Company"	Riche Multi-Media Holdings Limited, the shares of which are listed on the main board of the Stock Exchange.
"Director(s)"	the director(s) of the Company.
"Executive"	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
"Group"	the Company and its subsidiaries.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange.
"Listing Committee"	the listing committee of the Stock Exchange.
"Placing"	the placing of the Placing Shares pursuant to the terms of the Placing and Subscription Agreement.
"Placing Agent"	Goldbond Securities Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Laws).
"Placing Shares"	up to 400,000,000 existing Shares.
"Placing and Subscription Agreement"	the placing and subscription agreement dated 7 September 2005 between the Company, the Vendor and the Placing Agent.
"Share(s)"	ordinary share(s) of HK\$0.01 in the capital of the Company.
"Shareholder(s)"	holder(s) of Shares.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Subscription"	the subscription of the Subscription Shares to be subscribed for by the Subscriber pursuant to the Placing and Subscription Agreement.
"Subscription Shares"	new Shares to be subscribed for by the Subscriber in such number as shall be equivalent to the number of the Placing Shares placed by the Placing Agent under the Placing and Subscription Agreement.
"Vendor" or "Subscriber"	Classical Statue Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of China Star Entertainment (BVI) Limited which, in turn, is a wholly owned subsidiary of China Star Entertainment Limited, a company incorporated in Bermuda and whose securities are listed on the main board of the Stock Exchange (stock code: 326).

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

Hong Kong, 7 September 2005

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of their statements in this announcement misleading.