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# RICHE MULTI-MEDIA HOLDINGS LIMITED

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

## TOP-UP PLACING AND RESUMPTION OF TRADING

Placing Agent



KINGSTON SECURITIES LIMITED

### THE TOP-UP PLACING

The Chairman of the Company was approached by the underwriter at 9:00 a.m. on 17 March 2007 regarding for the possible share placement and on 19 March 2007, the Vendor entered into the Placing Agreement and the Top-Up Subscription Agreement with the Placing Agent and the Company respectively. Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 1,296,860,000 existing Shares, on a fully underwritten basis, to not fewer than six Placees who and whose ultimate beneficial owners will not be connected persons (as defined in the Listing Rules) of the Company and its connect persons (as defined in the Listing Rules) at a price of HK\$0.04 per Placing Share. Pursuant to the Top-Up Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 1,296,860,000 Top-Up Subscription Shares at a price of HK\$0.04 per Top-Up Subscription Share.

The Placing Price (or the Top-Up Subscription Price) of HK\$0.04 represents (i) a discount of approximately 14.89% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 14.53% to the average closing price per Share of approximately HK\$0.0468 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of approximately 29.08% over the average closing price per Share of HK\$0.0564 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The 1,296,860,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 20.00% of the existing issued share capital of the Company of 6,484,339,745 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 7,781,199,745 Shares as enlarged by the Top-Up Subscription.

The Top-Up Subscription Agreement 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; and (ii) completion of the Placing Agreement.

The gross proceeds from the Top-Up Subscription will be approximately HK\$51.87 million. The net proceeds of approximately HK\$50.50 million from the Top-Up Subscription is intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group but the allocation of the net proceeds has not yet been determined. As at the date of this announcement, no such investment has been identified by the Group.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 19 March 2007 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m., on 20 March 2007.

### THE TOP-UP PLACING

#### The Placing Agreement

#### Date

19 March 2007

#### Parties involved

The Placing Agent and the Vendor

#### Placing Agent

The Chairman of the Company was approached by the underwriter at 9:00 a.m. on 17 March 2007 regarding for the possible share placement and on 19 March 2007, the Vendor entered into the Placing Agreement and the Top-Up Subscription Agreement with the Placing Agent and the Company respectively. The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing, which was arrived at after arm's length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules). The Directors (including the independent non-executive directors) consider that the placing commission is on the normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

#### 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 will not be connected persons (as defined in the Listing Rules) of the Company and its connect persons (as defined in the Listing Rules).

#### Placing Price

The Placing Price (or the Top-Up Subscription Price) of HK\$0.04 represents (i) a discount of approximately 14.89% to the closing price of HK\$0.047 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 14.53% to the average closing price per Share of approximately HK\$0.0468 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Date; and (iii) a discount of approximately 29.08% over the average closing price per Share of HK\$0.0564 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Date.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agent on 19 March 2007. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are fair and reasonable based on the prevailing volatile stock market and in the interests of the Company and the Shareholders as a whole.

#### The Placing Shares

The 1,296,860,000 Placing Shares (or the Top-Up Subscription Shares) represent (i) approximately 20.00% of the existing issued share capital of the Company of 6,484,339,745 Shares as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company of 7,781,199,745 Shares as enlarged by the Top-Up Subscription.

#### Ranking of Placing Shares

The Placing Shares rank pari passu among themselves and with Shares in issue as at the date of this announcement.

#### Condition of the Placing Agreement

The Placing Agreement is unconditional.

#### Completion

The Placing Agreement is expected to be completed on or about 22 March 2007.

#### The Top-Up Subscription Agreement

#### Date

19 March 2007

#### Parties involved

The Company and the Vendor

#### The Top-Up Subscription Price

The Top-Up Subscription Price is HK\$0.04 per Share. The Top-Up Subscription Price is the same to the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price of the Placing Shares.

#### Number of Top-Up Subscription Shares

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares, being 1,296,860,000.

#### Ranking of Top-Up Subscription Shares

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

#### The Top-Up Subscription Shares

The 1,296,860,000 Top-Up Subscription Shares will be allotted and issued pursuant to the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution passed at the annual general meeting of the Company held on 23 June 2006 (the "AGM") subject to the limit up to 20% of the issued share capital of the Company as at the date of passing such resolution at the AGM (i.e. 1,296,867,949 Shares). As at the date of this announcement, none of the Shares have been allotted and issued pursuant to the general mandate as at the date of this announcement.

#### Conditions of the Top-Up Subscription Agreement

The Top-Up Subscription Agreement 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; and
- (ii) completion of the Placing Agreement.

#### 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 Placing Agreement, that is, on or before 2 April 2007.

In the event that the conditions to the Top-Up Subscription Agreement are not fulfilled by 2 April 2007, the Company and the Vendor may elect, subject to compliance with all requirements in relation to connected transactions under the Listing Rules (including the Shareholder's approval), to postpone completion of the Top-Up Subscription to a later date to be agreed between the Company and the Vendor.

#### REASON FOR THE TOP-UP PLACING AND USE OF PROCEEDS

The Directors consider various ways of raising funds and consider that the Placing and Top-Up Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing Agreement and the Top-Up Subscription Agreement are in the interest of the Company and the Shareholders as a whole.

The gross proceeds from the Top-Up Subscription will be approximately HK\$51.87 million. The net proceeds of approximately HK\$50.50 million from the Top-Up Subscription is intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group but the allocation of the net proceeds has not yet been determined. As at the date of this announcement, no such investment has been identified by the Group. The net proceeds raised per Share upon completion of the Top-Up Subscription will be approximately HK\$0.0389 per Share.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company as at the date of this announcement, immediately after the Placing but before the Top-Up Subscription, and immediately after the Placing and the Top-Up Subscription are as follows:

	As at the date of this announcement		Immediately after the Placing but before the Top-Up Subscription		Immediately after the Placing and the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
Classical Statue Limited ( <i>Note 1</i> )	2,232,510,000	34.43	935,650,000	14.43	2,232,510,000	28.69
Northbay Investments Holdings Limited ( <i>Note 2</i> )	1,330,321,745	20.52	1,330,321,745	20.52	1,330,321,745	17.10
Top Vision Management Limited ( <i>Note 3</i> )	792,000,000	12.21	792,000,000	12.21	792,000,000	10.18
Public:						
— Placees	—	—	1,296,860,000	20.00	1,296,860,000	16.67
— Other public Shareholders	2,129,508,000	32.84	2,129,508,000	32.84	2,129,508,000	27.36
<b>Total</b>	<b>6,484,339,745</b>	<b>100</b>	<b>6,484,339,745</b>	<b>100</b>	<b>7,781,199,745</b>	<b>100</b>

### Notes:

- Classical Statue Limited is an indirect wholly-owned subsidiary of China Star Entertainment Limited which is listed on the Stock Exchange.
- 35.5% and 64.5% of the entire shareholding of Northbay Investments Holdings Limited are respectively owned by Asia Vest Partners VII Limited and Asia Vest Partners X Limited, and both of them are indirectly wholly-owned by Mr. Andrew Nan Sherrill through Asia Vest Partners Limited. Northbay Investments Holdings Limited and its ultimate beneficial owners do not hold any management position or directorship in the Company.
- Top Vision Management Limited, which is wholly-owned by Mr. Chan Kam Sum. Top Vision Management Limited and its ultimate beneficial owners do not hold any management position or directorship in the Company.

## GENERAL

The Group is principally engaged in the distribution of films, sub-licensing of film rights and property investments. The existing authorised share capital of the Company consists of 20,000,000,000 Shares out of which 6,484,339,745 Shares are issued and fully paid up.

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 Top-Up Subscription Shares.

The Directors advise that the Company plans to propose a share consolidation within 2 months from the publication date of this announcement subject to whether the market price of the Shares is approaching the extremities of HK\$0.01 per Share.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 19 March 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m., on 20 March 2007.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Riche Multi-Media Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the board of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	16 March 2007, being the last full trading day for the Shares before this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 and the New Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement and the New Placing Agreement
“Placing”	the placing of 1,296,860,000 existing Shares beneficially owned by the Vendor pursuant to the terms of the Placing Agreement
“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 Agreement”	the placing agreement between the Vendor and the Placing Agent dated 19 March 2007 in relation to the Placing
“Placing Price”	HK\$0.04 per Placing Share
“Placing Share(s)”	an aggregate of 1,296,860,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 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 Subscription”	the subscription of 1,296,860,000 new Shares pursuant to the terms of Top-Up Subscription Agreement
“Top-Up Subscription Agreement”	the subscription agreement entered into between the Vendor and the Company dated 19 March 2007 in relation to the Top-Up Subscription
“Top-Up Subscription Price”	HK\$0.04 per Top-Up Subscription Share
“Top-Up Subscription Share(s)”	a total of 1,296,860,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Subscription Agreement
“Vendor”	Classical Statue Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of China Star Entertainment Limited, a company incorporated in Bermuda with limited liability and the issue shares of which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 19 March 2007

As at the date of this announcement, the Board comprises two executive Directors namely, Mr. Heung Wah Keung, Ms. Chen Ming Yin, Tiffany and three independent non-executive Directors namely, Mr. Tang Chak Lam, Gilbert, Mr. Lien Wai Hung and Mr. Ho Wai Chi, Paul.