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## **RICHE MULTI-MEDIA HOLDINGS LIMITED**

*(Incorporated in the Bermuda with limited liability)*

**(Stock Code: 764)**

### **ANNOUNCEMENT**

The Directors announce that on 10th May, 2006, the Vendor and the Purchaser entered into the Supplemental Agreement pursuant to which the Vendor has agreed to indemnify the Purchaser for claims, damages, losses etc. arising from the use of the ground floor of the Property as a restaurant.

Furthermore, the Company wishes to provide further details in respect of the latest audited financial information of Shinhan-Golden and the financing arrangement in relation to the renovation of the Property.

A circular in respect of the Acquisition was dispatched to Shareholders on 19th May, 2006. A special general meeting of the Company is convened on 12th June, 2006 for Shareholders to vote on the Acquisition and the financing arrangement with JV Co.

**Completion of the Acquisition is subject to various conditions precedent having been fulfilled failing which the Acquisition may not take place. Shareholders and investors should therefore exercise caution when trading in the Shares.**

Reference is made to the Company's announcement dated 23rd February, 2006 in relation to the Acquisition (the "Announcement").

Capitalised terms used herein shall have the same meaning as in the Announcement unless the context otherwise requires.

On 10th May, 2006, the Vendor and the Purchaser entered into a supplemental agreement ("Supplemental Agreement") whereby it was agreed to include an additional clause to the S&P Agreement such that the Vendor will fully and effectually indemnify and hold harmless the Purchaser against all claims, damages, losses, costs, expenses, actions and proceedings whatsoever and howsoever arising directly or indirectly at any time whether present or future arising from or in connection with the leasing of the ground floor of the Property's main building to Beijing Ling Nan Xin Li Zhi Wan Catering Limited under existing tenancy agreement dated 11th December, 2001 (as supplemented by the supplemental tenancy agreement dated 25th May, 2002 and entered into between the JV Co., Guangzhou Xin Li Zhi Wan Hotel Management Limited and Beijing Ling Nan Xin Li Zhi Wan Catering Limited) for land use purpose other than for the land use purpose allowed under the Certificate for the Use of State-owned Land No. (2001)10136 where the Property located.

The reason that the Supplemental Agreement was entered into is because the ground floor of the Property is currently being used as a restaurant, a purpose which is not stated in the Certificate for the Use of State-owned Land No. (2001) 10136. On Completion, the Purchaser shall arrange for the land use purpose of the Property to include a restaurant. In the event that approval cannot be obtained for such change, the Purchaser will request that the use of the Property as a restaurant be discontinued.

Pursuant to the Announcement, the unaudited consolidated net assets value of Shinhan-Golden as at 31st December, 2003 and 2004 were approximately HK\$107,350,000 and HK\$95,150,000 respectively. The unaudited consolidated loss before taxation and an extraordinary gain of Shinhan-Golden for the year ended 31st December, 2003 was approximately HK\$14,872,000. The unaudited profit after taxation and an extraordinary gain of Shinhan-Golden for the year ended 31st December, 2003 was approximately HK\$89,668,000. Furthermore, pursuant to the Announcement, the unaudited consolidated net assets value of Shinhan-Golden as at 31st December, 2005 was approximately HK\$55,755,000 and the unaudited loss attributable to Shinhan-Golden's shareholders both before and after taxation and extraordinary items for the year ended 31st December, 2005 was approximately HK\$58,832,000. Following the completion of the audit on Shinhan-Golden and its subsidiaries by the Company's auditors, the audited consolidated net assets value of the Shinhan-Golden Group as at 31st December, 2003 and 2004 were approximately HK\$91,839,000 and HK\$108,112,000 respectively. The audited profit attributable to the equity holders of Shinhan-Golden before and after taxation for the year ended 31st December, 2003 were approximately HK\$165,877,000 and HK\$145,630,000 respectively. The audited profit attributable to the equity holders of Shinhan-Golden before and after taxation for the year ended 31st December, 2004 were approximately HK\$32,309,000 and HK\$16,272,000 respectively and the audited consolidated net assets value of Shinhan-Golden as at 31st December, 2005 was approximately HK\$140,641,000 and the audited profit attributable to Shinhan-Golden's shareholders both before and after taxation for the year ended 31st December, 2005 were HK\$46,034,000 and HK\$29,240,000 respectively.

The material difference between the audited and unaudited figures arises mainly as a result of the fair value gain on the Property following completion of the audit on Shinhan-Golden and its subsidiaries.

The Property is currently under renovation and being transformed from an apartment complex into service apartments. The Vendor has warranted to the Purchaser that the total direct and indirect cost and expenses of the renovation shall not exceed RMB58,000,000 (approximately HK\$56,311,000). Shareholders and investors should know that the renovation costs of up to RMB58,000,000 (approximately HK\$56,311,000) required by JV Co. will be indirectly financed by the Company from its internal resources.

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**Completion of the Acquisition is subject to various conditions precedent having been fulfilled failing which the Acquisition may not take place. Shareholders and investors should therefore exercise caution when trading in the Shares.**

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

Hong Kong, 22nd May, 2006

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