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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF A 100% INTEREST IN THE ISSUED SHARE CAPITAL OF MODERN VISION (ASIA) LIMITED AND RESUMPTION OF TRADING**

The Directors are pleased to announce that on 19th July, 2007 (after 12:30 p.m.), the S&P Agreement was entered into between the Purchaser and the Vendor, pursuant to which the Purchaser would acquire a 100% interest in the issued share capital of Modern Vision, at an aggregate consideration of approximately HK\$684,000,000. The Consideration shall be satisfied in cash from internal resources and third party financing (which has not yet been determined).

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. As the Vendor is a connected person (as defined in the Listing Rules) of the Company, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to, among other things, the approval of the Independent Shareholders at the SGM. The Vendor and its associates shall abstain from voting at the SGM in respect of the resolution to approve the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Acquisition.

A circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, accountants' report on Modern Vision, the independent valuation report of the Property, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 2:30 p.m. on 19th July, 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 24th July, 2007.

## **THE S&P AGREEMENT**

Date: 19th July, 2007 (after 12:30 p.m.)

Parties: (i) Purchaser: Legend Rich Limited, a wholly-owned subsidiary of the Company; and  
(ii) Vendor: Ms. Chen Ming Yin, Tiffany.

The Vendor is Ms. Chen Ming Yin, Tiffany, an executive Director and as such, the Vendor is a connected person (as defined in the Listing Rules) of the Company under Chapter 14A of the Listing Rules.

### **The Acquisition**

Pursuant to the S&P Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to dispose of a 100% interest in the issued share capital of Modern Vision.

The major asset of Modern Vision is its 50% equity interest in Over Profit.

Over Profit is an investment holding vehicle which indirectly holds a 100% equity interest in Macau Co.. Macau Co. is the registered and beneficial owner of the Property. The Property is a lot of land with the area of 4,669 square meters, named “Lote C7 do Plano de Urbanização da Baía da Praia Grande”, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070. So far as the Company is aware, Macau Co. intends to develop the site into residential properties. No independent valuation has been conducted on the Property upon the signing of the S&P Agreement. However, an independent valuation will be conducted on the Property for the purpose of the circular to Shareholders required to be despatched pursuant to the Listing Rules.

Modern Vision was incorporated in the British Virgin Islands on 25th May, 2007. It has not commenced business other than indirectly acquiring the Property. The unaudited consolidated net assets value of Modern Vision as at the date of this announcement was approximately HK\$619,007.

### **Consideration**

The Consideration, being HK\$684,000,000 (subject to adjustment), was determined between the Purchaser and the Vendor on a “willing buyer - willing seller” basis having regards to (i) the Land Grant issued by Macau Government which contemplates the following as to the construction purposes and gross floor areas: (in square meters): (a) Housing 59,160; (b) Commerce 1,700; (c) Private Parking 12,966; (d) Public Parking 9,821; (e) Free area with equipments 428; and (v) Free area without equipments 2,308 (“Land Grant Figures”) and (ii) the price of adjacent plots of land to which the Property is situated. No property valuation had been conducted by the Purchaser on the Property. The Directors, (excluding the independent non-executive Directors who require the advice and recommendation of the independent financial adviser before opining on the Acquisition), consider that the terms of the S&P Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. In any event, a property valuation will be conducted for the purpose of the circular and Shareholders should therefore refer to those figures. The Vendor had acquired its 75% interest in the Property based on the Land Grant Figures at a consideration of HK\$1,026,000,000.

The total Consideration shall be satisfied by the payment by the Company of:

- (i) a refundable deposit in the amount of HK\$253,000,000 upon the signing of the S&P Agreement;
- (ii) a refundable deposit in the amount of HK\$137,000,000 on or before 19th September, 2007; and
- (iii) the balance of HK\$294,000,000 (subject to the deduction of 50% of all outstanding balance of bank loan due from Macau Co. to Banco Comercial de Macau S. A. as at Completion) on Completion (the “Balance Payment”).

The refundable amounts of in aggregate HK\$390,000,000 shall immediately be returned to the Company without interest in the event of non-completion of the S&P Agreement for whatever reason.

In the event that the Property is constructed with gross floor areas which are less than the Land Grant Figures (“Actual Figures”), then the Consideration shall be reduced by the Adjustment. The Adjustment is calculated as follows:

$$\text{Adjustment} = \frac{\text{HK\$684,000,000}}{\text{Land Grant Figures}} \times (\text{Land Grant Figures} - \text{Actual Figures})$$

In the event that the Adjustment exceeds the Balance Payment, then the Vendor undertakes to pay such excess upon written demand by the Purchaser.

### **Condition**

Completion is conditional upon, the following conditions being fulfilled and/or waived by the Purchaser as at the date of Completion:

- (a) the Purchaser obtaining to its satisfaction a legal opinion from Macanese lawyers on, inter alia,
  - (i) confirming Modern Vision indirectly has good title to the Property; and
  - (ii) the unrestricted right of the Property for residential and/or commercial use;
- (b) all consents of the Independent Shareholders and the Stock Exchange in connection with the transactions contemplated by the S&P Agreement having been obtained;
- (c) the Vendor’s warranties in the S&P Agreement remaining true and accurate in all material respects;
- (d) the Purchaser undertaking and completing a due diligence investigation in respect of the Property and Macau Co. and being satisfied with the results of such due diligence investigation; and
- (e) the Purchaser having received a property valuation from an independent property valuer appointed by the Company valuing the Property at not less than HK\$1,368,000,000.

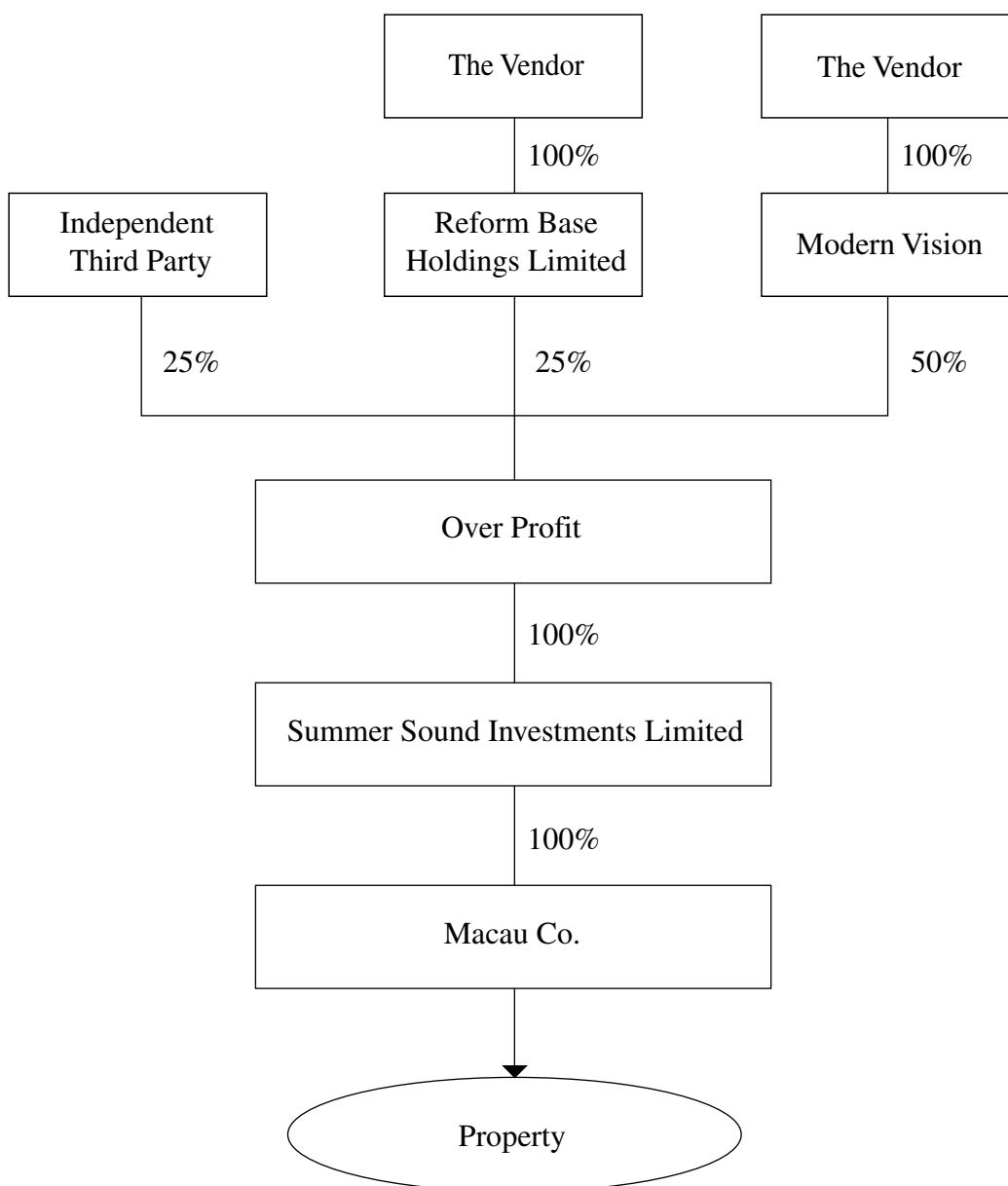
If the conditions of the S&P Agreement are not fulfilled or waived in whole or in part by the Purchaser in writing, in its absolute discretion by no later than 4:00 p.m. on 30th June, 2008, then the S&P Agreement shall cease and be determined and all liabilities of the parties thereto will cease and no party will have any claim against the others (except in respect of any antecedent breaches and any matters or things arising out of or in connection with the S&P Agreement).

Completion shall take place on the third Business Day after the fulfillment and/or waiver of the last of the conditions precedent in the S&P Agreement or such later date as the Vendor and the Purchaser may agree.

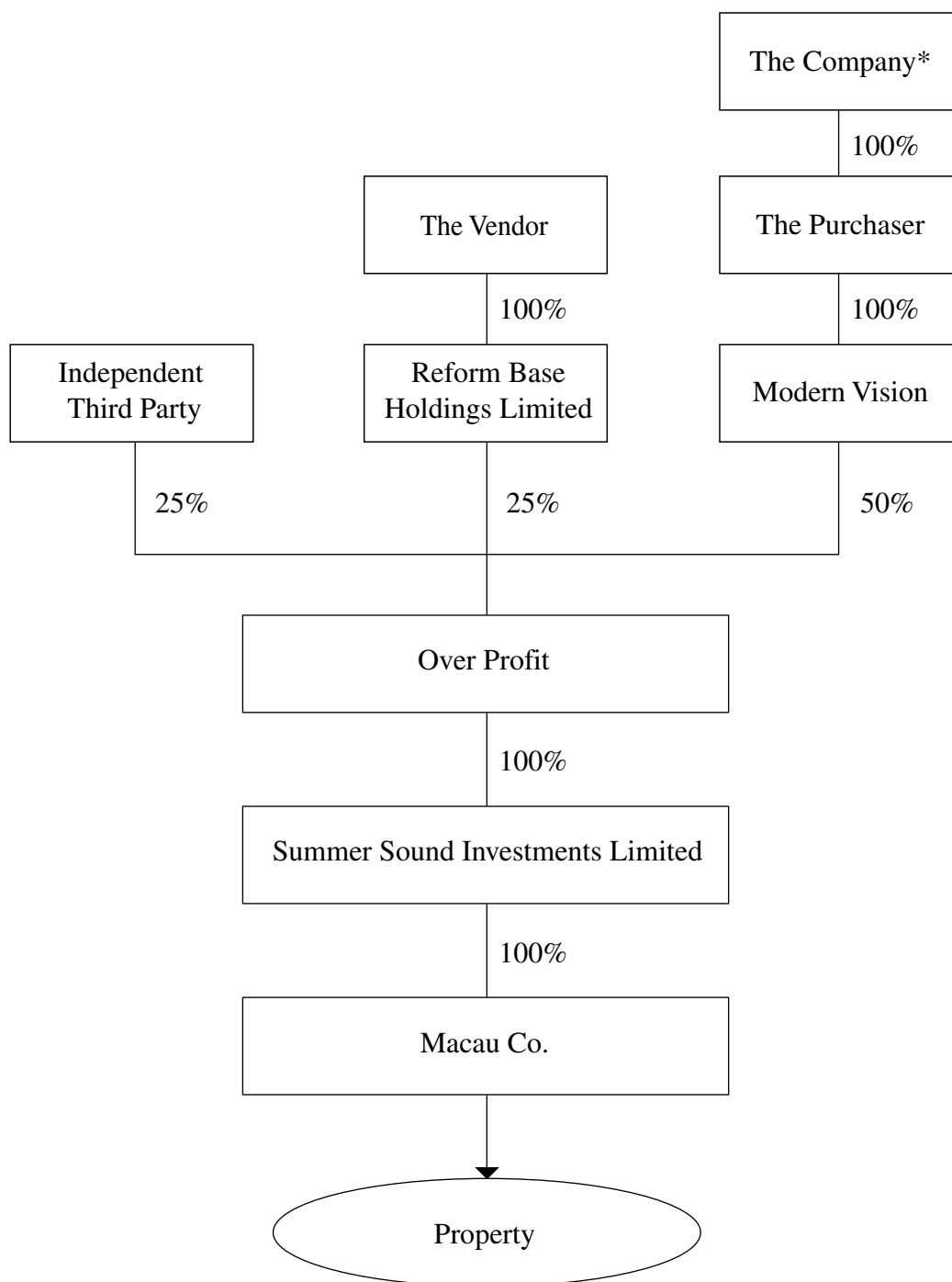
## SHAREHOLDING STRUCTURE

Set out below is the summarised shareholding structure of Over Profit and its subsidiaries before and after completion of the Acquisition:

### Before



After



*\*276,351,000 Shares, representing 24.49% of the issued share capital of the Company, are beneficially owned by Classical Statue Limited. Classical Statue Limited is a wholly owned subsidiary of China Star Entertainment (BVI) Limited. China Star Entertainment (BVI) Limited is a wholly owned subsidiary of China Star Entertainment Limited, a company listed on the Stock Exchange. China Star Entertainment Limited and China Star Entertainment (BVI) Limited are deemed to be interested in Shares owned by Classical Statue Limited. The Vendor is a director of China Star Entertainment Limited, China Star Entertainment (BVI) Limited and Classical Statue Limited.*

## **Reasons and Benefits of the Acquisition**

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are principally engaged in the distribution of films, sub-licencing of film rights and sale of financial assets and property investment.

With the continuing growth of Macau's economy as well as its property market, the Directors (excluding the independent non-executive Directors who require the advice and recommendation of the independent financial adviser before opining on the Acquisition) believe that the Acquisition can enhance the investment portfolio and future earnings of the Group and thus in the interests of the Company and the Shareholders as a whole.

Furthermore, the Directors believe that the Acquisition would enable the Group to diversify its businesses and broaden its revenue base which would have a positive impact on the Group's profitability given the Directors' positive outlook of the Macau property market in the near future.

Following Completion, Modern Vision and its subsidiaries will be treated as subsidiaries of the Company and their financial results (including those of Macau Co.) will be consolidated into the Group.

The Acquisition is the proposed transaction referred to in the Company's announcement dated 12th June, 2007. As to the negotiations of the Company as announced on 29th May, 2007 in relation to another proposed acquisition of land in Macau, such negotiations are still ongoing but no formal terms or agreements have yet been finalised or signed.

## **General**

The Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and not a major transaction as initially indicated when the request for suspension of the Shares was made. This was because the latest management accounts of Macau Co. had not been provided to the Company at such time. As the Vendor is a connected person (as defined in the Listing Rules) of the Company, the Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition is subject to, among other things, the approval of the Independent Shareholders at the SGM. The Vendor and its associates shall abstain from voting at the SGM in respect of the resolution to approve the Acquisition. An independent financial adviser will be appointed to advise the Independent Board Committee in respect of the Acquisition.

There have been no previous transactions entered into between the Company and the Vendor that requires aggregation pursuant to Rule 14A.25 of the Listing Rules.

A circular containing, among other things, further information in respect of the Acquisition, the letter of advice from the Independent Board Committee to Independent Shareholders and the recommendation of the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, accountants' report on Modern Vision, the independent valuation report of the Property, together with a notice convening the SGM will be despatched to the Shareholders as soon as practicable.

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## Definitions

“Acquisitions”	the proposed acquisition of a 100% interest in the issued share capital of Modern Vision;
“associate”	has the meaning as ascribed to it under the Listing Rules;
“Board”	board of Directors;
“Business Day”	a day (other than a Saturday or days on which a typhoon signal 8 or above or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.) on which banks in Hong Kong are generally open for business;
“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;
“Completion”	the completion of the Acquisition;
“Consideration”	the total consideration payable by the Purchaser for the Acquisition pursuant to the S&P Agreement, being HK\$684,000,000, subject to adjustment;
“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 People’s Republic of China;
“Independent Board Committee”	the independent board committee comprising Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung, all of which are independent non-executive Directors to advise the Independent Shareholders on the Acquisition;
“Independent Shareholders”	Shareholders other than the Vendor and its associates;

“Independent Third Party”	person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties who are not connected persons of the Company and are independent of the Company and its subsidiaries, their directors, chief executives and substantial shareholders or their respective associates (as that term is defined in the Listing Rules);
“Last Trading Day”	19th July, 2007, being the last trading day of the Shares on the main board of the Stock Exchange immediately prior to the date of this announcement;
“Listing Rules”	the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited;
“Modern Vision”	Modern Vision (Asia) Limited, a company wholly-owned by Ms. Chen Ming Yin, Tiffany;
“Macau”	Macau Special Administrative Region of the People’s Republic of China;
“Macau Co.”	Legstrong Construction and Investment Company Limited, an indirect wholly-owned subsidiary of Over Profit;
“Over Profit”	Over Profit International Limited, a company incorporated in the British Virgin Islands and which indirectly owns the entire issued quota of Macau Co.;
“Property”	a lot of land with the area of 4,669 square meters, named “Lote C7 do Plano de Urbanização da Baía da Praia Grande”, located in the Nam Van Lakes Zone, at Avenida Doutor Stanley Ho, registered with the Macau Land and Real Estate Registry under no. 23070;
“Purchaser”	Legend Rich Limited, a wholly-owned subsidiary of the Company;
“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);
“SGM”	a special general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the Acquisition;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;



“S&P Agreement” a conditional sale and purchase agreement entered into between the Purchaser and the Vendor dated 19th July, 2007 in respect of the Acquisition;

“Vendor” Ms. Chen Ming Yin, Tiffany, an executive Director; and

“%” per cent.

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

Hong Kong, 23rd July, 2007

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