RICHE MULTI-MEDIA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2006

INTERIM RESULTS

The board of directors (the "Board") of Riche Multi-Media Holdings Limited (the "Company") presents the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006 together with the comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2006	2005
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Turnover	3	**12,762**	31,573
Cost of sales		**(9,965)**	(29,784)
Gross profit		**2,797**	1,789
Other revenue	4	**3,090**	536
Unrealised gain on financial assets at fair value through profit or loss		**4,430**	—
Administrative expenses		**(8,574)**	(9,763)
Selling expenses		**—**	(29)
Loss on disposal of property, plant and equipment		**(1,034)**	—
Provision for impairment of trade receivables		**(1,050)**	—
Provision for impairment of deposits, prepayments and other receivables		**(131)**	—
Impairment loss recognised in respect of goodwill		**—**	(7,656)
Loss from operations	4	**(472)**	(15,123)
Finance costs		**(668)**	(142)
Loss before taxation		**(1,140)**	(15,265)
Taxation	5	**—**	—
Loss for the period		**(1,140)**	(15,265)
Loss per share	6		
— Basic		**HK0.02 cents**	HK0.32 cents
— Diluted		**HK0.02 cents**	HK0.32 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30 June 2006	At 31 December 2005
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	**2,147**	3,418
Investment properties	**641,982**	—
Goodwill	**97,238**	—
Club memberships	**172**	172
	741,539	3,590
Current assets		
Inventories	**43,839**	6
Film rights deposits	**—**	14
Trade receivables	**1,750**	4,729
Deposits, prepayments and other receivables	**6,288**	54,202
Financial assets at fair value through profit or loss	**30,809**	30,567
Tax prepayment	**4,920**	4,146
Bank balances and cash	**135,755**	137,973
	223,361	231,637
Total assets	**964,900**	235,227
Equity		
Share capital	**64,843**	51,540
Reserves	**367,691**	116,070
Equity attributable to equity holders of the Company	**432,534**	167,610
Minority interests	**3,896**	—
	436,430	167,610
LIABILITIES		
Non-current liabilities		
Deferred taxations	**54,488**	—
	54,488	—
Current liabilities		
Promissory note	**24,114**	—
Trade payables	—	1,714
Other payables and accruals	**10,667**	7,619
Receipt in advance	**59,077**	483
Amounts due to related parties	**4,297**	34,832
Bank loan, secured	**347,015**	—
Taxation payable	**28,812**	22,969
	473,982	67,617
Total equity and liabilities	**964,900**	235,227
Net current (liabilities)/assets	**(250,621)**	164,020
Total assets less current liabilities	**490,918**	167,610

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The unaudited condensed consolidated interim financial statements (the "Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Interim Financial Statements have been prepared on the historical cost basis except for investment properties and financial assets at fair value through profit or loss, which are measured at fair values.

2. Summary of Significant Accounting Policies

The accounting policies and methods of computation used in the preparation of the Interim Financial Statements are the same as those used in the annual financial statements for the year ended 31 December 2005 except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also includes HKASs and Interpretations) which are generally effective and are relevant to the Group's operations for accounting periods beginning on or after 1 January 2006 and are adopted the first time by the Group for the current period's financial statements:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transaction
HKAS 39 (Amendment)	The Fair Value Option
HKFRS — Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above HKFRSs has no material impact on the accounting policies and the results and financial position of the Group.

The Group has not early adopted the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital disclosures *(note i)*
HKFRS 7	Financial Instrument: disclosures *(note i)*
HK(IFRIC) — Int 7	Applying the restatement approach under HKAS 29 financial reporting in hyperinflationary economies *(note ii)*
HK(IFRIC) — Int 8	Scope of HKFRS 2 *(note iii)*
HK(IFRIC) — Int 9	Reassessment of embedded derivatives *(note iv)*

notes:

(i) Effective for financial period commencing on or after 1 January 2007

(ii) Effective for financial period commencing on or after 1 March 2006

(iii) Effective for financial period commencing on or after 1 May 2006

(iv) Effective for financial period commencing on or after 1 June 2006

The Group is still considering the potential impact of these new HKFRSs but is not yet in a position to determine whether the adoption of these new HKFRSs would have a significant impact on its results of operations and financial position.

3. Segment Information

(a) Business Segments

	Six months ended 30 June 2006			
	Distribution	**Sub-licensing**	**Investments in securities**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Turnover	**122**	**200**	**12,440**	**12,762**
Segment (loss)/profit	**(1,391)**	**(10)**	**3,320**	**1,919**
Unallocated other revenue				**2,590**
Unallocated corporate expenses				**(4,981)**
Loss from operations				**(472)**
Finance costs				**(668)**
Loss before taxation				**(1,140)**
Taxation				**—**
Loss for the period				**(1,140)**

	Six months ended 30 June 2005			
	Distribution	Sub-licensing	Investments in securities	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	4,961	8,189	18,423	31,573
Segment profit/(loss)	1,646	460	(1,592)	514
Unallocated other revenue				536
Unallocated corporate expenses				(16,173)
Loss from operations				(15,123)
Finance costs				(142)
Loss before taxation				(15,265)
Taxation				—
Loss for the period				(15,265)

(b) Geographical Segments — Turnover

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The People's Republic of China, excluding Hong Kong and Macau	—	12,978
Hong Kong and Macau	**12,762**	18,595
	12,762	31,573

4. Loss from Operations

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(a) **Loss from operations has been arrived at after charging:**		
Impairment loss recognised in respect of goodwill	**—**	7,656
Amortisation of film rights (included in cost of sales)	**—**	7,109
Cost of inventories (included in cost of sales)	**10**	33
Depreciation and amortisation of property, plant and equipment	**351**	441
Loss on disposal of property, plant and equipment	**1,034**	—
Provision for impairment of trade receivables	**1,050**	—
Provision for impairment of deposits, prepayments and other receivables	**131**	—
Staff costs including directors' emoluments:		
— Salaries and other allowances	**3,205**	3,184
— Contributions to retirement benefits scheme	**62**	76
Unrealised loss on financial assets at fair value through profit or loss	**—**	2,215

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(b) **Other revenue**		
Bank interest income	**2,514**	13
Dividend income	**576**	523
	3,090	536

5. Taxation

No provision for Hong Kong Profits Tax has been made for the period since the Group has no estimated assessable profits (six months ended 30 June 2005: Nil).

6. Loss per Share

	Six months ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the purposes of basic and diluted loss per share — net loss for the period	**(1,140)**	(15,265)
	Number of shares	
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basis and diluted loss per share	**5,220,534**	4,754,018

The computation of diluted loss per share for the six months ended 30 June 2006 and 2005 did not assume the exercise of the Company's share options as the effect of the assumed exercise of the Company's outstanding share options would be anti-dilutive.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Being clouded by rampant piracy and weak demand for Hong Kong-made movies in The People's Republic of China (the "PRC"), 2006 continues to be a difficult year for Hong Kong film industry. The emerging of stream broadcasting technology makes piracy much more easier and further erodes the box office receipts of Hong Kong-made movies in the PRC. As a result, Hong Kong film companies are conservative in film investments.

In view of the difficult operating environment, the best strategy for 2006 is to slow down the Group's film distribution activities and to diversify the Group's earnings base by expanding into new business.

Financial Review

The Group recorded a turnover of HK$12,762,000 for the six months ended 30 June 2006, a 60% decrease from HK$31,573,000 for the same period of the previous year. Of the total turnover amount, HK$122,000 or 1% was generated from distribution of films, HK$200,000 or 2% was generated from sub-licensing of film rights and HK$12,440,000 or 97% was generated from investments in securities. The loss for the six months ended 30 June 2006 was HK$1,140,000, representing a 93% improvement over the corresponding figure of HK$15,265,000. The improvement was mainly attributable to the fact that the Group did not record any impairment loss recognised in respect of goodwill in the six months ended 30 June 2006 while the Group recorded such an impairment loss of HK$7,656,000 in the corresponding period of 2005.

Cost of sales for the six months ended 30 June 2006 amounted to HK$9,965,000, out of which HK$9,822,000 was related to investments in securities. Cost of sales for distribution of films and sub-licensing of film rights decreased from HK$9,853,000 for the six months ended 30 June 2005 to HK$143,000 for the six months ended 30 June 2006. The decrease was attributed to the slow down of the Group's film distribution activities.

Gross profit margin for distribution of films and sub-licensing of film rights improved from 25% in the six months ended 30 June 2005 to 56% in the six months ended 30 June 2006. The improvement in gross profit margin was attributed to the cost of films sold in 2006 had already been fully amortised.

For the six months ended 30 June 2006, the Group recorded a gross profit of HK$2,618,000 for its investments in securities. Taking into account the dividend income of HK$576,000 and an unrealised gain on financial assets at fair value through profit or loss of HK$4,430,000, the performance of the Group's investments in securities business was a profit of HK$7,624,000. At 30 June 2006, the fair value of the Group's financial assets at fair value through profit or loss amounted to HK$30,809,000. The Group will continue to manage its financial assets at fair value through profit or loss in a prudent manner.

Other revenue increased from HK$536,000 in the six months ended 30 June 2005 to HK$3,090,000 in the six months ended 30 June 2006. The increase was mainly attributed to an increase in bank interest income of HK$2,501,000 resulting from an increase in the Group's bank deposits.

As announced by the Company on 17 February 2006, the Group entered into a conditional sale and purchase agreement with Northbay Investments Holding Limited ("Northbay"), pursuant to which the Group would acquire (i) 100% of the issued share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and (ii) the debts owed by Shinhan-Golden to Northbay, at an aggregate consideration of HK$266,064,350 (the "Acquisition"). Shinhan-Golden is an investment holding vehicle and its major asset is the 96.7% equity interest in Beijing Jiang Guo Real Estate Development Co. Ltd. ("BJ Jianguo"). BJ Jianguo is the registered owner of a property (the "Beijing Property") located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, the PRC. The Acquisition was completed on 21 June 2006. As the Beijing Property is still under renovation, no revenue is contributed by BJ Jianguo.

Administrative expenses (net of amortisation and depreciation expenses, and impairment losses) amounted to HK$8,223,000 for the six months ended 30 June 2006, a 1% increase from HK$8,150,000 for the same period of the previous year. The slight increase was mainly attributed to the exercise of prudent measures on cost control policies through out the six months ended 30 June 2006.

At 30 June 2006, a provision for impairment of HK$1,050,000 was recognised for long outstanding trade receivables. The directors were uncertain whether the amount would ultimately be collected and considered that it was prudence to make such a provision.

For the six months ended 30 June 2006, finance costs amounted to HK$668,000, a 370% increase compared to HK$142,000 for the six months ended 30 June 2005. It was mainly attributable to the inclusion of BJ Jianguo's bank loan interest expenses of HK$531,000 following the completion of the Acquisition.

Following the completion of the Acquisition on 21 June 2006, the headcount of the Group increased from 27 at 30 June 2005 to 53 at 30 June 2006. Total staff costs (including directors' remuneration) amounted to HK$3,267,000 in the six months ended 30 June 2006, a slight decrease from HK$3,260,000 for the pervious period. Employees are remunerated according to their performance and work experience. In addition to basic salaries and retirement scheme, staff benefits include medical scheme and share options. An analysis of headcount and total staff costs of the Group for the six months ended 30 June 2006 and 2005 is as follows:

	Six months ended 30 June	
	2006	2005
Total staff costs (inclusive of severance costs) in HK$		
— Hong Kong	**3,175,000**	2,947,000
— the PRC	**92,000**	313,000
	3,267,000	3,260,000
Headcount		
— Hong Kong	**20**	22
— the PRC	**33**	5
	53	27

During the six months ended 30 June 2006, the Group's operations were funded by its internally generated financial resources, the RMB bank loan and the promissory note issued to Mr. Andrew Nan Sherrill.

At 30 June 2006, the bank balances and cash of the Group amounted to HK$135,755,000 and the Group's current ratio was 0.47 (31 December 2005: 3.43).

At 30 June 2006, the total borrowings of the Group amounted to HK$371,129,000, comprising the RMB bank loan of HK$347,015,000 which is secured by the Beijing Property, interest bearing at 6.138% per annum and repayable within one year; and the promissory note issued to Mr. Andrew Nan Sherrill of HK$24,114,000 which is unsecured, interest bearing at 5.5% per annum and repayable within one year. The Group expresses its gearing ratio as a percentage of total borrowings over total equity attributable to equity holders of the Company. At 30 June 2006, the Group's gearing ratio was 86% (31 December 2005: 20%).

During the six months ended 30 June 2006, the Company issued 1,330,321,745 new shares at a price of HK$0.20 each to Northbay to settle the consideration of HK$266,064,350 in respect of the Acquisition.

At 30 June 2006, the Beijing Property with a carrying amount of HK$641,982,000 was pledged to a PRC bank to secure the RMB bank loan granted to BJ Jianguo.

As the majority of the Group's transactions, assets and liabilities are denominated in Hong Kong dollars and Renminbi, the exchange risk of the Group is considered to be minimal. Accordingly, no financial instruments for hedging purposes have been used by the Group.

At 30 June 2006, the Group had contingent liabilities amounted to HK$2,844,000. Please refer to note 24 to the unaudited condensed consolidated interim financial statements for details.

Operations Review

In view of rampant piracy and weak demand for Hong Kong-made movies in the PRC, Hong Kong film production companies adopt a cautious approach in investing films. Such difficult operating environment placed strong pressure on the profitability of the Group's film distribution business. As a result, the Group slowed down its film distribution activities during the period under review. In the six months ended 30 June 2006, the revenue for film distribution business was generated from the sales of the Group's old films.

The Beijing Property is currently under renovation and being transformed from an apartment complex into high-end serviced apartment, with a budget cost of HK$56,311,000 (or RMB58,000,000). The renovation project is expected to be completed by the end of December 2006. As high-end serviced apartments with high-standard management are always the first choice of multinational senior executives and local senior managers who are employed in Beijing, an international property management company will be appointed to manage the Beijing Property. The Group is currently shortlisting the candidates and expects to finalise the appointment in October 2006.

Future Prospects

As the operating environment for film distribution in the PRC takes some time to improve, the Group will continue to cautiously monitor the environment and strengthen it business foundations by implementing prudent cost control. In addition, the Group will explore non-traditional distribution media for its old films in the PRC and seek opportunities to act as a distributor for Hong Kong film production companies.

With the effect of the PRC's accession into the World Trade Organisation in place and 2008 Beijing Olympic Games, Beijing is expected to see an increasing number of expatriates from multinational companies and foreign government institutions, which will lead to continual increase in demand for high-end serviced apartments. Upon the completion of the renovation, the Beijing Property is expected to meet the demand. The directors believe that the Acquisition enables the Group to diversify its earnings base and provides the Group with a stable source of revenue, which will have a positive impact on the Group's profitability.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2006.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all applicable code provision of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the six months ended 30 June 2006, except for the following deviations:

1. Code provision A.2.1

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual and the division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Company does not maintain the office of chief executive officer, however, the day-to-day management of the Group is responsible by the Vice Chairman. The division of responsibilities between the Chairman and the Vice Chairman has been clearly established and was set out in writing.

2. Code provision A.4.1

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election. However, all the non-executive directors are not appointed for specific terms but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provision of the Company's bye-laws. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

3. Code provisions B.1.4 and C.3.4

Under the code provisions B.1.4 and C.3.4 of the Code, the issuer should make available the terms of reference of its remuneration committee and audit committee on request and by including the information on the issuer's website. Since the Company has established its own website in September 2006, the above requirement regard to provide such information on website was not met during the six months ended 30 June 2006. However, the terms of reference of the two committees are available on request.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by directors of the Company. All the members of the Board have confirmed, following specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2006. The Model Code also applies to other specified senior management of the Group.

REVIEW OF ACCOUNTS

The audit committee has reviewed the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2006 and agreed to the accounting treatments adopted by the Company. In addition, the Company's external auditors have reviewed the unaudited condensed consolidated interim financial statements in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The interim report of the Company, which will contain all the information required by the Listing Rules will be sent to shareholders and published on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.riche.com.hk) in due course.

BOARD OF DIRECTORS

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

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my gratitude and appreciation to my fellow directors, the management and staff for their dedication, loyalty and contribution. In addition, I would like to thank our shareholders for their continuous support.

By order of the Board
Heung Wah Keung
Chairman

Hong Kong, 26 September 2006