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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

**(1) PLACING OF NEW SHARES UNDER GENERAL MANDATE;  
AND  
(2) RESUMPTION OF TRADING**

**Placing Agent**



**KINGSTON SECURITIES LIMITED**

On 25 June 2007, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, and the Placing Agent has agreed to procure on a fully underwritten basis, the placing of 162,100,000 Placing Shares to the Placees at a price of HK\$0.5 per Placing Share.

The 162,100,000 Placing Shares represent (i) approximately 16.78% of the existing issued share capital of the Company of 966,139,974 Shares; and (ii) approximately 14.37% of the Company's issued share capital of 1,128,239,974 Shares as enlarged by the Placing.

The net proceeds from the Placing of approximately HK\$78.9 million is intended to be used for the expansion of the Group's property investment business. The net price of the Placing will be approximately HK\$0.4867 per Placing Share.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 25 June 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 June 2007.

The Company announced on 25 June 2007 that trading the Shares has been suspended pending an announcement in relation to the top-up placing of the new Shares. However, due to the placing structure was subject to the finalisation between the Company and the Placing Agent, the Company finally decided to proceed the fund raising by way of placing of new shares under general mandate.

## **THE PLACING AGREEMENT**

On 25 June 2007, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place, and the Placing Agent has agreed to procure on a fully underwritten basis, the placing of 162,100,000 Placing Shares to the Placees at a price of HK\$0.5 per Placing Share.

### **Date**

25 June 2007

### **Issuer**

The Company

### **Placing Agent**

The Placing Agent has conditionally agreed to place in aggregate 162,100,000 Placing Shares on a fully underwritten basis and will receive a placing commission of 2.5% on the gross proceeds of the Placing. The Directors (including the independent non-executive Directors) are of the view that the placing commission is the normal market rate that the Placing Agent will charge, and therefore it is fair and reasonable. The Placing Agent and its ultimate beneficial owners are independent third parties of and not connected persons (as defined in the Listing Rules) of the Company, any Director(s), chief executive or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its substantial Shareholders or their respective associates (as defined in Listing Rules).

### **Placees**

The Placing Agent agreed to place the Placing Shares on a fully underwritten basis, to no less than six Placees who and whose ultimate beneficial owners will not be connected persons (as defined in the Listing Rules) of the Company, any Director(s), chief executive or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its substantial Shareholders or their respective associates (as defined in the Listing Rules). None of the Placees will become a substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

### **Placing Shares**

The 162,100,000 Placing Shares represent (i) approximately 16.78% of the existing issued share capital of the Company of 966,139,974 Shares; and (ii) approximately 14.37% of the Company's issued share capital of 1,128,239,974 Shares as enlarged by the Placing.

## **Ranking of Placing Shares**

The Placing Shares under the Placing will, upon issue, rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Placing Price**

The Placing Price was fixed on the day of which the Company and the Placing Agent entered into the Placing Agreement, i.e. 25 June 2007. The Placing Price of HK\$0.5 represents (i) a discount of approximately 13.79% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 13.19% to the average closing price per Share of HK\$0.576 in the last five consecutive trading days prior to the date of the Placing Agreement; and (iii) a discount of approximately 21.88% to the average closing price per Share of HK\$0.64 in the last ten consecutive trading days prior to the date of the Placing Agreement.

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. The Directors (including the independent non-executive Directors) consider that the terms of the Placing are on normal commercial terms and are fair and reasonable as the recent stock market has shown strong sentiment and as such the Placing is in the interests of the Company and the Shareholders as a whole.

## **General Mandate**

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the SGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the SGM, being 162,103,994 Shares (representing 20% of 810,519,974 Shares in issue as at the date of the SGM). Up to the date of this announcement, no Share has been issued under the General Mandate.

Assuming immediately after the completion of the Placing, the General Mandate would be utilised by 99.998%, and thereafter, 3,994 Shares, representing 0.002% of the General Mandate remains un-utilised.

## **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

## **Termination and Force Majeure**

**The Placing Agreement may be terminated by the Placing Agent if at any time at or before 10:00 a.m. on the date for completion of the Placing, there occurs any of the following force majeure events:**

- (i) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or**
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or**
- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.**

The Directors are not aware of the occurrence of any of the above events as at the date of this announcement.

## **Completion of the Placing**

Completion of the Placing, in any event, will take place within four business days after the fulfilment of the conditions as set out in the Placing Agreement but not later than 31 July 2007 or such later date to be agreed between the Company and the Placing Agent.

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **Reasons for the Placing**

The Directors consider the timing of the fund raising by the Placing is appropriate as the recent stock market has shown strong sentiment and there is an interest indicating by the investors in view of the business prospect of the Company. The Directors also consider that notwithstanding that the Placing will result in the dilution of the existing shareholding interest of the Shareholders, the Placing represents an opportunity to raise capital for the Company to further expand its existing business and/or for certain possible diversified investment or project which is expected to improve the profitability, sustain its growth momentum, and broaden the revenue stream of the Group, as and when the Directors consider appropriate and favourable in the interest of the Company and its Shareholders as a whole.

As at the date of this announcement, the Company has identified some potential investment and project. The Company has disclosed in the announcement dated 29 May 2007 that Legend Rich Limited, a wholly-owned subsidiary of the Company, had entered into a non-binding letter of intent with an independent third party in relation to a proposed acquisition by the Company of a piece of land at Taipa in Macau. The Directors consider that should the proposed acquisition be materialised, the Placing will represent an alternative for the Company to satisfy the additional fund that may be required.

Notwithstanding that the Company had two funding activities in the past as disclosed in the section headed “Fund raising activities in the past twelve months” below which remain unutilised as at the date of this announcement, the Placing will provide the Company with stronger financial resources to finance any possible acquisition and investment when opportunities arise which may require additional capital in the future.

## **Use of Proceeds**

The gross proceeds from the Placing will be approximately HK\$81.05 million. The net proceeds from the Placing is approximately HK\$78.9 million after deducting an expense of approximately HK\$2.15 million for the placing commission, legal fee, documentation and printing fee. The net proceeds is intended to be used for the expansion of the Group’s property investment business.

The net price of the Placing will be approximately HK\$0.4867 per Placing Share.

## Fund Raising Activities in the Past Twelve Months

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
10 April 2007	Placing of 155,620,000 new Shares	HK\$83.30 million	For financing possible diversified investments of the Group and the general working capital of the Group	Not yet utilised
19 March 2007	Placing of 129,686,000 existing Shares and subscription of 129,686,000 new Shares	HK\$50.5 million	For financing possible diversified investments of the Group and the general working capital of the Group	Not yet utilised

## Effects on Shareholding Structure

As at the date of this announcement, the existing authorised share capital of the Company consists of 2,000,000,000 Shares out of which 966,139,974 Shares are issued and fully paid up. The existing and enlarged shareholding structures of the Company immediately before and after the completion of the Placing (assuming that there are no other changes in the issued share capital of the Company) are set out below:

	<b>As at the date of this announcement</b>		<b>Upon completion of the Placing</b>	
China Star Entertainment Limited ( <i>Note 1</i> )	223,251,000	23.11%	223,251,000	19.79%
Northbay Investments Holdings Limited ( <i>Note 2</i> )	129,492,174	13.40%	129,492,174	11.48%
Public:				
Placees ( <i>Note 3</i> )	—	—	162,100,000	14.37%
Other public Shareholders	<u>613,396,800</u>	<u>63.49%</u>	<u>613,396,800</u>	<u>54.36%</u>
	<u><u>966,139,974</u></u>	<u><u>100.00%</u></u>	<u><u>1,128,239,974</u></u>	<u><u>100.00%</u></u>

*Notes:*

1. Classical Statue Limited is an indirect wholly-owned subsidiary of China Star Entertainment Limited which is listed on the Stock Exchange. Mr. Heung Wah Keung and Ms. Chen Ming Yin, Tiffany, both being the executive Directors, are the only directors of Classical Statue Limited.
2. 35.5% and 64.5% of the 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.
3. The Placing Shares will be issued and allotted upon completion of the Placing.

As at the date of this announcement, there are 140,819,000 outstanding share options under the share option scheme adopted by the Company. It is not expected that there will be a new substantial Shareholder upon exercise of the share options.

Save for the outstanding share options as disclosed above, there is no outstanding convertible bond, or warrant convertible or exchangeable into the Shares.

## **GENERAL**

The Group is principally engaged in the distribution of films, sub-licensing of film rights, sales of financial assets and property investment.

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 Placing Shares.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 25 June 2007 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 26 June 2007.

## **Terms and 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 Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the SGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the SGM

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	22 June 2007, being the last trading day for the Shares before the date of 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 pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	placing of 162,100,000 new Shares 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 conditional placing agreement entered into between the Company and the Placing Agent dated 25 June 2007 in relation to the Placing
“Placing Price”	HK\$0.5 per Placing Share
“Placing Share(s)”	an aggregate of 162,100,000 new Shares with an aggregate nominal value of HK\$16,210,000, to be placed through the Placing Agent pursuant to the Placing Agreement
“SGM”	the special general meeting of the Company held on 18 May 2007
“Share(s)”	ordinary share(s) of HK\$0.1 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 25 June 2007

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