RICHE MULTI-MEDIA HOLDINGS LIMITED

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

FINAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2006

FINAL RESULTS

The board of directors (the "Board") of Riche Multi-Media Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 together with the comparative figures for 2005 as follows:

AUDITED CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000*
Turnover	*4*	**17,476**	38,339
Cost of sales		**(13,998)**	(36,466)
Gross profit		**3,478**	1,873
Other revenue	*5*	**5,699**	2,066
Other income	*5*	**5,560**	7,110
Increase in fair value of investment properties		**590**	—
Administrative expenses		**(26,811)**	(19,332)
Selling expenses		**—**	(29)
Impairment loss recognised in respect of film rights		**—**	(8,956)
Impairment loss recognised in respect of goodwill		**—**	(12,056)
Loss from operations	*6*	**(11,484)**	(29,324)
Finance costs	*7*	**(9,615)**	(340)
Loss before taxation		**(21,099)**	(29,664)
Taxation	*8*	**(195)**	—
Loss for the year		**(21,294)**	(29,664)
Attributable to:			
Equity holders of the Company		**(21,294)**	(29,664)
Loss per share attributable to the equity holders of the Company			
Basic	*9*	**HK(0.33) cents**	HK(0.61) cents
Diluted		**N/A**	N/A

AUDITED CONSOLIDATED BALANCE SHEET
At 31 December 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,468**	3,418
Investment properties		**678,000**	—
Goodwill		**77,284**	—
Available-for-sale financial assets		**172**	172
		757,924	3,590
Current assets			
Inventories		**45,154**	6
Film rights deposits		**—**	14
Trade receivables	*10*	**936**	4,729
Deposits, prepayments and other receivables		**19,254**	54,202
Financial assets at fair value through profit or loss		**28,100**	30,567
Tax prepayments		**7,720**	4,146
Cash and cash equivalents		**63,140**	137,973
		164,304	231,637
Total assets		**922,228**	235,227
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**64,843**	51,540
Reserves		**334,793**	116,070
		399,636	167,610
Minority interests		**3,896**	—
		403,532	167,610
LIABILITIES			
Current liabilities			
Trade payables	*11*	**—**	1,714
Accruals and other payables		**20,208**	7,619
Receipts in advance		**60,898**	483
Amounts due to related companies		**606**	34,832
Secured bank loans — due within one year		**5,470**	—
Tax payable		**23,240**	22,969
		110,422	67,617
Non-current liabilities			
Secured bank loans — due after one year		**351,957**	—
Deferred taxation		**56,317**	—
		408,274	—
Total equity and liabilities		**922,228**	235,227
Net current assets		**53,882**	164,020
Total assets less current liabilities		**811,806**	167,610

Notes:

1. **Basis of preparation**

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial statements have been prepared under historical cost convention except for certain financial assets of fair value through profit or loss and investment properties which are carried at fair value. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Group's books and records are maintained in Hong Kong Dollar ("HK$"), the currency in which the majority of the Group's transactions is denominated.

2. **Application of new and revised Hong Kong Financial Reporting Standards**

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the "new HKFRSs") issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006. A summary of the new HKFRSs is set out as below:

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 & HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKFRS — Int 4	Determining whether an Arrangement contains a Lease

The adoption of the above new HKFRSs did not have significant impact on the Group's results and financial position for the current or prior accounting periods have been prepared and presented.

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[3]
HK(IFRIC)-Int 8	Scope of HKFRS 2[4]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[5]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[6]
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions[7]
HK(IFRIC)-Int 12	Service Concession Arrangements[8]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 March 2006
[4] Effective for annual periods beginning on or after 1 May 2006
[5] Effective for annual periods beginning on or after 1 June 2006
[6] Effective for annual periods beginning on or after 1 November 2006
[7] Effective for annual periods beginning on or after 1 March 2007
[8] Effective for annual periods beginning on or after 1 January 2008

3. **Business and geographical segments**

For management purposes, the Group is currently organised into four operating divisions, namely distribution, sub-licensing, sales of financial assets and property investment. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Distribution	Distribution of films
Sub-licensing	Sub-licensing of film rights
Sales of financial assets	Sales of financial assets at fair value through profit or loss
Property investment	Leasing of rental properties

Segment information about these businesses for the years ended 31 December 2006 and 2005 is presented below.

Business segments

Consolidated income statement for the year ended 31 December 2006

	Distribution *HK$'000*	**Sub-licensing** *HK$'000*	**Sales of financial assets** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Turnover	**164**	**200**	**15,229**	**1,883**	**17,476**
Segment profit	**74**	**23**	**1,768**	**1,613**	**3,478**
Unallocated corporate income					**11,849**
Unallocated corporate expenses					**(26,811)**
Loss from operations					**(11,484)**
Finance costs					**(9,615)**
Loss before taxation					**(21,099)**
Taxation					**(195)**
Net loss for the year attributable to equity holders of the Company					**(21,294)**

Consolidated balance sheet at 31 December 2006

	Distribution *HK$'000*	**Sub-licensing** *HK$'000*	**Sales of financial assets** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Assets					
Segment assets	**804**	**7,593**	**32,156**	**815,360**	**855,913**
Unallocated corporate assets					**66,315**
Consolidated total assets					**922,228**
Liabilities					
Segment liabilities	**—**	**3,055**	**970**	**486,954**	**490,979**
Unallocated corporate liabilities					**27,717**
Consolidated total liabilities					**518,696**

Other segment information for the year ended 31 December 2006

	Distribution HK$'000	Sub-licensing HK$'000	Sales of financial assets HK$'000	Property investment HK$'000	Consolidated HK$'000
Additions of property, plant and equipment	—	—	**23**	**18**	**41**
Depreciation and amortisation	**143**	**1**	**468**	**40**	**652**
Impairment losses recognised	**1,295**	—	—	—	**1,295**

Consolidated income statement for the year ended 31 December 2005

	Distribution HK$'000	Sub-licensing HK$'000	Sales of financial assets HK$'000	Consolidated HK$'000
Turnover	9,382	10,534	18,423	38,339
Segment profit/(loss) before impairment losses recognised in respect of film rights and goodwill	2,443	(4,613)	(2,045)	(4,215)
Impairment loss recognised in respect of film rights	(8,956)	—	—	(8,956)
Impairment loss recognised in respect of goodwill	—	(12,056)	—	(12,056)
Segment loss	(6,513)	(16,669)	(2,045)	(25,227)
Unallocated corporate income				9,176
Unallocated corporate expenses				(13,273)
Loss from operations				(29,324)
Finance costs				(340)
Loss before taxation				(29,664)
Taxation				—
Net loss for the year attributable to equity holders of the Company				(29,664)

Consolidated balance sheet at 31 December 2005

	Distribution HK$'000	Sub-licensing HK$'000	Sales of financial assets HK$'000	Consolidated HK$'000
Assets				
Segment assets	4,582	4,729	41,869	51,180
Unallocated corporate assets				184,047
Consolidated total assets				235,227
Liabilities				
Segment liabilities	2,439	6,172	—	8,611
Unallocated corporate liabilities				59,006
Consolidated total liabilities				67,617

Other segment information for the year ended 31 December 2005

	Distribution HK$'000	Sub-licensing HK$'000	Sales of financial assets HK$'000	Unallocated HK$'000	Consolidated HK$'000
Additions of film rights	3,600	5,347	—	—	8,947
Depreciation and amortisation	3,246	7,086	1,108	10	11,450
Impairment losses recognised	1,661	8,483	12,056	—	22,200

Geographical segments

The Group mainly operates in Hong Kong, Macau and The People's Republic of China (the "PRC"). The following table provides an analysis of the Group's turnover and segment results by geographical market, irrespective of the origin of goods and services:

	Turnover		Segment results	
	2006 ***HK$'000***	2005 *HK$'000*	**2006** ***HK$'000***	2005 *HK$'000*
Hong Kong and Macau	**15,393**	18,892	**7,201**	(1,550)
PRC	**2,083**	19,447	**1,636**	3,422
	17,476	38,339	**8,837**	1,872

The following is an analysis of the carrying amounts of segment assets and segment liabilities, capital expenditures and depreciation, analysed by geographical area in which the assets and liabilities located:

	Segment assets		Segment liabilities		Capital expenditures		Depreciation	
	2006 ***HK$'000***	2005 *HK$'000*	**2006** ***HK$'000***	2005 *HK$'000*	**2006** ***HK$'000***	2005 *HK$'000*	**2006** ***HK$'000***	2005 *HK$'000*
Hong Kong and Macau	**32,960**	56,198	**970**	1,161	**1,139**	52	**611**	1,086
PRC	**822,953**	5,101	**490,009**	3,740	**18**	—	**41**	2
	855,913	61,299	**490,979**	4,901	**1,157**	52	**652**	1,088

4. Turnover

	2006 ***HK$'000***	2005 *HK$'000*
Distribution of films	**164**	9,382
Sub-licensing of film rights	**200**	10,534
Sales of financial assets at fair value through profit or loss	**15,229**	18,423
Rental income	**1,883**	—
	17,476	38,339

5. Other revenue and other income

	2006 ***HK$'000***	2005 *HK$'000*
Other revenue		
Dividend income from financial assets at fair value through profit or loss	**754**	627
Interest income on bank deposits	**4,314**	1,339
Sundry income	**631**	100
	5,699	2,066
Other income		
Gain on disposal of leasehold land and buildings	—	7,110
Increase in fair value of financial assets at fair value through profit or loss	**5,360**	—
Reversal of overprovision of accruals in previous years	**200**	—
	5,560	7,110

6. Loss from operations

	2006 ***HK$'000***	2005 *HK$'000*
Loss from operations has been arrived after charging:		
Amortisation of prepaid operating lease payment	—	10
Amortisation of film rights	—	10,332
Auditors' remuneration	**600**	500
Cost of inventories sold	**89**	33
Decrease in fair value of financial assets at fair value through profit or loss	—	3,928
Depreciation of property, plant and equipment		
— owned assets	**652**	1,098
— leased assets	—	10
	652	1,108
Impairment loss recognised in respect of trade receivables	**1,050**	1,084
Impairment loss on provision of bad and doubtful debts	—	1,390
Impairment loss recognised in respect of film right deposits	**14**	—
Impairment loss recognised in respect of prepayments	**131**	1,188
Operating lease rental in respect of rented premises	**1,710**	900
Staff costs including directors' emoluments		
— Salaries	**7,258**	6,813
— Contribution to retirement benefits scheme	**117**	143
	7,375	6,956

7. Finance costs

	2006 ***HK$'000***	2005 *HK$'000*
Interest on borrowing wholly repayable within five years:		
— convertible notes payable	—	100
— loan payable	**100**	238
— secured bank loans	**9,515**	—
— a finance lease	—	2
	9,615	340

8. Taxation

	2006 ***HK$'000***	2005 *HK$'000*
The taxation charge is as follows:		
Transfer from deferred tax	**195**	—

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2006 and 2005 as the Group either has no estimated assessable profit or its estimated assessable profit is wholly absorbed by the estimated tax loss brought forward.

9. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	2006 ***HK$'000***	2005 *HK$'000*
Loss attributable to equity holders of the Company for the purposes of basic and diluted loss per share	**(21,294)**	(29,664)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	**6,484,340**	4,865,190
Effect of dilutive potential ordinary shares: Share options	—	—
Weighted averaged number of ordinary share for the purposes of diluted loss per share	**6,484,340**	4,865,190

The computation of diluted loss per share for the years ended 31 December 2006 and 2005 did not assume the exercise of the Company's share options because the effect of exercising an option to subscribe for an additional share in the Company would result in a decrease of loss per share.

10. Trade receivables

The granting of distribution rights and sub-licensing of film rights are covered by customers' deposits placed with the Group. The balance is receivable upon delivery of master materials to customers.

The following is an aged analysis of fair value of the trade receivables at the balance sheet date:

	The Group	
	2006 ***HK$'000***	2005 *HK$'000*
0 — 30 days	—	386
31 — 60 days	—	258
61 — 90 days	—	426
Over 90 days	**1,986**	4,743
	1,986	5,813
Less: Impairment loss recognised in respect of trade receivables	**(1,050)**	(1,084)
	936	4,729

The Group allows an average credit period of 90 days to its customers.

The carrying amounts of trade receivables approximate their fair values.

11. Trade payables

The following is an aged analysis of fair value of the trade payables at the balance sheet date:

	The Group	
	2006 ***HK$'000***	2005 *HK$'000*
China Star Entertainment Limited and its subsidiaries:		
0 — 30 days	—	3
31 — 60 days	—	—
61 — 90 days	—	—
Over 90 days	—	15
	—	18

	The Group	
	2006 ***HK$'000***	2005 *HK$'000*
Others:		
0 — 30 days	—	—
31 — 60 days	—	—
61 — 90 days	—	—
Over 90 days	—	1,696
	—	1,696
	—	1,714

China Star Entertainment Limited is a substantial shareholder of the Company.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2006 (2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of HK$17,476,000 for the year ended 31 December 2006, a 54% decrease from HK$38,339,000 for the previous year. Of the total turnover amount, HK$164,000 or 1% was generated from distribution of films, HK$200,000 or 1% was generated from sub-licensing of film rights, HK$15,229,000 or 87% was generated from sales of financial assets and HK$1,883,000 or 11% was generated from property investment. The loss for the year ended 31 December 2006 was HK$21,294,000, representing a 28% improvement over the corresponding figure of HK$29,664,000 in 2005. The improvement was mainly attributable to the fact that the Group did not record any impairment losses recognised in respect of film rights and goodwill in the year ended 31 December 2006 while the Group recorded such impairment losses of HK$21,012,000 in the previous year. This improvement was partly offset by the increases in administrative expenses and finance costs resulted from the Group's expansion into property investment business.

Cost of sales for the year ended 31 December 2006 amounted to HK$13,998,000, out of which HK$13,461,000 was related to sales of financial assets and HK$271,000 was related to property investment. Cost of sales for distribution of films and sub-licensing of film rights decreased from HK$16,092,000 for the year ended 31 December 2005 to HK$266,000 for the year ended 31 December 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 19% in the year ended 31 December 2005 to 27% in the year ended 31 December 2006. The improvement in gross profit margin was attributed to the cost of certain films sold in 2006 had already been almost fully amortised.

For the year ended 31 December 2006, the Group recorded a gross profit of HK$1,768,000 for sales of financial assets. Taking into account the dividend income of HK$754,000 and an increase in fair value of financial assets at fair value through profit or loss of HK$5,360,000, the performance of the Group's sales of financial assets was a profit of HK$7,882,000. At 31 December 2006, the fair value of the Group's financial assets at fair value through profit or loss amounted to HK$28,100,000. The Group will continue to manage its financial assets at fair value through profit or loss in a prudent manner.

As announced by the Company on 17 February 2006, the Group entered into a conditional sale and purchase agreement with Northbay Investments Holdings Limited ("Northbay"), pursuant to which the Group would acquire (a) 100% of the issued share capital of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") and (b) 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. ("Beijing Jianguo"). Beijing Jianguo is the registered owner of a property (the "Beijing Property") located at No. 9 Gongyuan Xijie, Dongcheng District, Beijing, The People's Republic of China (the "PRC"). The Acquisition was completed on 21 June 2006. During the year ended 31 December 2006, rental income of HK$1,883,000 was generated from the leasing of the ground floor of the Beijing Property. As the Beijing Property is under renovation, no revenue was generated from the apartment units.

Other revenue increased from HK$2,066,000 in the year ended 31 December 2005 to HK$5,699,000 in the year ended 31 December 2006. The increase was attributed to an increase in interest income on bank deposits of HK$2,975,000 resulting from the top-up placing of new shares raising HK$131,179,000 in September 2005.

Administrative expenses (net of amortisation and depreciation expenses, and impairment losses) amounted to HK$24,978,000 for the year ended 31 December 2006, a 72% increase from HK$14,552,000 as compared to the correspondence figure for the previous year. The increase was mainly attributed to the Group's expansion into property investment business in June 2006 and the engagements of external consultants for the renovation work of the Beijing Property.

At 31 December 2006, an impairment loss 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 an impairment loss.

Finance costs increased from HK$340,000 in the year ended 31 December 2005 to HK$9,615,000 in the year ended 31 December 2006. The substantial increase was attributable to the inclusion of Beijing Jianguo's secured bank loans interest expenses of HK$9,515,000 following the completion of the Acquisition.

Following the completion of the Acquisition on 21 June 2006, the headcount of the Group increased from 28 at 31 December 2005 to 59 at 31 December 2006. Total staff costs (including directors' remuneration) amounted to HK$7,375,000 in the year ended 31 December 2006, a 6% increase from HK$6,956,000 as compared to the correspondence figure for the pervious year. 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 years ended 31 December 2006 and 2005 is as follows:

	Year ended 31 December	
	2006	2005
Total staff costs in HK$		
— Hong Kong and Macau	**6,775,000**	6,562,000
— the PRC	**600,000**	394,000
	7,375,000	6,956,000
Headcount		
— Hong Kong and Macau	**20**	23
— the PRC	**39**	5
	59	28

During the year ended 31 December 2006, the Group's operations were funded by cash generated from operations, shareholders' equity and bank borrowings.

At 31 December 2006, cash and cash equivalents of the Group amounted to HK$63,140,000 and the Group's current ratio was 1.49 (2005: 3.43).

During the year ended 31 December 2006, the Company issued 1,330,321,745 new ordinary shares of HK$0.01 each at a price of HK$0.20 per share to Northbay to settle the consideration of HK$266,064,350 in respect of the Acquisition.

In December 2006, Beijing Jianguo obtained a RMB secured term loan facility of up to RMB350,000,000 (or approximately HK$350,000,000) from Hang Seng Bank, of which RMB250,000,000 (or approximately HK$250,000,000) was for the repayment of the principal portion of the RMB secured bank loan granted by China Merchants Bank and RMB100,000,000 (or approximately HK$100,000,000) was for financing the renovation work of the Beijing Property.

At 31 December 2006, the total borrowings of the Group amounted to HK$357,427,000, comprising the RMB secured term loan facility granted by Hang Seng Bank of HK$250,470,000 which is interest bearing at 95% of the interest rate prescribed by the People's Bank of China for loan period of five years and repayable within five years; and the interest portion of the RMB secured bank loan granted by China Merchants Bank of HK$106,957,000. On 23 March 2007, China Merchants Bank agreed to waive the interest portion of HK$106,957,000. The Group expresses its gearing ratio as a percentage of total borrowings over total equity. At 31 December 2006, the Group's gearing ratio was 89% (2005: 20%).

The Company has given a guarantee to Hang Seng Bank to secure the RMB secured term loan facility granted to Beijing Jianguo. The outstanding balance of the RMB secured term loan facility at 31 December 2006 was HK$250,470,000 (2005: nil).

At 31 December 2006, the Beijing Property with a fair value of HK$678,000,000 was pledged to Hang Seng Bank to secure the RMB secured term loan facility granted to Beijing 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 31 December 2006, the Group had capital expenditure commitments in respect of the renovation work of the Beijing Property amounted to HK$63,739,000, which will be financed by the Group's internal resources and the RMB secured term loan facility.

At 31 December 2006, the Group had contingent liabilities amounted to HK$3,697,000.

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 year. In the year ended 31 December 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 apartments. To create serviced apartments of an international standard that will add value to the Beijing Property and achieve a maximum revenue return for its operations, the Group has recently appointed Shama Group to provide pre-handover and procurement services for the Beijing Property. Our project team is working closely with Shama Group at the pre-handover stage. The Group is currently in the course of negotiations with Shama Group with a view to appointing Shama Group for managing the Beijing Property. The negotiations are in advanced stage and the directors envisage they will be concluded by mid-2007. It is expected that the Beijing Property will commence operation in September 2007.

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.

PROPOSED SHARE CONSOLIDATION

On 4 April 2007, the board of directors proposed that every ten existing ordinary shares of HK$0.01 each in the issued and unissued share capital of the Company be consolidated into one ordinary share of HK$0.10 each (the "Consolidated Share") in the issued and unissued share capital of the Company (the "Share Consolidation"). As the Share Consolidation will reduce the overall transaction and handling costs for dealings in the Company's shares, the directors are of the view that the Share Consolidation is in the interests of the Company and its shareholders as a whole. The implementation of the Share Consolidation is conditional upon (a) the shareholders' approval of the Share Consolidation at the special general meeting to be held in May 2007; and (b) the granting of the listing approval of the Consolidated Shares by the Listing Committee (the "Listing Committee") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

PLACING OF NEW SHARES

On 30 March 2007, the Company issued 1,296,860,000 new ordinary shares of HK$0.01 each at HK$0.04 per share by way of a vendor placing and top-up subscription raising HK$50,500,000 (net of expenses). The proceeds are intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group.

On 4 April 2007, the Company has conditionally agreed to place (the "Placing"), through a placing agent on a fully underwritten basis, 155,620,000 Consolidated Shares (the "Placing Shares") to independent investors at a price of HK$0.55 per Placing Share. The Placing is conditional upon (a) the Share Consolidation becoming effective; (b) the shareholders' approval of the Placing at a special general meeting to be held in May 2007; (c) the granting of the listing approval of the Placing Shares by the Listing Committee; and (d) the obligations of the placing agent under the placing agreement becoming unconditional and not being terminated in accordance with the terms of the placing agreement. The net proceeds from the Placing of HK$83,300,000 are intended to be used for financing the possible diversified investments of the Group and the general working capital of the Group.

CORPORATE GOVERNANCE REPORT

The Board is responsible for ensuring proper standards of corporate governance are maintained and for accounting to shareholders. The Company has applied the principles and complied with all the applicable code provisions 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") for the year ended 31 December 2006, except that:

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. 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. 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 recently established its own website, the above requirement regard to provide such information on website cannot be met accordingly. However, the terms of reference of the two committees are available on request and will be posted on our website soon.

Information on the Company's compliance of the Code and deviations from certain code provision of the Code for the year ended 31 December 2006 is set out in the Corporate Governance Report in the Company's annual report for the year ended 31 December 2006 which will be sent to the shareholders on or before 30 April 2007.

DIRECTORS' SECURITIES TRANSACTIONS

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 the 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 year ended 31 December 2006. The Model Code also applies to other specified senior management of the Group.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung. Mr. Tang Chak Lam, Gilbert is the chairman of the Audit Committee.

The Audit Committee has reviewed the audited financial statements and the annual report of the Company for the year ended 31 December 2006.

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 year.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company consists of two executive directors, namely Mr. Heung Wah Keung (Chairman) and Ms Chen Ming Yin, Tiffany (Vice Chairman) and three independent non-executive directors, namely Mr. Tang Chak Lam, Gilbert, Mr. Ho Wai Chi, Paul and Mr. Lien Wai Hung.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This result announcement will be published on the Stock Exchange's website (www.hkex.com.hk) and the Company's website (www.riche.com.hk). The annual report of the Company for the year ended 31 December 2006 will be dispatched to the shareholders of the Company on or before 30 April 2007 and will be published on the Stock Exchange's website and the Company's website.

By order of the Board
Heung Wah Keung
Chairman

Hong Kong, 26 April 2007