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SIGNAL MEDIA AND COMMUNICATIONS HOLDINGS LIMITED

烽火傳媒控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2362)

VERY SUBSTANTIAL ACQUISITION

PROPOSED ACQUISITION OF 86.31% OF THE ISSUED SHARE CAPITAL OF SOCIEDADE DE INVESTIMENTO IMOBILIARIO PUN KENG VAN SA

PLACING OF NEW SHARES AND RESUMPTION OF TRADING

THE ACQUISITION

On 26 June 2007, the Company and two of its wholly-owned subsidiaries, PIL and Pebble Rise, entered into the Share Purchase Agreement with the Macau Sellers pursuant to which PIL and Pebble Rise conditionally agreed to purchase and the Macau Sellers agreed to sell an aggregate of 86.31% of the issued share capital of MacauCo and the Sale Loans for a consideration of HK\$1,553,580,000 which is to be satisfied by the allotment and issue of the GCC Consideration Shares and the Convertible Bonds. PIL currently holds 8.69% of the issued share capital of MacauCo. Upon Completion, the Company, through PIL and Pebble Rise, will hold 95% of the issued share capital of MacauCo.

The Acquisition will enable the Company to increase its investment in a property development and investment project in Macau. The development plans for the Macau Property are for the construction of high-end residential units, including retail, recreational and car parking facilities with a total developable gross floor area of approximately 600,630 sq. ft., excluding car parking areas.

THE PLACING

On 26 June 2007 the Company entered into the Subscription Agreements for the allotment and issue of a total of 1,101,000,000 new Shares at HK\$0.18 per Share representing approximately 32.79% of the existing issued share capital of the Company and approximately 24.70% of the issued share capital of the Company as enlarged by the Placing.

The net proceeds from the Placing will be approximately HK\$188 million.

Completion of the Acquisition and the Placing is interconditional and is intended to take place simultaneously.

GENERAL

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As such, the Acquisition is subject to approval by the Shareholders at the EGM. The issue of the New Shares is subject to the approval of the independent Shareholders at the EGM.

An EGM will be held to consider and, if thought fit, approve the Acquisition (including the allotment and issue of the GCC Consideration Shares and the issue of the Convertible Bonds) and the Placing. A circular containing (among other things) the notice of an EGM and further details on the Acquisition and the Placing will be despatched to Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Completion of each of the Acquisition and the Placing is subject to the fulfilment of certain conditions and may or may not proceed. Shareholders should exercise caution in dealing in the Shares.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 11:42 a.m. on Monday, 11 June 2007 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange from 9:30 am on Wednesday, 27 June 2007.

THE ACQUISITION

Background

On 26 June 2007, the Company, PIL, Pebble Rise and the Macau Sellers entered into the Share Purchase Agreement pursuant to which PIL conditionally agreed to acquire from Suregold and GCC the Suregold Sale Shares, the Suregold Sale Loan, the GCC Sale Shares and the GCC Sale Loan, and Pebble Rise conditionally agreed to acquire from Castle Rock the Castle Rock Sale Shares and the Castle Rock Sale Loan, for a total consideration of HK\$1,553,580,000.

The Macau Sale Shares represents in aggregate 86.31% of the issued share capital of MacauCo.

MacauCo is a company incorporated in Macau for the purposes of investing and developing the Macau Property. PIL currently holds 8.69% of the issued share capital of MacauCo. Upon Completion, PIL and Pebble Rise will directly hold 95% of the issued share capital of MacauCo.

Share Purchase Agreement

Date:

26 June 2007

Parties

- (i) the Macau Sellers, as the vendors of the Macau Sale Shares and the Sale Loans
- (ii) PIL, as the purchaser of the Suregold Sale Shares, the GCC Sale Shares, the Suregold Loan and the GCC Sale Loan
- (iii) Pebble Rise, as the purchaser of the Castle Rock Sale Shares and the Castle Rock Sale Loan
- (iv) the Company

One of the minority shareholders of Castle Rock is Orben Inc., which holds 9.82% of the issued share capital of Castle Rock and is also a substantial shareholder of the Company holding, through two wholly-owned subsidiaries, an aggregate of 968,472,000 Shares, representing approximately 28.84% of the issued share capital of the Company as at the date of this announcement. Save for this, the remaining issued share capital of Castle Rock is held by independent third parties who are not connected persons of the Company.

One of the shareholders of Suregold is LCF II, which is interested in 43.79% of the issued share capital of Suregold. LCF II also holds the Warrants issued by the Company. Further details on the Warrants are set out in the paragraph headed "Effect on shareholding of the Company" below. Save for this, the remaining issued share capital of Suregold is held by independent third parties who are not connected persons of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Macau Sellers are, save as aforesaid, third parties independent of the Company and its connected persons.

Assets to be acquired

The Macau Sale Shares, representing in aggregate 86.31% of the issued share capital of MacauCo, and the Sale Loans.

Consideration

The total consideration for the Macau Sale Shares and the Sale Loans is HK\$1,553,580,000 of which:

- (i) HK\$524,340,000 shall be satisfied on Completion by the issue by the Company to Suregold, or such person as it may direct, of the Suregold Convertible Bond;
- (ii) HK\$939,240,000 shall be satisfied on Completion by the issue by the Company to Castle Rock of the Castle Rock Convertible Bond; and
- (iii) HK\$90,000,000 shall be satisfied on Completion by the allotment and issue by the Company to GCC or its nominees of the GCC Consideration Shares (equivalent to 500,000,000 new Shares representing approximately 14.89% of the existing issued share capital of the Company and approximately 12.96% of the issued share capital of the Company as enlarged by the issue of the GCC Consideration Shares), credited as fully paid up.

The consideration for the Macau Sale Shares and the Sale Loans was agreed among the parties to the Share Purchase Agreement based on arm's length negotiations with reference to (i) the audited consolidated net asset value of MacauCo as at 31 December 2006 of MOP\$970,560 (approximately HK\$942,291), after taking into account shareholders' loans in the aggregate amount of approximately MOP\$211.3 million (approximately HK\$205.1 million); (ii) the independent valuation of the Macau Property of approximately HK\$1,400 million as at 31 March 2006, compared to a book value of the Macau Property of approximately MOP\$215.4 million (approximately HK\$209.1 million) in the audited accounts of MacauCo as at 31 December 2006; and (iii) the development potential of the MacauCo Property.

Conditions precedent

Completion of the Acquisition is conditional upon the satisfaction or waiver of the following conditions:

- (i) the passing at a duly convened and held general meeting of the Company of resolutions to approve the arrangements described in the Share Purchase Agreement in accordance with the requirements of the Listing Rules, including, but without limitation, to increase the authorised share capital of the Company;

- (ii) the listing of and permission to deal in the GCC Consideration Shares and the Conversion Shares which will fall to be issued upon the exercise in full of the conversion rights attaching to the Convertible Bonds having been granted by the Listing Committee of the Stock Exchange;
- (iii) receipt by the Company of a waiver of any right of first refusal and/or pre-emption in respect of the Macau Sale Shares (if necessary) under the existing articles of association of MacauCo, any agreement among the shareholders of MacauCo or otherwise from MacauCo;
- (iv) no order or judgment of any court or governmental, statutory or regulatory body having been issued or made prior to Completion, and no legal or regulatory requirements remaining to be satisfied which has the effect of making unlawful or otherwise prohibiting the sale of any of the Macau Sale Shares and the Sale Loans by any of the Macau Sellers and the purchase of any of the Macau Sale Shares and the Sale Loans by PIL and Pebble Rise;
- (v) the completion to the satisfaction of the Company of due diligence on the business, operations and financial position of MacauCo;
- (vi) there being in the opinion of the Company no material adverse change in the financial position, business or property, results or operations, assets or prospects of MacauCo since 31 December 2006;
- (vii) all authorisations (if any) which are legally required for the entering into or the performance of obligations under the Share Purchase Agreement by the parties thereto having been obtained and all filings with any relevant governmental or regulatory authorities and other relevant third parties which are legally required for the entering into and the implementation of the Share Purchase Agreement having been made and such authorisations (if any) remaining in full force and effect and there being no statement, notification of a decision from the relevant authorities and/or relevant third parties to revoke or not to renew the same having been recorded;
- (viii) the representations and warranties given by the Macau Sellers under the Share Purchase Agreement remaining true, accurate and not misleading as at Completion; and
- (ix) all of the conditions precedent to the placing by the Company of at least 200,000,000 Shares pursuant to one or more of the Subscription Agreements (other than the condition relating to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement) being satisfied or waived in accordance with the terms thereof.

If any of the above conditions precedent is not fulfilled or waived by any of the parties to the Share Purchase Agreement, as the case may be, on or before 5:00 p.m. on 30 September 2007 or such later time and date as may be agreed in writing between the parties, the Share Purchase Agreement shall automatically terminate.

It is intended that completion of the Acquisition shall be simultaneous with the completion of the Placing.

GCC CONSIDERATION SHARES

The issue price of HK\$0.18 per GCC Consideration Share represents:

- (i) a premium of approximately 12.5% over the audited consolidated net asset value of the Company of approximately HK\$0.16 per Share as at 31 December 2006;
- (ii) a discount of approximately 33.3% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Full Trading Day;

- (iii) a discount of approximately 31.0%, 31.3% and 23.7% to the average of the closing prices of HK\$0.261, HK\$0.262 and HK\$0.236 per Share as quoted on the Stock Exchange for the 5, 10 and 30 consecutive trading days up to and including the Last Full Trading Day, respectively;
- (iv) a discount of approximately 1.6% to the average of the closing prices of HK\$0.183 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Full Trading Day; and
- (v) a premium of approximately 7.8% over the average of the closing prices of HK\$0.167 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Full Trading Day.

Application will be made by the Company to the Stock Exchange for the approval of the listing of and the permission to deal in the GCC Consideration Shares on the Stock Exchange.

SUREGOLD'S AND CASTLE ROCK'S COVENANT

Each of Suregold and Castle Rock has covenanted and undertaken that it shall not convert, sell or transfer any of the Convertible Bonds issued to it if as a result of such conversion, sale or transfer, it and/or any such transferee of the Convertible Bonds and persons acting in concert or deemed to be acting in concert with either of them will own 30% or more of the then enlarged issue share capital of the Company (taking into account the Conversion Shares to be issued upon exercise of the conversion rights under the Convertible Bonds) and shall ensure such transferee shall agree to be and would be bound by the same undertaking.

CONVERTIBLE BONDS

Principal amount: An aggregate of HK\$1,463,580,000 (comprising the Suregold Convertible Bond in the principal amount of HK\$524,340,000 and the Castle Rock Convertible Bond in the principal amount of HK\$939,240,000).

Maturity: Unless previously redeemed, converted or cancelled, the Convertible Bonds will mature and will be redeemed by the Company at par on the fifth anniversary of the date of the first issue of the Convertible Bonds.

Interest: No interest shall accrue on the principal amount of the Convertible Bonds.

Redemption: The holder of the Convertible Bonds shall be entitled to demand full repayment of the outstanding principal amount of the Convertible Bonds in the event of the occurrence of certain events of default including, among other things, dissolution of the Company, suspension of trading of the Shares on the Stock Exchange for a period of 90 consecutive trading days or listing of the Shares on the Stock Exchange being revoked or withdrawn, prior to the Maturity Date unless such event of default is waived in writing by the holder.

Conversion Period: The period commencing on the day immediately following the date of issue of the Convertible Bonds and ending five Business Days before the Maturity Date.

Conversion: Subject to the terms of the Convertible Bonds and as described below, a holder of the Convertible Bonds will have the right to convert the Convertible Bonds in whole or in part (in amounts not less than a whole multiple of HK\$9,000,000 or the entire outstanding amount of the Convertible Bonds) into Shares at any time during the conversion period at the initial Conversion Price of HK\$0.18 per Share, subject to adjustments.

The conversion right attaching to any Convertible Bond may not be exercised by the holder thereof if, upon such conversion, the relevant holder and any persons acting in concert or deemed to be acting in concert with it will own 30% or more of the share capital of the Company as enlarged by the Shares to be issued upon the exercise of the conversion right.

The initial Conversion Price is subject to certain customary adjustments on capitalisation of profits or reserves, rights issue or other offers of securities to holders of Shares, consolidation or sub-division or reduction of the share capital of the Company.

The Conversion Price represents a discount of approximately 33.3% to the closing price of the Shares of HK\$0.27 on the Last Full Trading Day. It represents a discount of approximately 31.0% to the average of the closing prices of the Shares of approximately HK\$0.261 for the five trading days ended on the Last Full Trading Day.

Upon full conversion of the entire principal amount of the Convertible Bonds at the initial conversion price of HK\$0.18, a total of 8,131,000,000 Conversion Shares will be issued. On the basis of the 3,357,301,949 Shares in issue as at the date of this announcement, the Conversion Shares represent approximately 242.2% of the Shares in issue and approximately 67.8% of the Shares to be in issue as enlarged by the issue of the GCC Consideration Shares and the Conversion Shares.

The Conversion Shares shall, when issued, rank pari passu in all respects with all the Shares then in issue on the date of conversion including the right to any dividends or distributions.

Mandatory Conversion:

If the closing price of the Shares for the 30 consecutive trading days at any time prior to (but excluding) the Business Day prior to the Maturity Date represents a price which is equal to or higher than 150% of the Conversion Price, the Company will have the right (but not obligation) to require the holder(s) of the Convertible Bonds to convert the outstanding Convertible Bonds into Shares.

Transferability:

The Convertible Bonds may be transferred to any person in whole multiples of HK\$9,000,000 (or such lesser amount as may represent the entire principal amount thereof) only with the prior written consent of the Company.

Save with the prior written consent of the Company, the Convertible Bonds may not be transferred to a connected person of the Company. The Company will promptly notify the Stock Exchange upon becoming aware of the purchase of any of the Convertible Bonds by a connected person of the Company.

Save with the prior written consent of the Company, none of the Convertible Bonds may be transferred to a third party if, upon such transfer, such third party and persons acting in concert or deemed to be acting in concert with it will own 30% or more of the share capital of the Company as enlarged by the Shares to be issued upon the exercise of the conversion right.

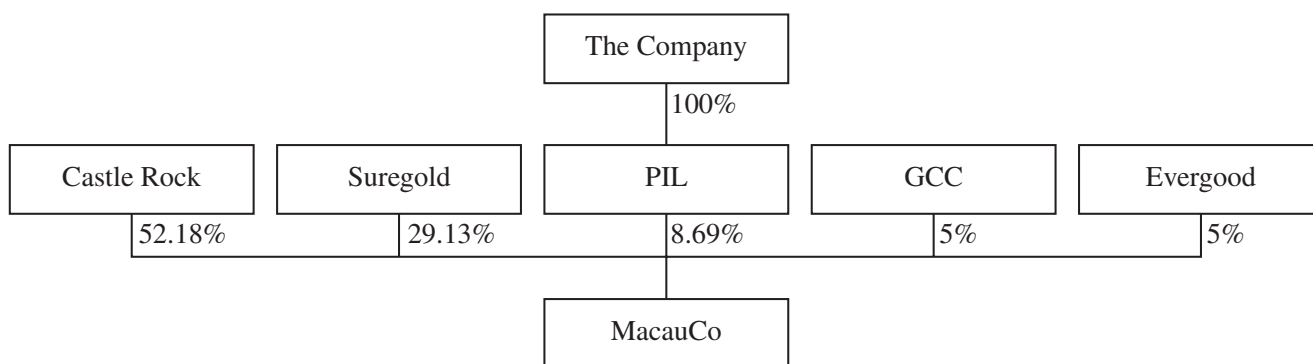
Voting: A holder of the Convertible Bonds will not be entitled to attend or vote at any shareholders' meetings of the Company by reason of it being a holder of the Convertible Bonds.

Listing: The Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the approval of the listing of and permission to deal in the Conversion Shares.

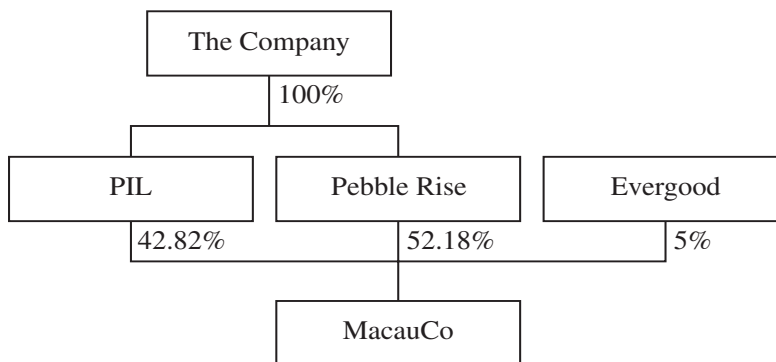
SHAREHOLDING STRUCTURE OF MACAUACO BEFORE AND AFTER THE ACQUISITION

The following diagrams illustrate the shareholding structure of MacauCo before and immediately after completion of the Acquisition:

Before Completion



After Completion



THE PLACING

(1) The Subscription Agreements

Pursuant to the Subscription Agreements, the Company has agreed to place a total of 1,101,000,000 New Shares at HK\$0.18 to the Subscribers.

Date

26 June 2007

Issuer

the Company

Subscribers' names (No. of Shares subscribed)

Lee Hang Holdings Limited (100,000,000 Shares)
Mr. Li Xu Guang (100,000,000 Shares)
Nevin Investment Limited (200,000,000 Shares)
Golden China Plus Master Fund (130,000,000 Shares)
Unified Consultants Limited (125,000,000 Shares)
Sunshine Asset Management (HK) Limited (130,000,000 Shares)
Keywise Greater China Opportunities Master Fund (216,000,000 Shares)
Fair Investment Management Limited (100,000,000 Shares)

Each of the Subscribers and its beneficial owners are not connected persons of the Company and they are independent of and not connected with any of the directors, chief executives or substantial shareholders of the Company, any of their respective subsidiaries or their respective associates. As at the date of this announcement, none of the Subscribers holds any Shares. The Subscribers are independent of the parties to the Share Purchase Agreement. None of the Subscribers will become a substantial shareholder of the Company upon completion of the Placing.

New Shares

The New Shares in total represent approximately 32.79% of the existing issued share capital of the Company or approximately 24.70% of the issued ordinary share capital of the Company as enlarged by the issue of the New Shares.

The New Shares to be issued pursuant to the Placing will rank pari passu in all respects with the existing Shares in issue as at the issue date of the New Shares including the right to receive all future dividends and distributions which may be declared, made or paid.

Subscription Price

The New Shares to be issued pursuant to the Placing will be issued at HK\$0.18 per Share. The Subscription Price represents:

- (i) a premium of approximately 12.5% over the audited consolidated net asset value of the Company of approximately HK\$0.16 per Share as at 31 December 2006;
- (ii) a discount of approximately 33.3% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Last Full Trading Day;
- (iii) a discount of approximately 31.0%, 31.3% and 23.7% to the average of the closing prices of HK\$0.261, HK\$0.262 and HK\$0.236 per Share as quoted on the Stock Exchange for the 5, 10 and 30 consecutive trading days up to and including the Last Full Trading Day, respectively;
- (iv) a discount of approximately 1.6% to the average of the closing prices of HK\$0.183 per Share as quoted on the Stock Exchange for the 90 consecutive trading days up to and including the Last Full Trading Day; and
- (v) a premium of approximately 7.8% over the average of the closing prices of HK\$0.167 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the Last Full Trading Day.

The Subscription Price has been determined after arm's length negotiation between the Company and the Subscribers with reference to the issue price of the GCC Consideration Shares and the Conversion Price, both at HK\$0.18 per Share. The Board has noted the recent volatility in the price of the Shares. The Directors consider that it is more appropriate to determine the Subscription Price with reference to the trading performance of the Shares with a longer historical time frame, and that the Subscription Price, which represents a 12.5% premium over the audited net asset value per Share, is fair and reasonable to the Shareholders.

Conditions to the Subscription Agreements

Completion of each of the Subscription Agreements is conditional upon the following:

- (a) the passing by the Shareholders at an extraordinary general meeting of a resolution approving the relevant Subscription Agreement as required by the Listing Rules;
- (b) the listing of and permission to deal in the New Shares which are the subject matter of the relevant Subscription Agreement being granted by the Listing Committee of the Stock Exchange; and
- (c) all of the conditions precedent to the Acquisition set out in the Share Purchase Agreement (other than the condition relating to the satisfaction or waiver of the conditions precedent to the placing by the Company of 200,000,000 Shares pursuant to one or more of the Subscription Agreements) being satisfied or waived in accordance with the terms thereof.

If the conditions of any of the Subscription Agreements are not fulfilled on or before 30 September 2007, the relevant Subscription Agreement will terminate. Completion of each Subscription Agreement is not conditional upon completion of the others.

It is intended that completion of the Placing shall be simultaneous with completion of the Acquisition.

Application for the listing of and permission to deal in the New Shares will be made to the Stock Exchange.

EFFECT ON SHAREHOLDING OF THE COMPANY

Existing shareholding

As at the date of this announcement, the Company has 3,357,301,949 Shares in issue, and two unlisted Warrants, each for an aggregate amount of HK\$53,500,036.60 entitling the holder, LCF II, to subscribe for 267,634,000 Shares at a subscription price of HK\$0.1999 per Share, subject to adjustment at any time up to and including 10 September 2009. Exercise in full of the subscription rights attaching to the Warrants at the initial subscription price of HK\$0.1999 per Share will result in the issue of 535,268,000 new Shares by the Company. In addition to this, as at the date of this announcement, the Company has outstanding the 2005 Bonds with a nominal value of HK\$51,000,000. The 2005 Bonds are convertible into Shares at a price of HK\$0.2713 per Share, subject to adjustment, on or before 10 November 2008. Exercise in full of the conversion rights attaching to the 2005 Bonds at the initial subscription price of HK\$0.2713 per Share will result in the issue of 187,983,781 new Shares.

Set out below is the existing shareholding structure of the Company as at the date of this announcement and on a fully diluted basis, assuming exercise in full of the conversion rights attaching to the Warrants and the 2005 Bonds:

	As at the date hereof		On a fully diluted basis	
	No. of Shares	%	No. of Shares	%
Addendis SMC Inc. <i>(Note 1)</i>	867,000,000	25.82	867,000,000	21.25
Addendis HK (Hong Kong) Limited <i>(Note 1)</i>	<u>101,472,000</u>	<u>3.02</u>	<u>101,472,000</u>	<u>2.49</u>
	968,472,000	28.84	968,472,000	23.74
Crown West Global Limited	471,290,141	14.04	471,290,141	11.55
Madam Cheng Ho Ming	670,000,000	19.96	670,000,000	16.42
Holder of the Warrants	0	0.00	535,268,000	13.12
Holder of the 2005 Bonds <i>(Note 3)</i>	0	0.00	187,983,781	4.61
Suregold's related person <i>(Note 3)</i>	114,541,684	3.41	114,541,684	2.81
Other shareholders	<u>1,132,998,124</u>	<u>33.75</u>	<u>1,132,998,124</u>	<u>27.75</u>
Total	<u><u>3,357,301,949</u></u>	<u><u>100.00</u></u>	<u><u>4,080,553,730</u></u>	<u><u>100.00</u></u>
Total public Shareholders	<u><u>1,247,539,808</u></u>	<u><u>37.16</u></u>	<u><u>1,435,523,589</u></u>	<u><u>35.17</u></u>

Share capital of the Company upon completion of the Acquisition and the Placing

Set out below is the shareholding structure of the Company (i) upon completion of the Acquisition and assuming only 200,000,000 new Shares will be issued pursuant to the Placing; (ii) upon completion of the Acquisition and the Placing in full; (iii) upon completion of the Acquisition and the Placing in full and assuming full conversion of the Convertible Bonds but not the exercise of the conversion rights attaching to the Warrants and the 2005 Bonds; and (iv) on a fully diluted basis:

	Upon completion of the Acquisition and assuming only 200,000,000 new Shares will be issued pursuant to the Placing		Upon completion of the Acquisition and the Placing		Upon completion of the Acquisition and the Placing and assuming full conversion of the Convertible Bonds (Note 2)		On a fully diluted basis (Note 2)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Addendis SMC Inc. (Note 1)	867,000,000	21.37	867,000,000	17.49	867,000,000	6.62	867,000,000	6.28
Addendis HK (Hong Kong) Limited (Note 1)	101,472,000	2.50	101,472,000	2.05	101,472,000	0.78	101,472,000	0.73
Addendis SMC Inc. and its concert parties	968,472,000	23.87	968,472,000	19.54	968,472,000	7.40 (Note 2)	968,472,000	7.01 (Note 2)
Suregold	–	–	–	–	2,913,000,000	22.26	2,913,000,000	21.09
Suregold's related person (Note 3)	114,541,684	2.82	114,541,684	2.31	114,541,684	0.88 (Note 2)	114,541,684	0.83 (Note 2)
Castle Rock (Note 3)	–	–	–	–	5,218,000,000	39.86	5,218,000,000	37.78
Madam Cheng Ho Ming Holder of the Warrants (Note 4)	670,000,000	16.51	670,000,000	13.51	670,000,000	5.12	670,000,000	4.85
	–	–	–	–	–	–	535,268,000	3.88
Suregold and its concert parties	784,541,684	19.33	784,541,684	15.82	8,915,541,684	68.12	9,450,809,684	68.43
GCC (Note 3)	500,000,000	12.32	500,000,000	10.08	500,000,000	3.82	500,000,000	3.62
Crown West Global Limited (Note 3)	471,290,141	11.62	471,290,141	9.50	471,290,141	3.60	471,290,141	3.41
Holder of the 2005 Bonds (Note 3)	–	–	–	–	–	–	187,983,781	1.36
Subscribers (Note 4)								
– Lee Hang Holdings Limited (Note 5)	(Note 5)	(Note 5)	100,000,000	2.02	100,000,000	0.76	100,000,000	0.72
– Mr. Li Xu Guang (Note 5)	(Note 5)	(Note 5)	100,000,000	2.02	100,000,000	0.76	100,000,000	0.72
– Nevin Investment Limited (Note 5)	(Note 5)	(Note 5)	200,000,000	4.03	200,000,000	1.53	200,000,000	1.45
– Golden China Plus Master Fund (Note 5)	(Note 5)	(Note 5)	130,000,000	2.62	130,000,000	1.00	130,000,000	0.94
– Unified Consultants Limited (Note 5)	(Note 5)	(Note 5)	125,000,000	2.52	125,000,000	0.95	125,000,000	0.91
– Sunshine Asset Management (HK) Limited (Note 5)	(Note 5)	(Note 5)	130,000,000	2.62	130,000,000	1.00	130,000,000	0.94
– Keywise Greater China Opportunities Master Fund (Note 5)	(Note 5)	(Note 5)	216,000,000	4.36	216,000,000	1.65	216,000,000	1.57
– Fair Investment Management Limited (Note 5)	(Note 5)	(Note 5)	100,000,000	2.02	100,000,000	0.76	100,000,000	0.72
Sub total	200,000,000	4.93	1,101,000,000	22.21	1,101,000,000	8.41	1,101,000,000	7.97
Other shareholders	1,132,998,124	27.93	1,132,998,124	22.85	1,132,998,124	8.65	1,132,998,124	8.20
Total	<u>4,057,301,949</u>	<u>100.00</u>	<u>4,958,301,949</u>	<u>100.00</u>	<u>13,089,301,949</u>	<u>100.00</u>	<u>13,812,553,730</u>	<u>100.00</u>
Total public Shareholders	<u>1,447,539,808</u>	<u>35.68</u>	<u>2,819,829,949</u>	<u>56.87</u>	<u>3,319,829,949</u>	<u>25.36</u>	<u>4,043,081,730</u>	<u>29.27</u>

Notes:

1. Addendis HK (Hong Kong) Limited (formerly known as i-cf International Limited) and Addendis SMC Inc. (formerly known as Suiko Enterprises Co., Ltd.) are wholly-owned subsidiaries of the same holding company, Orben Inc. (formerly known as i-cf, Inc.).
2. The dilution effect upon exercise of the Convertible Bonds shown in the table is for illustration purpose only. Under the Share Purchase Agreement, the conversion right attaching to the Convertible Bonds may not be exercised by the holder thereof if, upon such conversion, the relevant holder and any persons acting in concert with it will own 30% or more of the share capital of the Company as enlarged by the Shares to be issued upon the exercise of the conversion rights.
3. Crown West Global Limited, the holder of the 2005 Bonds, Suregold and its related person, the holder of Warrants, Castle Rock and GCC are treated as public Shareholders as long as their respective shareholding interest in the Company is less than 10%.
4. None of the Subscribers will become a substantial Shareholder upon completion of the Placing. Accordingly, each of them will be treated as a public Shareholder. Each of the Subscribers is independent of and does not act in concert with the other Subscribers with respect to the control of the Company.
5. It is a condition precedent to the Share Purchase Agreement that all of the conditions precedent to the placing by the Company of at least 200,000,000 Shares pursuant to one or more of the Subscription Agreements (other than the condition relating to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement) being satisfied or waived in accordance with the terms thereof.
6. Suregold, Castle Rock, Suregold's related person, Madam Cheng Ho Ming and the holder of Warrants are acting or presumed to be acting in concert with respect to the control of the Company. Save as disclosed above, Suregold is not acting or presumed to be acting in concert with any existing substantial shareholders of the Company with respect to the control of the Company. GCC is not acting or presumed to be acting with Suregold, Castle Rock or any existing substantial shareholders of the Company.

Each of the Subscribers is not acting in concert with any of Addendis SMC Inc, Addendis HK (Hong Kong) Limited, Crown West Global Limited, Madam Cheng Ho Ming, Macau Sellers or any of their respective associates (as defined in the Takeovers Code) with respect to the control of the Company.

Dilution effect on Shareholders

In view of the future dilution of existing Shareholders on the exercise of the conversion rights pursuant to the Convertible Bonds, the Company will keep the Shareholders informed as to the level of dilution and details of conversion as follows:

- (a) the Company will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange after Completion. Such announcement will be made on or before the fifth Business Day following the end of each calendar month and will include the following details in a table form:
 - (i) whether there has been any conversion of the Convertible Bonds during the relevant month. If there is a conversion, details thereof, including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (ii) the number of outstanding Convertible Bonds after the conversion, if any;
 - (iii) the total number of new Shares issued pursuant to other transactions during the relevant month, including new Shares issued pursuant to exercise of options under any share option scheme(s) of the Company; and
 - (iv) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and

- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the previous Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock Exchange including details as stated in (a) above for the period commencing from the date of the previous Monthly Announcement or any subsequent announcement in respect of the Convertible Bonds (as the case may be) up to the date on which the total amount of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the previous Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be).

INFORMATION ON THE GROUP

The Group is engaged principally in investment holding, the provision of financial and corporate communications services and property investment in Macau. The Group has been increasing and diversifying its investments in the Greater China region. In April 2007, the Group completed the acquisition of the entire issued share capital of CMM International Group Limited which engages in the manufacturing and distribution of skin care and cosmetics products under the brand names of “CMM”, “FL” and “Monita” and the distribution of skin care and cosmetics products under the brand name of “Fair Lady”, the operation of beauty schools and the operation of beauty and spa salons, principally in the PRC.

INFORMATION ON THE MACAU SELLERS

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, Castle Rock, Suregold and GCC are investment holding companies with investments in properties in Macau.

INFORMATION ON MACAU CO

MacauCo is engaged principally in property investment and development in Macau, with its principal asset being the Macau Property. MacauCo has not carried out any business or trading in each of the last two years ended 31 December 2006. Accordingly, no sale or turnover or profit or loss was recorded for each of the aforesaid years. Based on the audited balance sheet of MacauCo as at 31 December 2006, prepared in accordance with the Standards on Auditing and Technical Standards on Auditing as promulgated by the Government of Macau, the audited consolidated net asset value of MacauCo was approximately MOP\$970,560 (approximately HK\$942,291). Included in the audited balance sheet are the Macau Property at book value of approximately MOP\$215.4 million (approximately HK\$209.1 million), and amounts due to shareholders of MacauCo of a total of approximately MOP\$211.3 million (approximately HK\$205.1 million), of which approximately MOP\$110.3 million (approximately HK\$107.1 million) is due to Castle Rock, approximately MOP\$10.6 million (approximately HK\$10.3 million) is due to GCC, approximately MOP\$61.6 million (approximately HK\$59.8 million) is due to Suregold, and approximately MOP\$18.4 million (approximately HK\$17.9 million) is due to PIL. The amounts due to MacauCo’s shareholders as at 31 December 2006 were owed by MacauCo to its shareholders pro rata to their respective shareholdings in MacauCo. The cost of the Macau Property in the accounts of MacauCo is principally financed by loans advanced by its shareholders. The Macau Property is the principal asset of MacauCo, other than bank and cash balances.

On 3 June 2006, the Company, through PIL, acquired 8.69% of the issued share capital of MacauCo for a total consideration of HK\$100 million. Information on the 8.69% acquisition is set out in the circular dated 19 June 2006 of the Company to the Shareholders.

MacauCo was incorporated in Macau on 15 May 1993. The Macau Property is undeveloped property located at Lote 9 in Zona A, Baia de Praia Grande, Macau. It has a site area of 3,449 sq.m. Currently, the Macau Property is vacant and pending development. Based on the valuation prepared by an independent firm of professional valuers, the gross development value of the proposed development of the Macau Property, assuming all the construction costs and associated charges have been fully paid, is HK\$3,109 million as at 31 March 2007 and the market value of the Macau Property in its existing state as a residential development site is HK\$1,400 million as at 31 March 2007. The Company will conduct an updated independent professional valuation on the Macau Property for inclusion in the Circular. Subject to the approval by the relevant Macau authorities of the amendment to the building and development concession agreement in respect of the Macau Property and the payment of relevant land premium, (if any), the Macau Property will change its use from commercial use to residential use for residential apartments to be developed thereon. It is intended that luxury residential apartments be developed on the Macau Property for profit or otherwise for revenue.

The existing shareholders of MacauCo acquired their interests in MacauCo from its former owners (the "Former MacauCo Owners") on 3 June 2006. Under the terms and conditions of the agreement relating to such sale, the Former MacauCo Owners will be responsible for paying the land premium, if any, payable to the Macau government on grant of the approval of the amendment to the building and development concession agreement in respect of the Macau Property. Accordingly, none of the existing shareholders of MacauCo, including PIL, will be required to pay any further land premium on the Macau Property. To this end, the Former MacauCo Owners have deposited a sum of approximately MOP\$42.1 million (approximately HK\$40.9 million) with MacauCo as a deposit for future payment of land premium payable in respect of the Macau Property, if any.

Subject to the approval of the necessary building and development concession agreement, it is the current plan of MacauCo to develop the Macau Property into a luxury high rise residential development with club house and carparks facilities. The Macau Property is on a south-facing site situated on the main waterfront area at the Baia de Praia Grande (Nam Van Lakes District). The project is located opposite the Macau Tower and within 10 minutes walk from Wynn Macau, Lisboa, Bank of China Building and AIA Tower. This project is being designed in accordance with international standards and will be one of the tallest buildings in Macau.

The existing board of directors of MacauCo consists of five members. No decision has yet been made regarding nominations to the board of directors of MacauCo upon Completion. None of the Macau Sellers has the right to nominate any representative to the board of directors of the Company under the Share Purchase Agreement. None of the Macau Sellers have present intention to nominate representatives to the board of the directors of the Company.

REASONS FOR THE ACQUISITION

Macau has experienced strong economic development since 1999, with GDP growing at an average real growth rate of 12.1% between 2000 and 2005.* GDP per capita has risen from approximately MOP\$125,100 in 2002 to MOP\$181,900 in 2004,* a compounded increase of more than 20.5% per annum. Macau's strong economic growth in recent years can be attributed to the growth in the gaming, tourism and construction industries. This growth is reflected through the city's double-digit GDP growth rates, low unemployment rates and continued interest in real asset investments, in particular real estate.

Macau is regarded as one of the largest and fastest growing gaming markets in the world and represents the only legalised gaming destination in China. Residential development sales and rental markets have remained optimistic in recent months as the construction of new casinos, hotels and entertainment complexes have spurred the arrival of tourists and new immigrants and expatriates and materially increased the purchasing power of local residents. Due to the sustained economic growth in the city and the continued inflow of foreign direct investment, the demand for quality accommodation, and in particular, brand-new units in large-scale housing estates equipped with a full range of facilities, has been buoyant.* In addition, as world-class casinos are completed over the next few years, senior staff posted in Macau and visitors on extended vacation will demand premium residential units as their

second home. Given the strong fundamentals of the Macau economy and its positive outlook, the Directors believe that the Acquisition provides an attractive property development opportunity for the Company in residential housing market in Macau.

* *Source: Direcção de Serviços de Estatística e Censos (DSEC)*

The Group is engaged principally in investment holding, the provision of financial and corporate communications services, property investment and the sales and marketing of chemical pesticides in the PRC. While the Group will continue to carry on its existing business, it has been increasing and diversifying its investments in the Greater China region.

The Board considers that the Acquisition is in line with the Group's current business diversification strategy which will provide the Group with a good opportunity to participate in the Macau property development sector by increasing the Company's existing shareholding in MacauCo from 8.69% to 95%.

Upon Completion, MacauCo will become a 95% indirectly owned subsidiary of the Company. The financial results of MacauCo will be consolidated with those of the Group.

The Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms after arm's length negotiation and that the terms thereof are fair and reasonable as far as the Shareholders are concerned, and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

REASON FOR THE PLACING

The Directors of the Company considered that the Placing is a preferred means of funding for the following reasons:

- (i) a large amount of bank borrowings would adversely effect the gearing ratio of the Company which is not in the interests of the Company or its Shareholders as a whole; and
- (ii) the Placing will broaden the shareholder base and enhance the profile of the Company given that the Subscribers are institutional and professional investors.

The net proceeds from the Placing will be approximately HK\$188 million and will be used for general working capital purposes of the Group after Completion.

Listing application

Application for the listing of and permission to deal in the New Shares will be made to the Stock Exchange.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. As such, the Acquisition is subject to approval by the Shareholders at the EGM. One of the minority shareholders of Castle Rock is Orben Inc., which holds 9.82% of the issued share capital of Castle Rock and is also a substantial shareholder of the Company holding, through two wholly-owned subsidiaries, an aggregate of 968,472,000 Shares, representing approximately 28.84% of the issued share capital of the Company. Orben Inc. will abstain from voting at the EGM to approve the Acquisition. As at the date hereof, none of the Macau Sellers and their respective associates holds any Shares but Macau Sellers and their respective associates will be required to abstain from voting on any Shares they hold at the EGM if they become Shareholders before the holding of the EGM. As at the date hereof, LCF II and its associates do not hold any Shares but LCF II and its associates will be required to abstain from voting on any Shares they hold at the EGM if they become Shareholders before the holding of the EGM.

The issue of the New Shares is also subject to the approval of the Shareholders at the EGM. As at the date hereof, none of the Subscribers and their respective associates holds any Shares but the Subscribers and their respective associates will be also required to abstain from voting on any Shares they hold at the EGM if they become Shareholders before the holding of the EGM.

The Circular containing information on the Acquisition and the Placing, together with the notice convening the EGM to consider and, if thought fit, approve the Acquisition and the Placing, will be despatched to the Shareholders as soon as possible.

PRICE AND VOLUME FLUCTUATION OF THE SHARES ON 11 JUNE 2007

This statement is made at the request of the Stock Exchange.

The Board has noted the increase in the price and trading volume of the Shares on 11 June 2007 and wishes to state that it is not aware of any reason for such increase save as disclosed in this announcement.

The Board also confirms that, save as disclosed in this announcement, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

This statement is made by the order of the Board and the Directors individually and jointly accept responsibility for the accuracy of this statement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 11:42 a.m. on Monday, 11 June 2007 pending release of this announcement. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on Wednesday, 27 June 2007.

Completion of each of the Acquisition and the Placing is subject to the fulfillment of certain conditions and may or may not proceed. Shareholders should exercise caution in dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

“2005 Bonds”	the zero coupon convertible bonds due 2008 in an aggregate amount of HK\$51,000,000 issued by the Company to Power Multi Equity No. 3 Investment Partnership on 11 November 2005
“Acquisition”	the acquisition of the Macau Sale Shares and the Sale Loans by PIL and Pebble Rise from the Macau Sellers on the terms and subject to the conditions of the Share Purchase Agreement
“acting in concert”	has the meaning given to it in the Hong Kong Codes on Takeovers and Mergers
“associates”	has the meaning given to it in the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday or a Sunday or public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business
“BVI”	the British Virgin Islands
“Castle Rock”	Castle Rock Investment Holding Limited, a company incorporated in the BVI with limited liability
“Castle Rock Convertible Bond”	the zero per cent. (0%) convertible bond in the principal amount of HK\$939,240,000 which is convertible into Shares (upon the terms and conditions thereof) to be issued by the Company to Castle Rock on Completion
“Castle Rock Sale Loan”	means the sum of MOP\$110,275,527.16 (approximately HK\$107.06 million), representing all outstanding sums (including interest, if any) owing by MacauCo to Castle Rock as at Completion
“Castle Rock Sale Shares”	means 5,218 shares of MOP\$100 each in the share capital of MacauCo legally and beneficially owned by Castle Rock
“Circular”	the circular to be issued by the Company to its Shareholders relating to the Acquisition and the Placing in compliance with the disclosure requirements of the Listing Rules
“Company”	Signal Media and Communications Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition and the Placing
“connected person(s)”	has the meaning given to it in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.18 per Share, subject to adjustments, of the Convertible Bonds
“Conversion Shares”	the Shares to be allotted and issued upon conversion of the Convertible Bonds pursuant to terms and conditions thereof
“Convertible Bonds”	the Suregold Convertible Bond and Castle Rock Convertible Bond
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Acquisition (including the allotment and issue of the GCC Consideration Shares and the issue of the Convertible Bonds) and the Placing
“GCC”	Grand Chance Consultants Limited, a company incorporated in the BVI with limited liability
“GCC Consideration Shares”	500,000,000 new Shares to be allotted and issued to GCC pursuant to the Share Purchase Agreement

“GCC Sale Loan”	means the sum of MOP\$10,566,838.56 (approximately HK\$10.26 million), representing all outstanding sums (including interest, if any) owing by MacauCo to GCC as at Completion
“GCC Sale Shares”	means 500 shares of MOP\$100 each in the share capital of MacauCo legally and beneficially owned by GCC
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Full Trading Day”	8 June 2007, being the last full day on which the Shares were traded on the Stock Exchange prior to suspension of trading in the Shares on 11 June 2007 pending the release of this announcement
“LCF II”	LCF II Holdings, Limited, a company incorporated in the BVI with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Macau Property”	the piece of land located at Lote 9 in Zona A Baia da Praia Grande in Macau, registered with the Macau Land Registry under number 22298
“Macau Sale Shares”	the Castle Rock Sale Shares, the Suregold Sale Shares and the GCC Sale Shares
“Macau Sellers”	Castle Rock, Suregold and GCC
“MacauCo”	Sociedade de Investimento Imobiliário Pun Keng Van SA, a company incorporated in Macau with limited liability
“Maturity Date”	the date falling five years after the date of first issue of the Convertible Bonds
“MOP\$”	Macau Pataca, the lawful currency of Macau
“New Shares”	the 1,101,000,000 new Shares proposed to be allotted and issued pursuant to the Placing
“Pebble Rise”	Pebble Rise Inc., a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“PIL”	Performing Investments Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“Placing”	the issue of the New Shares pursuant to the Subscription Agreements
“PRC”	the People’s Republic of China

“Sale Loans”	means the Castle Rock Sale Loan, the Suregold Sale Loan and the GCC Sale Loan
“Series A Warrants”	the series A warrants for an aggregate amount of HK\$53,500,036.60 issued by the Company to LCF II on 11 September 2006
“Series B Warrants”	the series B warrants for an aggregate amount of HK\$53,500,036.60 issued by the Company to LCF II on 11 September 2006
“Share Purchase Agreement”	the share purchase agreement dated 26 June 2007 and made among the Macau Sellers, PIL, Pebble Rise and the Company relating to the Acquisition
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the eight subscribers of the New Shares under the Subscription Agreements
“Subscription Agreements”	the eight subscription agreements dated 26 June 2007 and entered into between the Company and each of the Subscribers (as named in this announcement) respectively relating to the subscription of the New Shares
“Subscription Price”	means HK\$0.18 per Share
“Suregold”	Suregold Global Limited, a company incorporated in the BVI with limited liability
“Suregold Convertible Bond”	the zero per cent. (0)% convertible bond in the principal amount of HK\$524,340,000 which is convertible into Shares (upon the terms and conditions thereof) to be issued by the Company to Suregold or such person as it may direct on Completion
“Suregold Sale Loan”	means the sum of MOP\$61,532,401.42 (approximately HK\$59.74 million), representing all outstanding sums (including interest, if any) owing by MacauCo to Suregold as at Completion
“Suregold Sale Shares”	means 2,913 shares of MOP\$100 each in the share capital of MacauCo legally and beneficially owned by Suregold
“Warrants”	the Series A Warrants and the Series B Warrants
“%”	per cent.

“sq. ft.”

square feet

By Order of the Board
SIGNAL MEDIA COMMUNICATIONS HOLDINGS LIMITED
Edmund Kwok King Yan
Director

Hong Kong, 26 June 2007

As at the date of this announcement, the Board consists of one executive Director, namely Mr. Edmund Kwok King Yan, one non-executive Director, namely Ms. Cheng Ho Ming and three independent non-executive Directors, namely Messrs. Sun Juyi, Hin Yat Ha and Chiu Ching, Katie.

** For identification purposes only*

This announcement contains translation between MOP\$ and HK\$ at HK\$1.00 = MOP\$1.03. The translation should not be taken as a representation that the relevant currency could actually be converted into HK\$ at that rate or at all.

“Please also refer to the published version of this announcement in the International Herald Tribune”