RICHE MULTI-MEDIA HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 764)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

FINAL RESULTS

The board of directors (the "Board") of Riche Multi-Media Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007 together with the comparative figures for 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	**2007** *HK$'000*	2006 *HK$'000*
Turnover	*5*	**38,739**	17,476
Cost of sales		**(28,958)**	(13,998)
Gross profit		**9,781**	3,478
Other revenue	*6*	**3,205**	5,699
Other income	*6*	**106,956**	5,560
Increase in fair value of investment properties		**43,853**	590
Impairment loss recognised in respect of goodwill		**(37,828)**	—
Administrative expenses		**(67,623)**	(26,811)
Profit/(loss) from operations	*7*	**58,344**	(11,484)
Finance costs	*8*	**(19,494)**	(9,615)
Profit/(loss) before taxation		**38,850**	(21,099)
Taxation	*9*	**(13,156)**	(195)
Profit/(loss) for the year		**25,694**	(21,294)
Attributable to:			
Equity holders of the Company		**25,694**	(21,294)
Earnings/(loss) per share attributable to the equity holders of the Company			
—Basic and diluted	*10*	**HK2.50 cents**	HK(3.28) cents

CONSOLIDATED BALANCE SHEET

At 31 December 2007

	2007	2006
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**6,000**	2,468
Investment properties	**887,450**	678,000
Goodwill	**39,456**	77,284
Club membership	**172**	172
	933,078	757,924
Current assets		
Inventories	**32,783**	45,154
Trade receivables	**1,245**	936
Deposits, prepayments and other receivables	**31,830**	19,254
Financial assets at fair value through profit or loss	**—**	28,100
Tax prepayments	**12,120**	7,720
Cash and cash equivalents	**531,396**	63,140
	609,374	164,304
Total assets	**1,542,452**	922,228
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**195,186**	64,843
Reserves	**850,894**	334,793
	1,046,080	399,636
Minority interests	**3,896**	3,896
Total equity	**1,049,976**	403,532
LIABILITIES		
Current liabilities		
Accruals and other payables	**19,245**	20,208
Receipts in advance	**47,041**	60,898
Amounts due to related companies	**701**	606
Secured bank loans – due within one year	**27,533**	5,470
Tax payables	**22,969**	23,240
	117,489	110,422
Non-current liabilities		
Secured bank loans – due after one year	**301,485**	351,957
Deferred taxation	**73,502**	56,317
	374,987	408,274
Total equity and liabilities	**1,542,452**	922,228
Net current assets	**491,885**	53,882
Total assets less current liabilities	**1,424,963**	811,806

Notes:

1. Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for accounting periods beginning 1 January 2007. A summary of the new HKFRSs is set out as below:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 – Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

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 period, except for new disclosures relating to financial instruments made in the consolidated financial statements.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

2. Impact of issued but not yet effective Hong Kong Financial Reporting Standards

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

HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC) – Int 12	Service Concession Arrangements[4]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[5]
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

3. Basis of preparation of consolidated financial statements

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

The consolidated financial statements have been prepared under historical cost convention except for certain financial assets at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of consolidated 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.

4. Business and geographical segments

Business 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 2007 and 2006 is presented below.

Consolidated income statement for the year ended 31 December 2007

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Turnover	**—**	**—**	**35,822**	**2,917**	**38,739**
Segment results before impairment loss recognised in respect of goodwill	**—**	**—**	**7,722**	**45,912**	**53,634**
Impairment loss recognised in respect of goodwill	**—**	**—**	**—**	**(37,828)**	**(37,828)**
Segment results	**—**	**—**	**7,722**	**8,084**	**15,806**
Unallocated corporate income					**110,161**
Unallocated corporate expenses					**(67,623)**
Profit from operations					**58,344**
Finance costs					**(19,494)**
Profit before taxation					**38,850**
Taxation					**(13,156)**
Profit for the year attributable to equity holders of the Company					**25,694**

Consolidated balance sheet at 31 December 2007

	Distribution *HK$'000*	Sub-licensing *HK$'000*	Sales of financial assets *HK$'000*	Property investment *HK$'000*	Consolidated *HK$'000*
Assets					
Segment assets	**738**	**11,264**	**4,509**	**1,021,270**	**1,037,781**
Unallocated corporate assets					**504,671**
Consolidated total assets					**1,542,452**
Liabilities					
Segment liabilities	**—**	**2,669**	**718**	**55,660**	**59,047**
Unallocated corporate liabilities					**433,429**
Consolidated total liabilities					**492,476**

Other segment information for the year ended 31 December 2007

	Distribution *HK$'000*	**Sub-licensing** *HK$'000*	**Sales of financial assets** *HK$'000*	**Property investment** *HK$'000*	**Consolidated** *HK$'000*
Capital expenditures	**17**	—	—	**121,850**	**121,867**
Depreciation	**563**	—	—	**595**	**1,158**
Impairment losses recognised	—	—	—	**37,837**	**37,837**

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 results	74	23	1,768	2,203	4,068
Unallocated corporate income					11,259
Unallocated corporate expenses					(26,811)
Loss from operations					(11,484)
Finance costs					(9,615)
Loss before taxation					(21,099)
Taxation					(195)
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	—	3,051	367	50,972	54,390
Unallocated corporate liabilities					464,306
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*
Capital expenditures	1,115	—	23	15,870	17,008
Depreciation	143	1	468	40	652
Impairment losses recognised	1,195	—	—	—	1,195

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**	
	2007	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau	**35,822**	15,393	**7,722**	1,842
The PRC	**2,917**	2,083	**8,084**	2,226
	38,739	17,476	**15,806**	4,068

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	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau	**5,247**	32,960	**718**	367	**17**	1,138	**563**	611
The PRC	**1,032,534**	822,953	**58,329**	54,023	**121,850**	15,870	**595**	41
	1,037,781	855,913	**59,047**	54,390	**121,867**	17,008	**1,158**	652

5. Turnover

	2007	2006
	HK$'000	*HK$'000*
Distribution of films	—	164
Sub-licensing of film rights	—	200
Sales of financial assets at fair value through profit or loss	**35,822**	15,229
Rental income	**2,917**	1,883
	38,739	17,476

6. Other revenue and other income

	2007	2006
	HK$'000	*HK$'000*
Other revenue		
Dividend income from financial assets at fair value through profit or loss	**78**	754
Interest income on bank deposits	**2,990**	4,314
Sundry income	**137**	631
	3,205	5,699
Other income		
Waiver of secured bank loan interest	**106,956**	—
Unrealised gain on change in fair value of financial assets at fair value through profit or loss	—	5,360
Reversal of accruals in previous years	—	200
	106,956	5,560

7. Profit/(loss) from operations

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) from operations has been arrived after charging/(crediting):		
Auditors' remuneration	**600**	600
Cost of inventories sold	**—**	89
Depreciation of property, plant and equipment	**1,158**	652
Impairment loss recognised in respect of trade receivables	**9**	1,050
Impairment loss recognised in respect of film right deposits	**—**	14
Impairment loss recognised in respect of prepayments	**—**	131
Loss on disposal of property, plant and equipment	**3**	1,956
Operating lease rental in respect of rented premises	**2,315**	1,710
Share-based payment expenses in respect of consultancy services	**6,370**	—
Staff costs including directors' emoluments		
— Salaries	**8,349**	7,258
— Contribution to retirement benefits scheme	**114**	117
— Share-based payment expenses	**25,912**	—
	34,375	7,375
Unrealised gain on change in fair value of financial assets at fair value through profit or loss	**—**	(5,360)

8. Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expenses on borrowings wholly repayable within five years:		
— loan payable	**—**	100
— secured bank loans	**19,494**	9,515
	19,494	9,615

9. Taxation

	2007	2006
	HK$'000	*HK$'000*
Deferred taxation	**13,156**	195

No provision for Hong Kong Profits Tax or the PRC Corporate Income Tax has been made for the years ended 31 December 2007 and 2006 as the Group either has no estimated assessable profits or its estimated assessable profits are wholly absorbed by the estimated tax losses brought forward.

10. Earnings/(loss) per share

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

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) attributable to equity holders of the Company for the purposes of basic and diluted earnings/(loss) per share	**25,694**	(21,294)
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings/(loss) per share	**1,029,407**	648,434

The weighted average number of ordinary shares for the year ended 31 December 2006 for the purposes of basic and diluted loss per share has been adjusted to take into the effect of the share consolidation that became effective on 21 May 2007.

Diluted earnings/(loss) per share for the years ended 31 December 2007 and 2006 were the same as the basic earnings/(loss) per share. The Company's outstanding share options were not included in the calculation of diluted earnings/(loss) per share because the effect of the Company's outstanding share options was anti-dilutive.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2007 (2006: nil). No interim dividend was paid during the year (2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group recorded a turnover of HK$38,739,000 for the year ended 31 December 2007, a 122% increase from HK$17,476,000 for the previous year. Of the total turnover amount, HK$35,822,000 or 92% was generated from sales of financial assets and HK$2,917,000 or 8% was generated from property investment. The profit for the year ended 31 December 2007 was HK$25,694,000, whereas the Group recorded a loss of HK$21,294,000 in the year ended 31 December 2006. The turnaround was attributable to the recognition of a gain of HK$106,956,000 arising from the secured bank loan interest waived by China Merchants Bank and the increase in fair value of the Group's investment properties of HK$43,853,000, which were partially offset by the impairment loss recognised in respect of goodwill of HK$37,828,000, the provision for deferred taxation of HK$13,156,000 arising from the revaluation of investment properties and the increases in administrative expenses and finance costs.

Cost of sales for the year ended 31 December 2007 amounted to HK$28,958,000, of which HK$28,100,000 was related to sales of financial assets and HK$858,000 was related to property investment.

Gross profit for sales of financial assets amounted to HK$7,722,000 in the year ended 31 December 2007. Taking into account the dividend income of HK$78,000, the performance of the Group's sales of financial assets was a profit of HK$7,800,000. As volatility in equity market remained high, the Group sold all of its financial assets in the second half of 2007.

Gross profit for property investment amounted to HK$2,059,000 in the year ended 31 December 2007. As the Group's investment properties were under renovation during the year ended 31 December 2007, the contribution represented the rental income generated from the leasing of the ground floor of the Group's investment properties to a restaurant operator.

Other income increased from HK$5,560,000 in the year ended 31 December 2006 to HK$106,956,000 in the year ended 31 December 2007. The substantial increase was attributed to the recognition of a gain of HK$106,956,000 arising from the secured bank loan interest waived by China Merchants Bank.

At the end of financial year, the directors reassessed the recoverable amount of Shinhan-Golden Faith International Development Limited ("Shinhan-Golden") (the immediate holding company of Beijing Jian Guo Real Estate Development Co. Ltd.), with reference to the valuation performed by an independent valuer, and determined that an impairment loss in respect of goodwill of HK$37,828,000 was recognised in the year ended 31 December 2007.

Administrative expenses (net of depreciation, impairment losses and loss on disposal of property, plant and equipment) amounted to HK$66,453,000 for the year ended 31 December 2007, a 189% increase from HK$23,008,000 as compared to the correspondence figure for the previous year. The increase was mainly attributed to the full year effect of the engagements of external consultants for the renovation works of the Group's investment properties, the payment of pre-operating services fee to Shama, the management company of the Group's investment properties, and the share-based payment expenses of HK$32,282,000 in relation to share options granted, of which HK$25,912,000 was related to the Group's employees and HK$6,370,000 was related to the consultants.

Finance costs increased from HK$9,615,000 in the year ended 31 December 2006 to HK$19,494,000 in the year ended 31 December 2007. The substantial increase was attributable to the full year effect of the interest expenses of Beijing Jian Guo Real Estate Development Co. Ltd. ("Beijing Jianguo") as the acquisition of a 96.7% interest in the registered capital of Beijing Jianguo was completed in June 2006.

At 31 December 2007, the headcount of the Group was 70. Total staff costs (including directors' remuneration) amounted to HK$34,375,000 in the year ended 31 December 2007, a 366% increase from HK$7,375,000 as compared to the correspondence figure for the pervious year. The increase was attributable to the inclusion of share-based payment expenses of HK$25,912,000 and the increase in Beijing Jianguo's headcount. Employees are remunerated according to their performance and work experience. In addition to basic salaries, retirement benefits scheme and discretionary bonus, 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 2007 and 2006 is as follows:

	Year ended 31 December	
	2007	2006
Total staff costs in HK$		
— Salaries and contribution to retirement benefits scheme		
— Hong Kong and Macau	**6,901,000**	6,775,000
— the PRC	**1,562,000**	600,000
— Share-based payment expenses		
— Hong Kong and Macau	**24,494,000**	—
—the PRC	**1,418,000**	—
	34,375,000	7,375,000
Headcount		
— Hong Kong and Macau	**19**	20
— the PRC	**51**	39
	70	59

During the year ended 31 December 2007, the Group funded its operations through a combination of equity attributable to equity holders of the Company, the secured RMB term loan facility, the unsecured and interest-free loan from a director, issuance of new shares and the amounts due to China Star Entertainment Limited and its subsidiary. Equity attributable to equity holders of the Company at 31 December 2007 amounted to HK$1,046,080,000 (2006: HK$399,636,000).

At 31 December 2007, the cash and cash equivalents of the Group amounted to HK$531,396,000 (2006: HK$63,140,000), of which HK$16,832,000 is pledged to a bank for securing the secured RMB term loan facility. The Group's current ratio was 5.19 (2006: 1.49) at 31 December 2007. The improvements on the Group's cash position and current ratio were attributable to the issue of new shares in the year ended 31 December 2007 as detailed below.

On 4 April 2007, the board of directors proposed that every ten (10) issued and unissued existing ordinary shares of HK$0.01 each in the share capital of the Company be consolidated into one (1) issued and unissued ordinary share of HK$0.10 each in the share capital of the Company. The share consolidation became effective on 21 May 2007.

During the year ended 31 December 2007, the Company issued:

(a) 1,296,860,000 new shares of HK$0.01 each at a price of HK$0.04 per share by way of top-up placing in March 2007 raising HK$50,500,000 (net of expenses) for financing possible diversified investments of the Group and general working capital of the Group;

(b) 324,000,000 new shares of HK$0.01 each at an exercise price of HK$0.047 per share in May 2007 pursuant to the exercise of share options granted to the Group's employees and consultants;

(c) 155,620,000 new shares of HK$0.10 each at a price of HK$0.55 per share by way of placement in May 2007 raising HK$83,300,000 (net of expenses) for financing possible diversified investments of the Group and general working capital of the Group;

(d) 162,100,000 new shares of HK$0.10 each at a price of HK$0.50 per share in July 2007 by way of placement raising HK$78,900,000 (net of expenses) for the expansion of the Group's property investment business;

(e) 173,000,000 new shares of HK$0.10 each at a price of HK$0.83 per share in August 2007 by way of top-up placing raising HK$139,800,000 (net of expenses) for the expansion of the Group's property investment business, including the property set out in the Company's announcement dated 23 July 2007; and

(f) 650,619,987 new shares of HK$0.10 each at a subscription price of HK$0.30 per share by way of open offer on the basis of one offer share for every two existing shares in December 2007 raising HK$189,000,000 (net of expenses) for the proposed acquisition of a 100% interest in Modern Vision (Asia) Limited as announced by the Company on 23 July 2007 and general working capital of the Group.

At 31 December 2007, the total borrowings of the Group amounted to HK$329,719,000 (2006: HK$358,033,000), comprising the secured RMB term loan facility of HK329,018,000 which is secured by certain of the Group's investment properties and bank deposits of HK$16,832,000, 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 four years; and the amounts due by the Group to China Star Entertainment Limited and its subsidiary of HK$701,000 which are unsecured, interest-free and have no fixed terms of repayment. The Group expresses its gearing ratio as a percentage of total borrowings over equity attributable to equity holders of the Company. At 31 December 2007, the Group's gearing ratio was 31.5% (2006: 89.6%).

The Company has given a guarantee to the bank to secure the secured RMB term loan facility granted to Beijing Jianguo. The outstanding balance of the secured RMB term loan facility at 31 December 2007 was HK$329,018,000 (2006: HK$250,470,000).

On 5 November 2007, the Company obtained an unsecured and interest-free loan of HK$45,000,000 from Ms. Chen Ming Yin, Tiffany, an executive director, to finance its working capital. The loan was repaid by the Company on 27 November 2007.

The Group's investment properties increased from HK$678,000,000 at 31 December 2006 to HK$887,450,000 at 31 December 2007. The increase was mainly attributable to the additions of renovation works for the investment properties of HK$101,347,000, the increase in fair value of investment properties of HK$43,853,000 and the exchange alignments of HK$48,637,000 arising from the appreciation of Renminbi. At 31 December 2007, certain of the Group's investment properties with a fair value of HK$852,081,000 was pledged to the bank to secure the secured RMB term loan facility granted to Beijing Jianguo.

During the year, the Group invested HK$585 in a joint venture company, namely Best Season Holdings Corp. ("Best Season") for the purpose of extending its operations in Macau. Best Season is owned as to 75% by the Group and 25% by Steve Leung Hotel Design and Management Limited ("SLHDML"). Best Season has been established to invest in, manage and conduct branding for real estate and/or related properties in Macau. In addition, the Group agreed to grant a revolving facility of up to HK$200,000,000 to Best Season for the purpose of its business and working capital requirements. As Best Season has not secured any business, no drawdown on the revolving facility has been made.

At 31 December 2007, the Group had the following material commitments contracted but not provided for in the audited consolidated financial statements:

(a) capital expenditures of HK$28,750,000 in respect of the renovation works of the Group's investment properties;

(b) a commitment of HK$447,000,000 in respect of the proposed acquisition of a 100% interest in Exceptional Gain Profits Limited and a sale loan from China Star Entertainment Limited, a substantial shareholder;

(c) a commitment of HK$4,538,000 (equivalent to RMB4,234,000) in respect of the acquisition of a 3.3% interest in the registered capital of Beijing Jianguo from Beijing Urban Development Group Co. Ltd.(北京城市開發集團有限責任公司) ("Beijing Urban");

(d) a commitment in respect of acquiring the registered capital of 上海昇平文化發展有限公司 from its owners at a price to be determined by the valuers in Mainland China when the laws in Mainland China allow foreign investors to own more than 51% interest in the registered capital of 上海昇平文化發展有限公司; and

(e) a revolving facility of up to HK$200,000,000 granted to Best Season.

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 2007, the Group had no material contingent liabilities (2006: HK$3,697,000).

Operation Review

In view of the persisted weak demand for Hong Kong-made movies and rampant piracy, Hong Kong film production companies have adopted a cautious approach in investing films. As the number of films produced by Hong Kong film production companies decreased in 2007, the Group was not able to source quality films at reasonable prices for distribution. Accordingly, no revenue was generated from the Group's film distribution business in the year ended 31 December 2007. However, the Group is actively seeking potential buyers for its film library to realise its value.

The Group's investment properties are currently under renovation and being transformed from an apartment complex into a high-end serviced apartment. Due to linkage of the water system of the Group's investment properties, the completion of the renovation works has to extend for replacing the water system. The Group has appointed Shama, one of the leading providers of boutique-serviced apartments, to manage the Group's investment properties. To reflect its high-quality serviced accommodation and location in the heart of Beijing City, the Group's investment properties are now named as "Shama Luxe Chang An". Upon the completion of the renovation works, Shama Luxe Chang An presents 204 sophisticated residences with one to three bedroom layouts and duplex suites, a vast clubhouse with sports, recreation and children's facilities and a large private garden. It is expected that the operations of Shama Luxe Chang An will be commenced in early June 2008.

Currently, a 3.3% interest in the registered capital of Beijing Jianguo is held by Beijing Urban. The Group is in the process of acquiring the 3.3% interest from Beijing Urban at a cost of HK$90,000 (equivalent to RMB84,000), after deducting an amount of HK$4,448,000 (equivalent to RMB4,150,000) paid to Beijing Urban by Shinhan-Golden in 1997. Despite the fact that Beijing Urban has entered into an agreement for foregoing its entitlement to all of the future profits of Beijing Jianguo, the directors believe that the acquisition of the remaining 3.3% interest provides the Group with a better protection on its interest in Beijing Jianguo and a greater flexibility in managing Shama Luxe Chang An. It is expected that the acquisition will be completed in the second quarter of 2008.

With a view to diversify its revenue sources and capture the continuing growth of Macau's economy, the Group entered into the following transactions in order to extend its operations in Macau:

(a) In May 2007, the Group entered into a joint venture agreement with SLHDML for the purpose of setting up of Best Season. Best Season has been established to invest in, manage and conduct branding for real estate and/or related properties in Macau including but not limited to hotel(s), serviced apartment(s), restaurant(s), retail(s), catering(s), resort(s), club(s), residential(s) and any other service position. No contribution has been made from Best Season as Best Season has not secured any business during the year.

(b) In July 2007, the Group entered into a conditional sale and purchase agreement in relation to the proposed acquisition of a 100% interest in Modern Vision (Asia) Limited from Ms. Chen Ming Yin, Tiffany, an executive director, at a consideration of HK$684,000,000 (subject to adjustment). The major asset of Modern Vision (Asia) Limited is its indirect 50% interest in a lot of land with the area of 4,669 square meters located in the Nam Van Lakes Zone, Macau. However, the proposed acquisition was not approved by the independent shareholders on 21 November 2007.

(c) In August 2007, the Group entered into a conditional sale and purchase agreement in relation to the proposed acquisition of a 100% interest in Exceptional Gain Profits Limited and a sale loan from China Star Entertainment Limited at a consideration of HK$447,000,000 satisfied by the issue of a convertible note by the Company. The major asset of Exceptional Gain Profits Limited is its 50% interest in Kingsway Hotel Limited. Kingsway Hotel is currently under renovation to becoming a luxurious boutique hotel and the renovation is expected to be completed in September 2008. The proposed acquisition was approved by the independent shareholders on 31 December 2007. Due to additional time is required for the bank to release and change of security provided in relation to Kingsway Hotel, the completion of the proposed acquisition is expected to take place in the second quarter of 2008.

Future Prospects

As Mainland China's economy continues to expand, foreign investment will continue to flow into Beijing and more multi-national corporations will establish regional offices in Beijing, resulting in an increasing need for expatriate accommodation. With the opening of Shama Luxe Chang An in early June 2008, the Group is now better positioned to take advantage of this growth. The directors believe that Shama Luxe Chang An will provide the Group with a long-term recurrent income, which have a positive impact on the Group's profitability.

Macau has been successfully established itself as a world-class gaming and leisure destination in Asia in recent years. According to the Macau Government Tourism Office, the number of new visitors was up 23% to 27,000,000 in 2007. Most visitors, many of them coming under individual traveler agreements with 44 Mainland cities, need more hotels and related services. Currently, hotels in Macau are mainly five-star and three-star and there are no stylish, comfort and luxury boutique hotels in the market. As the directors believe that there is a demand for stylish, comfort and luxury boutique hotels in Macau from the growing "middle-class" Mainland visitors, the Group is in the process of acquiring Kingsway Hotel Limited. The directors also believe that Kingsway Hotel will capture a plenty of guests after its renovation in September 2008. In addition, the directors believe that the value of Kingsway Hotel will be better reflected in the Group as the acquisition of Kingsway Hotel Limited will enable the Group to build up its own branding in hotel and hospitability sector.

Proposed Acquisition

On 28 February 2008, the Group entered into a conditional sale and purchase agreement with Well Will Investment Limited and Mr. Ng Cheuk Fai relating to the proposed acquisition of a 100% of the issued share capital of Rich Daily Group Limited from Well Will Investment Limited at an initial consideration of HK$504,000,000 (subject to adjustment). Rich Daily Group Limited is a management services provider to the Concierge Department of a gaming promoter. The monthly service fee earned by Rich Daily Group Limited is calculated at 0.03% of the monthly rolling turnover generated by the gaming promoter. The initial consideration will be settled by the Group paying HK$360,000,000 in cash and issuing of convertible bonds in an aggregate principal amount of HK$144,000,000. The proposed acquisition constitutes a very substantial acquisition for the Company under the Listing Rules. Accordingly, the proposed acquisition is subject to shareholders' approval at a special general meeting.

Proposed Capital Reorganisation and Proposed Change of the Company's Name

On 19 March 2008, the board of directors proposed the following changes to the capital of the Company (the "Proposed Capital Reorganisation"):

(a) share consolidation: that every ten (10) issued and unissued existing ordinary shares of HK$0.10 each in the share capital of the Company be consolidated into one (1) ordinary share of HK$1.00 each (the "Consolidated Share") in the share capital of the Company;

(b) capital reduction: that the issued Consolidated Shares be reduced by cancelling from the paid-up capital thereof to the extent of HK$0.99 of each issued Consolidated Share and reducing the nominal value of all the Consolidated Shares comprising the authorised share capital of the Company from HK$1.00 each to HK$0.01 each; and

(c) share premium cancellation: that the entire amount of HK$813,058,000 standing to the credit of the share premium account of the Company at 31 December 2007 be cancelled and such credit amount arising from the share premium cancellation be applied to the contributed surplus account of the Company where it will be utilised by the board of directors in accordance with bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company of HK$518,374,000 at 31 December 2006 entirely.

The board of directors also proposed to change the board lot size for trading in the Company's shares from 10,000 shares of HK$0.10 each to 5,000 shares of HK$0.01 each upon the Proposed Capital Reorganisation becoming effective.

The Proposed Capital Reorganisation will reduce the overall transaction and handling costs for dealing in the Company's shares and allow the Company to declare dividends to its shareholders at an earlier opportunity than generating profits to offset its accumulated losses.

On 19 March 2008, the board of directors also proposed to change the Company's name from "Riche Multi-Media Holdings Limited" to "China Star Investment Holdings Limited" and upon the name change become effective, the new Chinese name "中國星投資有限公司" will be adopted to replace "豊采多媒體集團有限公司" for identification purposes only. The directors believe that the change of the Company's name would reflect China Star Entertainment Limited is the largest shareholder of the Company and would provide a better reflection of the existing business of the Group as the name "Riche Multi-Media Holdings Limited" has over the years been synonymous with film distribution and multi-media business.

A special general meeting will be held on 30 April 2008 for shareholders to consider and approve the Proposed Capital Reorganisation and the proposed change of the Company's name.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the board of directors, the Company has complied with the 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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2007, except that the non-executive directors of the Company are not appointed for a specific term pursuant to the code provision A.4.1 of the Code.

Code provision A.4.1 of the Code requires that non-executive directors should be appointed for a specific term, subject to re-election. The term of office for non-executive directors is subject to retirement from office by rotation and is eligible for re-election in accordance with the provisions of the Company's bye-laws. At each annual general meeting, one-third of the directors for the time being, (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation. As such, the Company considers that such provisions are sufficient to meet the underlying objective of this code provision.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules for securities transactions by the directors of the Company. All the members of the board of directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2007.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the final results of the Group for the year ended 31 December 2007.

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 ended 31 December 2007.

By order of the Board
Heung Wah Keung
Chairman

Hong Kong, 25 April 2008

As at the date of this announcement, the Board comprises 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.