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# RICHE MULTI-MEDIA HOLDINGS LIMITED

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

## ANNOUNCEMENT

The Board wishes to emphasize certain of the terms of the transaction as announced on 15th April, 2005.

The Board refers to the Company's announcement dated 15th April, 2005. Capitalised terms used herein and not defined shall have the same meaning as in the announcement mentioned above unless the context otherwise requires.

The Board wishes to make this announcement to emphasize certain material terms and details regarding the S&P Agreement and the transaction contemplated therein.

### EXPERIENCE AND DUE DILIGENCE

Mr. Heung Wah Keung, the Chairman of the Company, has extensive experience in the rolling and settlement service business. Between 1992 and 1996, he was appointed as one of two junket operators for the Kingsway Casino in Macau and is therefore familiar with the business contemplated by the Sub-Marketing Agreement.

Prior to the entering into of the S&P Agreement, the Board had, on an informal basis, enquired as to the current nature of the junket business, the feasibility of the proposed transaction, the risk involved and whether the numbers put forth by Mr. Ki regarding the annual rolling turnover were realistic. Based on these information, the Board made an informed decision to enter into the S&P Agreement.

### MATERIAL TERMS OF THE S&P AGREEMENT

The S&P Agreement contemplates Dragon Leader acquiring the entire issued share capital of Best Winning for a total consideration of HK\$600,000,000. The total consideration of HK\$600,000,000 will be settled as to HK\$100,000,000 in cash and HK\$500,000,000 by the issue of the Convertible Note. Leadfirst has appointed Best Winning as an exclusive service provider for the provision of the promotion and introduction services to customers of the Vessel and the provision of Rolling and Settlement services for customers of the Casino.

Pursuant to the S&P Agreement, Leadfirst has agreed to use its best endeavours to procure the annual rolling turnover of the Casino for the period of one year commencing from the Commencement Date shall not be less than HK\$60,000,000,000. In the event that the Relevant Rolling Turnover is not met during the relevant period, Leadfirst shall pay to Dragon Leader a sum calculated in accordance with the following formula:

$$\text{Adjustment} = A \times (1 - B/60,000,000,000) - C$$

A is the Consideration;

B is the Relevant Rolling Turnover;

C is the Profit-linked Fee actually received by Best Winning for the Relevant Period.

**The maximum amount of the Adjustment shall be HK\$500,000,000. There is a HK\$100,000,000 unsecured exposure on part of the Consideration if the rolling turnover for the term of the Sub-Marketing Agreement is zero.**

In this regard, Leadfirst has undertaken that, and Mr. Ki shall procure that, at least HK\$500,000,000 face value of the Convertible Note shall not be converted into Shares for the period commencing from the Completion Date up to and including the earlier of (i) the Early Fulfillment Day or (ii) 21 Business Days after the last day of the Relevant Period. As security for such arrangement, a certificate with face value of HK\$250,000,000 will be held in escrow by Dragon Leader's lawyers during such period.

Mr. Ki is acting as the Guarantor of Leadfirst pursuant to the S&P Agreement and in that capacity has agreed to guarantee the performance and obligations of Leadfirst under the S&P Agreement.

### MATERIAL TERMS OF THE SUB-MARKETING AGREEMENT

Pursuant to the Sub-Marketing Agreement, Best Winning is being appointed as the sole and exclusive provider of promotion and introduction services to customers of the Vessel and the provider of Rolling and Settlement services.

In consideration for the services to be provided by Best Winning, Best Winning shall be entitled to receive (i) the Management Fee; and (ii) 40% of the monthly profit of the Casino (the net win of the Casino after deducting the Management Fee, rental of the Casino and other operating expenses).

The Company understands that the legally binding memorandum of understanding signed between Leadfirst and the operator of the Casino is for a term of 3 years with an option to renew for another 3 years. The Sub-Marketing Agreement is for a similar term with an option to renew.

The Sub-Marketing Agreement is terminable by Best Winning by giving nine month's notice in writing to Leadfirst. In the event that the appointment of Leadfirst by the operator of the Casino be terminated or expired without renewal, the Sub-Marketing Agreement will also automatically terminate. Pursuant to the S&P Agreement, Leadfirst and Mr. Ki will indemnify Dragon Leader for any losses in the event that the appointment of Leadfirst by the operator of the Casino is terminated prior to the term of the Sub-Marketing Agreement.

### CONFLICT OF INTEREST

As announced by Guo Xin Group Limited on 20th December, 2004, Mr. Ki is already providing similar rolling and settlement services to the vessel Omar III. The Company was also aware that Mr. Ki was the vendor in that transaction but had no details of the level of business procured by him save as those figures announced by Guo Xin Group Limited on 20th December, 2004. However, the Board does not believe that there is a conflict of interest issue as the Omar III and the Radisson Diamond each target different types of players although an overlapping of players may occur. Furthermore, with respect to future opportunities, Mr. Ki has given a first right of refusal to the Company on any future gaming and entertainment projects.

### MISCELLANEOUS

The Board wishes to emphasise that the S&P Agreement is conditional on various conditions (including a due diligence by the Company) having been met or waived. The transaction contemplated by the S&P Agreement and its ancillary documents are also subject to Shareholders' approval.

**The transaction therefore may or may not proceed and Shareholders are therefore advised to exercise caution when trading in the Shares.**

By Order of the Board  
**Riche Multi-Media Holdings Limited**  
**Heung Wah Keung**  
Chairman

Hong Kong, 26th April, 2005

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