

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.*

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 764)**

### **VERY SUBSTANTIAL ACQUISITION AND RESUMPTION OF TRADING**

On 28th February, 2008 (after trading hours), Riche (BVI), a wholly-owned subsidiary of the Company entered into the Share Acquisition Agreement with Well Will and Mr. Ng to acquire from Well Will, 100% of the total issued share capital of Rich Daily.

Under the Share Acquisition Agreement, the Initial Consideration for the Acquisition of HK\$504,000,000 (subject to adjustment) shall be satisfied by Riche (BVI) (i) paying a refundable deposit in a sum of HK\$200,000,000 on the date of the Share Acquisition Agreement and HK\$80,000,000 upon despatch of the circular to Shareholders relating to, inter alia, the Share Acquisition Agreement; (ii) paying HK\$80,000,000 in cash upon Completion; and (iii) procuring the Company to issue Convertible Bond I in a principal amount of HK\$72,000,000 and Convertible Bond II in a principal amount of HK\$72,000,000 to Well Will upon Completion.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Well Will and its ultimate beneficial owner, Mr. Ng, are Independent Third Parties.

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules.

Accordingly, the Acquisition is subject to, among other things, the approval by the Shareholders at the SGM. As no Shareholder has a material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting at the SGM.

A circular containing, among other things, further information in respect of the Acquisition together with the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules.

**Completion of the Acquisition is subject to satisfaction and/or waiver of the conditions precedent in the Share Acquisition Agreement. As the Acquisition may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 29th February, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 5th March, 2008.

## **THE SHARE ACQUISITION AGREEMENT**

Date: 28th February, 2008 (after trading hours)

Parties:

Purchaser: Riche (BVI), a wholly-owned subsidiary of the Company

Vendor: Well Will

Warrantors: Well Will and Mr. Ng

Well Will is an investment holding company wholly-owned by Mr. Ng. Well Will holds the entire issued share capital of Rich Daily which provides management services to the Concierge Department of Ocho and it does not carry out any casino or gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of Rich Daily will not constitute unlawful activities under the laws of Hong Kong and Macau.

Well Will and its ultimate beneficial owner, Mr. Ng, are Independent Third Parties. Mr. Ng had been an employee of the Group between 1st July, 2000 and 1st May, 2003. He served the Group at that time as a production assistant. He has no relationship with any of the Directors.

### **Assets to be acquired**

Pursuant to the Share Acquisition Agreement, Riche (BVI) has agreed to acquire and Well Will has agreed to sell and Mr. Ng has agreed to use his best endeavours to procure Well Will to sell, as a legal and beneficial owner, the Sale Shares, being 100 shares of US\$1.00 each in the share capital of Rich Daily, representing 100% of the total issued share capital of Rich Daily, free from any option, charge, lien, equity, encumbrance, rights of pre-emption or any other third party rights whatsoever and together with all rights attached to them at the date of Completion or subsequently becoming attached to them.

## Consideration

The Initial Consideration for the Acquisition is HK\$504,000,000 (subject to adjustment as detailed in the subsection herein headed “First Services Fee Guarantee and Adjustment to Initial Consideration”) and shall be settled by Riche (BVI) in the following manners:

- (a) paying a refundable deposit to Well Will in a sum of HK\$200,000,000 on the date of the Share Acquisition Agreement and HK\$80,000,000 upon despatch of the circular to Shareholders relating to, inter alia, the Share Acquisition Agreement; and paying HK\$80,000,000 in cash upon Completion;
- (b) procuring the Company to issue the Convertible Bond I in a principal amount of HK\$72,000,000 to Well Will upon Completion; and
- (c) procuring the Company to issue the Convertible Bond II in a principal amount of HK\$72,000,000 to Well Will upon Completion.

The deposits are from the Group’s internal resources. The deposits in aggregate of HK\$280,000,000 shall immediately be returned to the Company (without interest) in the event of non-completion of the Share Acquisition Agreement for whatever reason. No collateral is taken from Well Will with respect to the placing of the deposits by the Group. There has been no events which have been triggered to cause a return of the deposits.

If the conditions set out in the section headed “Conditions precedent” below have not been satisfied on or before 31st August, 2008, or such later date as Well Will, Mr. Ng and Riche (BVI) may agree (the “**Long Stop Date**”) or following the fulfillment of the conditions set out in the section headed “Conditions precedent”, Well Will or Riche (BVI) shall fail to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions in the Share Acquisition Agreement, Well Will shall return to Riche (BVI), without interest, all the moneys already paid as deposits to Well Will by Riche (BVI) under the Share Acquisition Agreement within seven days from the Long Stop Date or from the date when Well Will or Riche (BVI) fails to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Share Acquisition Agreement.

The Initial Consideration is determined after arm’s length negotiation between Riche (BVI) and Well Will after considering the Guarantees and the corresponding price earning multiple of 7 times based on the yearly average of the Guarantees, the two additional services agreements expected to be procured by Mr. Ng, the continuous economic boom in Macau and the prospects of Macau’s gaming business. The Directors (including the independent non-executive Directors) believe that the Initial Consideration for the Acquisition is fair and reasonable as there is the Guarantee of HK\$144,000,000 over the period from 1st July, 2008 to 30th June, 2010 and the fact that the Services provided by Rich Daily to Ocho under Ocho Services Agreement is for an indefinite period of time.

## **Guarantees**

Pursuant to the Share Acquisition Agreement, Mr. Ng, who owns the entire issued share capital of Rich Daily through Well Will, has irrevocably and unconditionally guaranteed to Riche (BVI) that the First Services Fee Guarantee and the Second Services Fee Guarantee shall not be less than HK\$72,000,000 and HK\$72,000,000 respectively.

### ***First Services Fee Guarantee and adjustment to Initial Consideration***

In the event that the First Services Fee Guarantee is not achieved, the Initial Consideration shall be adjusted by the formula as follows:

$$\text{Adjustment} = (\text{First Services Fee Guarantee} - \text{First Actual Services Fee}) \times 7$$

Where the Adjustment is the amount to be adjusted to the Initial Consideration (subject to a maximum of HK\$504,000,000).

The Adjustment shall be initially deducted from Convertible Bond I on a dollar for dollar basis. In the event that the Convertible Bond I is insufficient to settle the Adjustment, Mr. Ng has undertaken to pay to Riche (BVI) the balance in cash within 15 Business Days after receipt of notice of non-attainment of the First Services Fee Guarantee.

### ***Second Services Fee Guarantee***

In the event the Second Services Fee Guarantee is not achieved, Mr. Ng has undertaken to pay to Riche (BVI) the shortfall between the Second Services Fee Guarantee and the Second Actual Services Fee within 60 days after the Second Relevant Period.

The Guarantees are determined with reference to the expected Services Fee to be received by Rich Daily with Ocho Services Agreement and two additional services agreements (on terms no less favourable than Ocho Services Agreement) to be procured by Mr. Ng during the First Relevant Period. Those two services agreements have not been entered into nor negotiated but the terms are expected to be similar to those of Ocho Services Agreement. No additional consideration will be payable by Riche (BVI) for the additional services agreements to be entered into by Rich Daily with such other Gaming Promoters.

There are no adjustments to the Initial Consideration if the First Services Fee Guarantee and/or Second Services Fee Guarantee is exceeded.

The Guarantees are given irrespective of the number of services agreements to be entered into by Rich Daily during the First Relevant Period or the Second Relevant Period.

## **Escrow of Convertible Bond I and Convertible Bond II**

To protect the interests of Riche (BVI), Well Will has undertaken that:

- (1) Convertible Bond I in a principal sum of HK\$72,000,000 will be held in escrow by the Company's legal advisers until the end of the First Relevant Period, after setting off the Adjustment (if applicable);
- (2) Convertible Bond II in a principal sum of HK\$72,000,000 will be held in escrow by the Company's legal advisers until the end of the Second Relevant Period, provided the Second Services Fee Guarantee is fully received by Rich Daily;
- (3) in the event that Mr. Ng fails to pay, in whole or in part, any shortfall between the Second Services Fee Guarantee and the Second Actual Services Fee within 60 days after the Second Relevant Period, the Company can at any time following the failure to pay by Mr. Ng to deduct the shortfall on a dollar for dollar basis from the Convertible Bond II; and
- (4) if the junket licence of Ocho is cancelled, revoked, terminated, or is not renewed, or amended in a material and adverse manner to Ocho by the relevant authorities in Macau at any time before the maturity date of the Convertible Bond I and Convertible Bond II, Well Will shall return the then outstanding Convertible Bond I and Convertible Bond II to the Company and the Company shall not be obliged to pay any outstanding sum under the then outstanding Convertible Bond I and Convertible Bond II.

## **Conditions precedent**

Completion is subject to the following conditions having been fulfilled:

- (a) Riche (BVI) being in its reasonable discretion satisfied with the results of the due diligence investigation in respect of Rich Daily including but not limited to the affairs, business, assets, results, legal and financing structure of Rich Daily (in particular, Ocho Services Agreement);
- (b) Riche (BVI) having received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of Ocho Services Agreement and the transactions contemplated thereunder;
- (c) no event having occurred since the date of the Share Acquisition Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of Rich Daily and such material adverse effect shall not have been occurred;
- (d) the warranties given by Well Will and Mr. Ng remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Share Acquisition Agreement and Completion;
- (e) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Share Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bond I and Convertible Bond II;

- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares I and Conversion Shares II; and
- (g) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares I and Conversion Shares II.

No condition is waivable under the Share Acquisition Agreement.

### **Completion**

Completion shall take place at 11:00 a.m. on the second Business Day after the last of the conditions of the Share Acquisition Agreement having been fulfilled or at such other time as may be agreed between Well Will, Mr. Ng and Riche (BVI).

The Company will issue the Convertible Bond I and Convertible Bond II to Well Will (to be held in escrow) upon Completion. Upon Completion, Rich Daily will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the Group's financial statements.

### **Long Stop Date**

The Share Acquisition Agreement provides that should the satisfaction of all the above conditions not occur on or before 31st August, 2008 or such other date as the parties thereto may agree, the Share Acquisition Agreement shall terminate.

### **TERMS OF CONVERTIBLE BOND I**

The terms of the Convertible Bond I have been negotiated on an arm's length basis and the principal terms of which are summarised below:

#### **Issuer**

The Company

#### **Principal amount**

HK\$72,000,000

#### **Interest**

The Convertible Bond I will carry interest at the rate of 5% per annum, payable quarterly in arrears.

#### **Maturity**

A fixed term of ten years from the date of issue of the Convertible Bond I. Unless previously redeemed, converted or cancelled in accordance with the Instrument I, the Company shall redeem the outstanding principal amount of the Convertible Bond I, on the maturity date.

## **Conversion**

The bondholder may at any time during the Conversion Period I convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Convertible Bond I into new Shares at the Conversion Price I.

Subject to the conditions provided in the Instrument I, the Company may at any time during the Conversion Period I by at least seven days' prior notice in writing request the bondholder to convert certain amount of the Convertible Bond I as specified therein and the bondholder shall convert such amount of the Convertible Bond I registered its names into Shares as so requested by the Company.

Under the terms of the Convertible Bond I, the bondholder cannot convert the Convertible Bond I or part thereof (and the Company shall not be obliged to allot and issue any Conversion Shares I) if upon the exercise of the conversion rights under the Convertible Bond I, the bondholder and parties acting in concert with it, shall be interested in 20% of the voting rights or more of the then enlarged issued share capital of the Company at the date of the relevant exercise.

### **Conversion Price I**

The Conversion Price I is HK\$0.16 per Conversion Share I, subject to adjustments. The adjustments are subject to review by the Company's auditors.

The adjustments for Conversion Price I include the followings:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities;
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue; and

(vii) an issue of Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price of the date of the announcement of the terms of such issue.

The Conversion Price I represents (i) a premium of approximately 3.23% over the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 28th February, 2008, being the date immediately prior to the date of suspension of trading in the Shares; (ii) a premium of approximately 7.38% over the average of the closing prices of approximately HK\$0.149 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28th February, 2008, being the date immediately prior to the date of the suspension of trading in the Shares; (iii) a premium of approximately 5.33% over the average of the closing prices of HK\$0.1519 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 28th February, 2008, being the date immediately prior to the date of the suspension of trading in the Shares; and (iv) a discount of approximately 78.75% to the net asset value per Share of HK\$0.753 based on the audited consolidated accounts of the Group as at 31st December, 2006 adjusted for the placings of new Shares as completed in March, May, July and August 2007 and the open offer as completed in December 2007.

### **Conversion Shares I**

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bond I in the aggregate principal amount of HK\$72,000,000 at the Conversion Price I by the bondholder, the Company will allot and issue an aggregate of 450,000,000 new Shares, which is the maximum number of Shares to be issued, representing approximately 23.05% of the existing issued share capital of the Company.

The Conversion Shares I will be allotted and issued pursuant to the specific mandate to be sought at the SGM.

### **Redemption and Early redemption**

The Company may at any time before the maturity date, by serving at least seven days' prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the Convertible Bond I.

Any amount of the Convertible Bond I which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount, inclusive of interests as accrued under the terms of the Instrument I.

### **Ranking**

The Conversion Shares I when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares I.



## **Status of the Convertible Bond I**

The Convertible Bond I constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

### **Transferability**

The holder of Convertible Bond I may only assign or transfer the Convertible Bond I to the transferee subject to the consent of the Company.

The Company will notify the Stock Exchange if any of Convertible Bond I is transferred to a Connected Person of the Company.

### **Voting rights**

The Convertible Bond I does not confer any voting rights at any meetings of the Company.

### **Cancellation of the Convertible Bond I or deduction from the outstanding sum**

The Company has right to cancel the Convertible Bond I or deduct any amount from the outstanding sum under the Convertible Bond I in accordance with the terms of the Share Acquisition Agreement.

### **Application for listing**

No application will be made by the Company for the listing of the Convertible Bond I. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares I.

## **TERMS OF CONVERTIBLE BOND II**

The terms of the Convertible Bond II have been negotiated on an arm's length basis and the principal terms of which are summarised below:

### **Issuer**

The Company

### **Principal amount**

HK\$72,000,000

### **Interest**

The Convertible Bond II will carry interest at the rate of 5% per annum, payable quarterly in arrears.

## **Maturity**

A fixed term of ten years from the date of issue of the Convertible Bond II. Unless previously redeemed, converted or cancelled in accordance with the Instrument II, the Company shall redeem the outstanding principal amount of the Convertible Bond II, on the maturity date.

## **Conversion**

The bondholder may at any time during the Conversion Period II convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Convertible Bond II into new Shares at the Conversion Price II.

Subject to the conditions provided in the Instrument II, the Company may at any time during the Conversion Period II by at least seven days' prior notice in writing request the bondholder to convert certain amount of the Convertible Bond II as specified therein and the bondholder shall convert such amount of the respective Convertible Bond II registered its names into Shares as so requested by the Company.

Under the terms of the Convertible Bond II, the bondholder cannot convert the Convertible Bond II or part thereof (and the Company shall not be obliged to allot and issue any Conversion Shares II) if upon the exercise of the conversion rights under the Convertible Bond II, the bondholder and parties acting in concert with it, shall be interested in 20% of the voting rights or more of the then enlarged issued share capital of the Company at the date of the relevant exercise.

## **Conversion Price II**

The Conversion Price II is HK\$0.16 per Conversion Share II, subject to adjustments. The adjustments are subject to review by the Company's auditors.

The adjustments for Conversion Price II include the followings:

- (i) an alteration of the nominal amount of each Share by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully paid by way of capitalization of profits or reserves (including any share premium account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders (in their capacity as such) or a grant by the Company to Shareholders (in their capacity as such) of rights to acquire for cash assets of the Company or any of its subsidiaries;
- (iv) an offer of new Shares for subscription by way of rights, or a grant of options or warrants to subscribe new Shares being made by the Company to Shareholders (in their capacity as such);

- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares and the total effective consideration per Share receivable for such securities is less than 80% of the market price on the date of announcement of the terms of the issue of such securities;
- (vi) an issue of Shares wholly for cash at a price per Share which is less than 80% of the market price on the date of announcement of the terms of such issue; and
- (vii) an issue of Shares for the acquisition of assets at a total effective consideration per Share which is less than 80% of the market price of the date of the announcement of the terms of such issue.

The Conversion Price II represents (i) a premium of approximately 3.23% over the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on 28th February, 2008, being the date immediately prior to the date of the suspension of trading in the Shares; (ii) a premium of approximately 7.38% over the average of the closing prices of approximately HK\$0.149 per Share as quoted on the Stock Exchange for the last five trading days up to and including 28th February, 2008, being the date immediately prior to the date of the suspension of trading in the Shares; (iii) a premium of approximately 5.33% over the average of the closing prices of HK\$0.1519 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 28th February, 2008, being the date immediately prior to the date of the suspension of trading in the Shares; and (iv) a discount of approximately 78.75% to the net asset value per Share of HK\$0.753 based on the audited consolidated accounts of the Group as at 31st December, 2006 adjusted for the placings of new Shares as completed in March, May, July and August 2007 and the open offer as completed in December 2007.

## **Conversion Shares II**

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bond II in the aggregate principal amount of HK\$72,000,000 at the Conversion Price II by the bondholder, the Company will allot and issue an aggregate of 450,000,000 new Shares, which is the maximum number of Shares to be issued, representing approximately 23.05% of the existing issued share capital of the Company.

The Conversion Shares II will be issued pursuant to the specific mandate to be sought at the SGM.

## **Redemption and Early redemption**

The Company may at any time before the maturity date, by serving at least seven days' prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the Convertible Bond II.

Any amount of the Convertible Bond II which remains outstanding on the maturity date shall be redeemed at its then outstanding principal amount, inclusive of interests as accrued under the terms of the Instrument II.

## **Ranking**

The Conversion Shares II when allotted and issued, will rank pari passu in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares II.

## **Status of the Convertible Bond II**

The Convertible Bond II constitutes direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.

## **Transferability**

The bondholder of Convertible Bond II may only assign or transfer the Convertible Bond II to the transferee subject to the consent of the Company.

The Company will notify the Stock Exchange if any of Convertible Bond II is transferred to a Connected Person of the Company.

## **Voting rights**

The Convertible Bond II does not confer any voting rights at any meetings of the Company.

## **Cancellation of the Convertible Bond II or deduction from the outstanding sum**

The Company has the right to cancel the Convertible Bond II or deduct any amount from the outstanding sum under the Convertible Bond II in accordance with the terms of the Share Acquisition Agreement.

## **Application for listing**

No application will be made by the Company for the listing of the Convertible Bond II. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares II.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (1) before Completion; (2) assuming full conversion of Convertible Bond I but before Convertible Bond II and (3) assuming full conversion of Convertible Bond I and Convertible Bond II:

	As at the date of this announcement		Assuming full conversion of Convertible Bond I but before Convertible Bond II		Assuming full conversion of Convertible Bond I and Convertible Bond II (Note 1)		Assuming full conversion of Convertible Bond I and Convertible Bond II and Well Will is restricted to be interested in less than 20% of the issued share capital of the Company	
	Shares	%	Shares	%	Shares	%	Shares	%
Classical Statute Limited (Note 2)	583,606,128	29.90	583,606,128	24.29	583,606,128	20.46	583,606,128	23.92
Well Will	0	0.00	450,000,000	18.74	900,000,000	31.56	487,660,050	19.99
Public Shareholders	<u>1,368,253,833</u>	<u>70.10</u>	<u>1,368,253,833</u>	<u>56.97</u>	<u>1,368,253,833</u>	<u>47.98</u>	<u>1,368,253,833</u>	<u>56.09</u>
	<u><u>1,951,859,961</u></u>	<u><u>100.00</u></u>	<u><u>2,401,859,961</u></u>	<u><u>100.00</u></u>	<u><u>2,851,859,961</u></u>	<u><u>100.00</u></u>	<u><u>2,439,520,011</u></u>	<u><u>100.00</u></u>

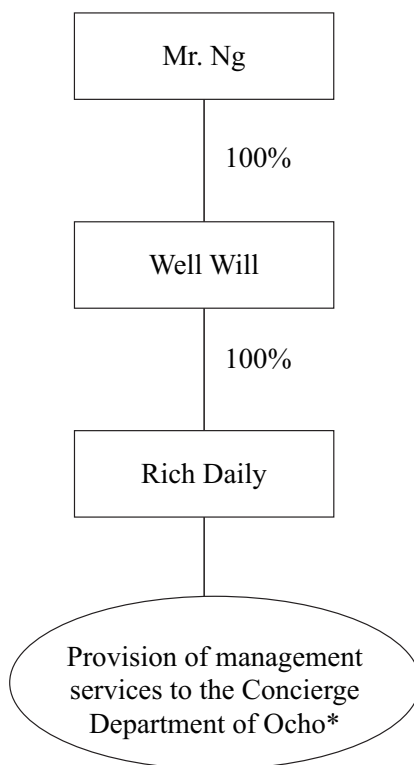
*Note (1):* This is for illustration only. Well Will is restricted to be interested in less than 20% of the issued share capital of the Company. Well Will and its concert parties will not directly or indirectly hold 30% or more of the voting capital of the Company on Completion

*Note (2):* Classical Statute Limited is a wholly-owned subsidiary of China Star (BVI) Limited, a wholly-owned subsidiary of China Star Entertainment Limited.

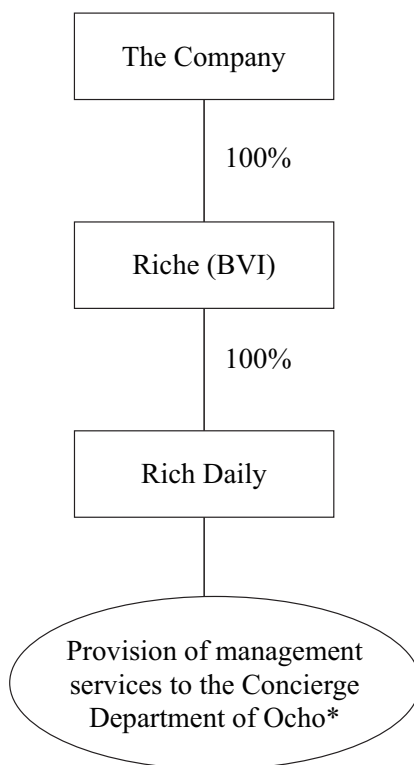
As at the date of this announcement, other than the 239,355,994 employee share options of the Company which have been granted but not exercised, the Company has no outstanding convertible securities or options granted by the Company.

## CHANGE OF SHAREHOLDING STRUCTURE OF RELEVANT ENTITIES

The diagram below shows the shareholdings structure of the relevant entities immediately before Completion:



The diagram below shows the shareholdings structure of the relevant entities immediately after Completion:



\* The Concierge Department of Ocho provides transportation, bookings, coordination, logistics and entertainment services to its guests.

## **INFORMATION ON RICH DAILY**

Rich Daily was incorporated on 18th January, 2008 and is a management services provider.

According to the unaudited accounts of Rich Daily, since its incorporation up to 31st January, 2008, Rich Daily did not record any profit or loss as it has not yet commenced any business and the total assets of Rich Daily as at 31st January, 2008 was HK\$780 and Rich Daily has no liability as at 31st January, 2008.

On 28th February, 2008, Rich Daily entered into Ocho Services Agreement with Ocho, which is a licensed gaming promoter in Macau under Administrative Regulation n. °6/2002 whose business is the promotion of gaming to players to VIP lounges in Grand Lisboa Casino in Macau. Pursuant to Ocho Services Agreement, Ocho has appointed Rich Daily to provide management services to the Concierge Department of Ocho commencing on 1st July, 2008. The monthly Services Fee payable by Ocho to Rich Daily for the provision of the Services by Rich Daily to Ocho is as follows:

Monthly Services Fee = 0.03% x Ocho's monthly Rolling Turnover

Pursuant to the Share Acquisition Agreement, Mr. Ng has undertaken to Riche (BVI) to procure during the First Relevant Period the entering into by Rich Daily of two additional services agreements with other Gaming Promoters in Macau on terms no less favourable than Ocho Services Agreement.

Other than Ocho Services Agreement and cash on hand of HK\$780, Rich Daily does not have any assets or liabilities as at the date of this announcement.

## **INFORMATION ON MR. NG**

Mr. Ng has over 10 years of experience in Asian gaming, including working as an oversea promoter for various casinos' VIP lounges in Macau. Mr. Ng is the sole shareholder of the gaming promoter Ocho, which is a licensed gaming promoter at the Grand Lisboa Casino in Macau.

## **REASONS FOR THE ACQUISITION**

The principal activity of the Company is investment holding. The principal subsidiaries of the Company are principally engaged in the distribution of films, sub-licencing of film rights and sale of financial assets and property investment.

In view of the continuous growth in Macau's economy and the prospects of Macau's hospitality sector, the Group is in the process of acquiring a 50% equity interest in Kingsway Hotel Limited in Macau. Such acquisition is expected to be completed in the first quarter of 2008. The Directors believe that the Acquisition will not only diversify the Group's revenue base, but also complement the operations of Kingsway Hotel Limited if the acquisition of 50% equity interest in Kingsway Hotel Limited is completed. Following the acquisition of Kingsway Hotel Limited, it is possible that Rich Daily can also provide Services to the Gaming Promoters at the Kingsway Hotel. Furthermore, given the Guarantees and the indefinite period of time of Ocho Services Agreement, the Directors consider that the terms of the Share Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules.

Accordingly, the Acquisition is subject to, among other things, the approval by the Shareholders at the SGM. As no Shareholder has material interest in the Acquisition which is different from the other Shareholders, no Shareholder is required to abstain from voting at SGM.

A circular containing, among other things, further information in respect of the Acquisition together with the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules.

**Completion of the Acquisition is subject to satisfaction and/or waiver of the conditions precedent in the Share Acquisition Agreement. As the Acquisition may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE LISTING RULES

After Completion, the Group, including Rich Daily, will not directly or indirectly be engaged in gambling activities and operation of such gambling activities.

Having duly considered the relevant laws of Hong Kong, including the Gambling Ordinance (Cap. 148), Crimes Ordinance (Cap. 200) and laws governing money laundering activities, the Company's legal advisers are of the view that:

- (1) the Completion will not result in the Group directly or indirectly engaging in gambling activities and operation of such gambling activities;
- (2) the Company is not in breach of any applicable laws of Hong Kong as a result of the Acquisition; and
- (3) the provision of management services business carried out by Rich Daily does not contravene any applicable laws of Hong Kong.

Shareholders should be aware that under the guidelines issued by the Stock Exchange in relation to "Gambling activities undertaken by listing applicants and/or listed issuers" dated 11th March, 2003, should the Group directly or indirectly be engaged in gambling activities and operation of such gambling activities (i) fail to comply with the applicable laws in the areas where such activities operate and/or (ii) contravene the Gambling Ordinance, the Company or its business may be considered unsuitable for listing under Rule 8.04 of the Listing Rules, the Stock Exchange may direct the Company to take remedial action, and/or may suspend dealings in, or may cancel the listing of, the Shares.



A summary of the Macau legal adviser's opinion together with the risk factors of the management services provided by Rich Daily will be set out in the circular to Shareholders in connection with the Acquisition.

## **DILUTION EFFECT ON SHAREHOLDING**

In view of the future dilution to existing Shareholders on the exercise of the conversion rights attached to the Convertible Bond I and Convertible Bond II, the Company will keep Shareholders informed of 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 issue of the Convertible Bond I and/or Convertible Bond II. 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 is any conversion of the Convertible Bond I and/or Convertible Bond II during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued, 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 Bond I and/or Convertible Bond II after 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;
- (b) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Bond I and/or Convertible Bond II reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bond I and/or Convertible Bond II (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 last Monthly Announcement or any subsequent announcement in respect of the Convertible Bond I and/or Convertible Bond II (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 last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bond I and/or Convertible Bond II (as the case may be); and

- (c) if the Company forms the view that any issue of Conversion Shares I and/or Conversion Shares II will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to the Convertible Bond I and/or Convertible Bond II as mentioned in (a) and (b) above.

Despite the massive dilution of Shareholders upon conversion of Convertible Bond I and Convertible Bond II, the Directors believe that the issue of Convertible Bond I and Convertible Bond II is the best method of part financing the Acquisition as the relevant certificates can be escrowed as security. The Company had considered other means of financing the Acquisition but considering the structure of similar transactions and the recent open offer conducted by the Company, the issue of the Convertible Bond I and Convertible Bond II to part finance the Acquisition is the best means as determined by the Company.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 29th February, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 5th March, 2008.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition “	the proposed acquisition of the Sale Shares on the terms and conditions in the Share Acquisition Agreement
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday and a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Codes”	The Codes on Takeovers and Mergers
“Company”	Riche Multi-Media Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange

“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Share Acquisition Agreement
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bond I”	a convertible bond in the principal amount of HK\$72,000,000, to be issued by the Company in favour of Well Will upon Completion pursuant to the Share Acquisition Agreement
“Convertible Bond II”	a convertible bond in the principal amount of HK\$72,000,000, to be issued by the Company in favour of Well Will upon Completion pursuant to the Share Acquisition Agreement
“Conversion Period I”	the period commencing from the date of release of the Convertible Bond I under the escrow clause of the Share Acquisition Agreement up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date
“Conversion Period II”	the period commencing from the date of release of the Convertible Bond II under the escrow clause of the Share Acquisition Agreement up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date
“Conversion Price I”	the initial Conversion Price I of HK\$0.16 per Conversion Share I, subject to adjustments, pursuant to the terms of the Convertible Bond I
“Conversion Price II”	the initial Conversion Price II of HK\$0.16 per Conversion Share II, subject to adjustments, pursuant to the terms of the Convertible Bond II
“Conversion Shares I”	the Shares to be issued upon the exercise of the conversion rights in respect of the Convertible Bond I
“Conversion Shares II”	the Shares to be issued upon the exercise of the conversion rights in respect of the Convertible Bond II
“Director(s)”	director(s) of the Company
“First Actual Services Fee”	the actual Services Fee received by Rich Daily for the First Relevant Period
“First Services Fee Guarantee”	the guarantee provided by Mr. Ng under the Share Acquisition Agreement that the Services Fee for the First Relevant Period shall not be less than HK\$72,000,000
“First Relevant Period”	the period from 1st July, 2008 to 30th June, 2009 in respect of the First Services Fee Guarantee under the Share Acquisition Agreement

“Gaming Promoters”	gaming promoters appointed by casinos in Macau mainly responsible for procuring VIP customers to play at VIP lounges at casinos
“Group”	the Company and its subsidiaries
“Guarantees”	collectively, the First Services Fee Guarantee and the Second Services Fee Guarantee
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with any director, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associate
“Initial Consideration”	the initial consideration of HK\$504,000,000 for the Acquisition, which is subject to adjustment in accordance with the terms of the Share Acquisition Agreement
“Instrument I”	an instrument constituting the Convertible Bond I
“Instrument II”	an instrument constituting the Convertible Bond II
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Mr. Ng”	Mr. Ng Cheuk Fai, an Independent Third Party
“Ocho”	Ocho Sociedade Unipessoal Limitada, a company incorporated in Macau
“Ocho Services Agreement”	the services agreement entered into between Ocho and Rich Daily on 28th February, 2008 in relation to the provision of Services by Rich Daily to Ocho;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Rich Daily”	Rich Daily Group Limited, a company incorporated in the British Virgin Islands and is wholly owned by Well Will

“Riche (BVI)”	Riche (BVI) Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, the purchaser under the Share Acquisition Agreement
“Rolling Turnover”	the value of all non-negotiable chips purchased by the Gaming Promoter on behalf of its VIP customers less the value of non-negotiable chips redeemed by the Gaming Promoter on behalf of its VIP customers
“Sale Shares”	100 ordinary shares, being 100% of the total issued share capital of Rich Daily
“Second Actual Services Fee”	the actual Services Fee received by Rich Daily for the Second Relevant Period
“Second Relevant Period”	the period from 1st July, 2009 to 30th June, 2010 in respect of the Second Services Fee Guarantee under the Share Acquisition Agreement
“Second Services Fee Guarantee”	the guarantee provided by Mr. Ng under the Share Acquisition Agreement that the Services Fee for the Second Relevant Period shall not be less than HK\$72,000,000
“Services Fee”	the fee received by Rich Daily derived from its provision of Services to Gaming Promoters
“Services”	the provision of management services to the Concierge Departments of the Gaming Promoters, which for the avoidance of doubt does not include the solicitation of VIP customers for the Gaming Promoters
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder
“Share Acquisition Agreement”	the conditional sale and purchase agreement dated 28th February, 2008 entered into among Riche (BVI) as a purchaser, Well Will as a vendor and warrantor and Mr. Ng as a warrantor relating to the sale and purchase of the Sale Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Well Will”	Well Will Investment Limited, an investment holding company incorporated in the British Virgin Islands and is wholly owned by Mr. Ng, an Independent Third Party

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States of America dollars
“%”	per cent.

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

Hong Kong, 4th March, 2008

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