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TEEM FOUNDATION GROUP LTD.
(浩 基 集 團 有 限 公 司) *

(Incorporated in Bermuda with limited liability)
(Stock Code: 628)

**VERY SUBSTANTIAL ACQUISITION
AND PLACING OF EXISTING SHARES
AND EXEMPT CONNECTED TRANSACTION
AND RESUMPTION OF TRADING**

On 16 March 2006, Smart Town, a controlling Shareholder, entered into the Target Acquisition First Agreement to acquire from Rich Game the entire issued share capital of the Target Company at a consideration of HK\$539 million, of which (a) a refundable deposit of HK\$160 million shall be paid by Smart Town to Rich Game; and (b) the balance of the consideration of HK\$379 million shall be paid on completion of the Target Acquisition First Agreement, by way of cash and/or promissory note to be issued by Smart Town (in such manner as it shall absolutely decide). On 16 March 2006, Team Jade, a wholly owned subsidiary of the Company entered into the Target Acquisition Second Agreement to acquire from Smart Town the entire issued share capital of the Target Company for a total consideration of HK\$539 million. The consideration under the Target Acquisition Second Agreement shall be satisfied by Team Jade procuring the Company to issue a convertible bond in a principal sum of HK\$539 million.

Due to further negotiation between the parties, the parties intend to enter into a new arrangement in that the Company, through its wholly-owned subsidiary, Team Jade, acquires the entire issued share capital of the Target Company directly from Rich Game for the reasons that (1) Rich Game prefers holding the promissory note to be issued by the Company, a listed company to holding promissory note to be issued by Smart Town; (2) the Directors consider that the new method of settlement of the consideration is in the interest of the Company and the Shareholders as a whole. As a result, the Target Acquisition First Agreement and the Target Acquisition Second Agreement were terminated. Team Jade and Rich Game have agreed to enter into the Target Acquisition Agreement.

On 30 March 2006, Team Jade, a wholly owned subsidiary of the Company entered into the Target Acquisition Agreement to acquire from Rich Game, a wholly-owned subsidiary of Sat Ieng, the entire issued share capital of the Target Company for a total consideration of HK\$539 million.

The consideration for the Acquisition shall be satisfied by Team Jade (1) paying a refundable deposit of HK\$160 million to Rich Game on the seventh Business Day after the completion of the Placing Agreement; (2) procuring the Company to issue the Convertible Bond in a principal amount of HK\$134.4 million to Rich Game; and (3) procuring the Company to issue the First Promissory Note in a principal amount of HK\$244.6 million to Rich Game.

Team Jade will be financed by Smart Town, a controlling Shareholder holding approximately 55% of the issued share capital of the Company, for the payment of the refundable deposit of HK\$160 million. In return, the Company will issue the Second Promissory Note to Smart Town. Smart Town will place the Placing Shares to not less than six Placees through the Placing Agent pursuant to the Placing Agreement at the Placing Price to raise such HK\$160 million. As Smart Town, being a controlling Shareholder, is regarded as a connected person of the Company under the Listing Rules, the financial assistance to be provided by Smart Town to Team Jade will be regarded as a connected transaction. However, the financial assistance provided by Smart Town to Team Jade and the issue of the Second Promissory Note by the Company to Smart Town in return are exempted from the reporting, announcement and independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules as (1) no security over the assets of the Company is granted in respect of such financial assistance; (2) such financial assistance is provided for the benefit of the Company, namely, to assist the Acquisition; and (3) the Second Promissory Note is on better terms than normal commercial terms for the reasons that (a) the term of payment of the principal sum of HK\$160 million under the Second Promissory Note is fixed for ten years from the date of issue and the outstanding sum thereunder does not carry any interest. This is in the best interest of the Company as it saves the Company from paying a substantial amount of interest; and (b) despite the maturity date, which is set on the tenth anniversary from the date of issue, the outstanding sum under the Second Promissory Note is only repayable after the full settlement of the First Promissory Note issued to Rich Game, an Independent Third Party. This is a term in favour of the Company as the term of payment under the Second Promissory Note will be extended if the Company does not have sufficient cashflow to settle both promissory notes at the same time.

The Target Company is an investment holding company. It owns 49% of the equity interest in Worth Perfect. The remaining 51% equity interest is owned by Richsense Limited, a wholly-owned subsidiary of Sat Ieng. On 13 March 2006, Worth Perfect as a purchaser entered into the Profit Agreement with Sat Ieng as a vendor and Mr. Phua Wei Seng as a guarantor, pursuant to which Sat Ieng has agreed to sell and/or assign and Mr. Phua Wei Seng has agreed to sell and/or assign and Worth Perfect has agreed to purchase and/or accept the assignment of the Profit, being 0.4% of the Rolling Turnover generated by Sat Ieng and/or its customers at Sands Macao's Paiza Club gaming rooms pursuant to the Junket Representative Agreement and such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative, at a consideration of HK\$1.00, which has been settled by Worth Perfect in cash on 16 March 2006. Based on the monthly junket representative settlement forms, which are the official invoices issued to Sat Ieng by Sands Macao evidencing the Rolling Turnover and the commission of Sat Ieng, the Profit for the 12 months ended 28 February 2006 amounted to approximately HK\$146 million.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Rich Game, Richsense, Sat Ieng and their ultimate beneficial owner, Mr. Phua Wei Seng, are Independent Third Parties and all of them are independent of and not connected with Mr. Yeung Tony Ming Kwong, Mr. Liu Ching Hua, Mr. Wei Ming, Mr. Tang Hin Keung, Alfred and Mr. Pun Yuen Sang and their respective associates. As the relevant ratios as referred to in Chapter 14 of the Listing Rules is 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. **Smart Town, holding approximately 55% of the shareholding in the Company and having financially assisted the Group in the Acquisition, and Pan-Star Nominees Limited, holding 20% of the shareholding in the Company and being a party acting in concert with Smart Town under The Codes on Takeovers and Mergers in Hong Kong, their respective ultimate beneficial owners and their respective associates will abstain from voting for the relevant resolution at the SGM.** Therefore, the vote of the Shareholders other than Smart Town, Pan-Star Nominees Limited, their respective ultimate beneficial owners and their respective associates taken at the SGM on the relevant resolution will be taken on a poll.

An independent financial adviser will be appointed to advise the Shareholders as to the fairness and reasonableness of the Target Acquisition Agreement and the transactions contemplated thereunder. A circular containing, among other things, further information in respect of the Acquisition (including the accountant reports showing the past financial performance of Sat Ieng and a letter from the independent financial adviser to the Shareholders), together with the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 16 March 2006 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 7 April 2006.

TARGET ACQUISITION FIRST AGREEMENT, TARGET ACQUISITION SECOND AGREEMENT AND REASONS FOR THEIR TERMINATION

On 16 March 2006, Smart Town, a controlling Shareholder, entered into the Target Acquisition First Agreement to acquire from Rich Game the entire issued share capital of the Target Company at a consideration of HK\$539 million, of which (a) a refundable deposit of HK\$160 million shall be paid by Smart Town to Rich Game; and (b) the balance of the consideration of HK\$379 million shall be paid on completion of the Target Acquisition First Agreement, by way of cash and/or promissory note to be issued by Smart Town (in such manner as it shall absolutely decide).

On 16 March 2006, Team Jade, a wholly owned subsidiary of the Company, entered into the Target Acquisition Second Agreement to acquire from Smart Town the entire issued share capital of the Target Company for a total consideration of HK\$539 million. The consideration under the Target Acquisition Second Agreement shall be satisfied by Team Jade procuring the Company to issue a convertible bond in a principal sum of HK\$539 million.

Due to further negotiation between the parties, the parties intend to enter into a new arrangement in that the Company, through its wholly-owned subsidiary, Team Jade, acquires the entire issued share capital of the Target Company directly from Rich Game instead for the reasons that:

- (1) Rich Game prefers holding the promissory note to be issued by the Company, a listed company, to holding the promissory note to be issued by Smart Town; and
- (2) the Directors consider that the new method of settlement of the consideration is in the interest of the Company and the Shareholders as a whole because:
 - (a) the dilutive effect resulting from the full conversion of the Convertible Bond in a principal sum of HK\$134.4 million to be issued to Rich Game by the Company will be less than that resulting from the full conversion of a convertible bond in a principal sum of HK\$539 million to be issued to Smart Town by the Company;
 - (b) under the new arrangement, the Company will only be obliged to pay the Second Promissory Note in a principal sum of HK\$160 million issued to Smart Town after the First Promissory Note in a principal sum of HK\$244.6 million issued to Rich Game is fully settled. It provides the Company with greater flexibility;
 - (c) under the new arrangement, the Company has to pay less interest as it only has to pay interest at a rate of 5% per annum on the principal sum of HK\$244.6 million under the First Promissory Note and no interest is payable under the Second Promissory Note whereas under the original arrangement, the Company has to pay interest to the bondholder at a rate of 5% per annum on the principal sum of HK\$539 million under a convertible bond in a principal sum of HK\$539 million. The Directors expect that HK\$8 million per year can be saved for the Company under the new arrangement; and
 - (d) under the new arrangement, the Convertible Bond in a principal sum of HK\$134.4 million will be held in escrow by the lawyers of the Company during the period between Completion and up to the date when Sat Ieng fully pays the Profit guaranteed under the respective relevant periods and, if there is any shortfall between the Profit guaranteed and the Profit actually received and/or receivable by Worth Perfect during the respective relevant periods, the shortfall. In case the Profit Guarantees cannot be achieved and Sat Ieng cannot pay the shortfall between the Profit guaranteed and the Profit actually received during the relevant periods, the shortfall can be deducted from the outstanding sum under the Convertible Bond for the protection of the Company.

As a result, the Target Acquisition First Agreement and the Target Acquisition Second Agreement were terminated. Team Jade and Rich Game have agreed to enter into the Target Acquisition Agreement.

THE TARGET ACQUISITION SECOND AGREEMENT

Date: 30 March 2006

Parties:
Purchaser: Team Jade, a wholly owned subsidiary of the Company
Vendor: Rich Game
Warrantors: Sat Ieng and Rich Game

Rich Game is an investment holding company. Sat Ieng has been appointed by Sands Macao as a junket representative since 23 February 2005. Other than being a junket representative, Sat Ieng does not engage in any other business. Rich Game, Sat Ieng and their ultimate beneficial owner, Mr. Phua Wei Seng, are Independent Third Parties.

Assets to be acquired

Pursuant to the Target Acquisition Agreement, Team Jade has agreed to acquire and Rich Game has agreed to sell and Sat Ieng has agreed to procure Rich Game to sell, as a legal and beneficial owner, the Sale Shares, being 100 shares of US\$1.00 each in the share capital of the Target Company, representing the entire issued share capital of the Target Company, 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 total consideration for the Sale Shares is HK\$539 million and shall be settled by Team Jade:

- (a) paying a refundable deposit of HK\$160 million to Rich Game on the seventh Business Day after completion of the Placing Agreement;
- (b) procuring the Company to issue the Convertible Bond in a principal amount of HK\$134.4 million to Rich Game; and
- (c) procuring the Company to issue the First Promissory Note in a principal amount of HK\$244.6 million to Rich Game.

Smart Town, a controlling Shareholder holding approximately 55% of the shareholding of the Company, will place 162.72 million Shares at the Placing Price of HK\$1.00 per Placing Share to not less than six Placees through the Placing Agent pursuant to the Placing Agreement to finance the payment of refundable deposit of HK\$160 million to be made by Team Jade for the Acquisition. In return, the Company will issue the Second Promissory Note to Smart Town.

As Smart Town, being a controlling Shareholder, is regarded as a connected person of the Company under the Listing Rules, the financial assistance to be provided by Smart Town to Team Jade will be regarded as a connected transaction. However, the financial assistance provided by Smart Town to Team Jade and the issue of the Second Promissory Note by the Company to Smart Town in return are exempted from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules as (1) no security over the assets of the Company is granted in respect of such financial assistance; (2) such financial assistance is provided for the benefit of the Company, namely, to assist the Acquisition; and (3) the Second Promissory Note is on better terms than normal commercial terms for the reasons that (a) the term of payment of the principal sum of HK\$160 million under the Second Promissory Note is fixed for ten years from the date of issue and the outstanding sum thereunder does not carry any interest. This is in the best interest of the Company as it saves the Company from paying a substantial amount of interest; and (b) despite the maturity date, which is set on the tenth anniversary from the date of issue, the outstanding sum under the Second Promissory Note is only repayable after the full settlement of the First Promissory Note issued to Rich Game, an Independent Third Party. This is a term in favour of the Company as the term of payment under the Second Promissory Note will be extended if the Company does not have sufficient cash flow to settle both promissory notes at the same time.

The 162.72 million Placing Shares represent approximately 24.21% of the existing issued share capital of the Company. Smart Town will use the proceeds from the placing to finance Team Jade to pay the refundable deposit after completion of the Placing Agreement, which is expected to be on or before 13 April 2006 or such other date as Smart Town and the Placing Agent shall agree. Please refer to the section headed "The Placing of Existing Shares" for further information on the placing.

Pursuant to the Profit Agreement, Sat Ieng, who owns the entire issued share capital of Rich Game, and Mr. Phua Wei Seng have irrevocably and unconditionally guaranteed to Worth Perfect that the Profit for the First Relevant Period and the Second Relevant Period shall not be less than HK\$150 million and HK\$250 million respectively. In the event the Profit Guarantees are not achieved, Sat Ieng undertakes to pay to Worth Perfect the difference between the actual Profit received and/or receivable by Worth Perfect for the relevant period and the guaranteed Profit for the same period within sixty days after the relevant period.

The guaranteed Profit of HK\$150 million for the First Relevant Period is determined with reference to the past performance of Sat Ieng, whose Rolling Turnover for the 12 months ended 28 February 2006 amounted to approximately HK\$36.51 billion (0.4% of which amounted to approximately HK\$146 million). The guaranteed Profit of HK\$250 million for the Second Relevant Period is arrived at after considering the expected business growth of Sat Ieng, which includes operating as junket in two casinos to be developed in Macau in the future, where one is expected to be completed early next year.

To protect the Company, Rich Game has undertaken that the Convertible Bond in a principal sum of HK\$134.4 million shall not be converted into Shares for the period commencing from Completion up to the date when Sat Ieng fully pays the Profit guaranteed under the respective relevant periods and, if there is any shortfall between the Profit guaranteed and the Profit actually received and/or receivable by Worth Perfect during the respective relevant periods, the shortfall. As a security for such arrangement, the Convertible Bond in a principal sum of HK\$134.4 million will be held in escrow by the lawyers of the Company during such period.

* For identification purpose only

The Company has right to cancel the Convertible Bond or deduct the shortfall from the outstanding sum under the Convertible Bond if Sat Ieng does not pay the shortfall between the Profit guaranteed and the Profit actually received and/or receivable by Worth Perfect during the relevant periods.

The requirement for the provision of profit guarantee is part of the commercial deal for the parties to enter into the Target Acquisition Agreement. As Richsense, a wholly-owned subsidiary of Sat Ieng, is also the shareholder of Worth Perfect, the provision of the profit guarantee is also to ensure the profit of both the Target Company and Richsense. The Profit, being 0.4% of the Rolling Turnover generated by Sat Ieng and/or its customers at Sands Macao's Paiza Club gaming rooms pursuant to the Junket Representative Agreement and such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative, is arrived at after deducting the total amount of commission payable to Sat Ieng under the Junket Representative Agreement from the commission paid by Sat Ieng to its agents, who assist Sat Ieng in directing the customers to Sands Macao, administrative expenses incurred, including the salary payment, office rental, entertainment and traveling costs, and the tax payable to the Macau Government. The payments of commission to the agents and the administrative expenses are on normal commercial terms. The service provided by Sat Ieng's agents is to direct and introduce customers to Sat Ieng. The agents receive commission or fees from Sat Ieng, which are calculated at a rate on the Rolling Turnover generated by their customers. The rate as agreed between an agent and Sat Ieng is based on the number of customers introduced or directed, and the size, volume and frequency of betting made by its customers. The rate is fixed with reference to the market rate.

In respect of the Rolling Turnover generated by Sat Ieng at Sands Macao's Paiza Club gaming rooms, the commission of Sat Ieng is based on the Rolling Turnover generated by it from the Sands Macao's Paiza Club gaming rooms. Sat Ieng is currently permitted to operate 8 tables in one of the gaming rooms in Sands Macao's Paiza Club. However, the Rolling Turnover generated by Sat Ieng under the Profit Agreement should be based on that generated from the Sands Macao's Paiza Club gaming rooms and such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative but not that from the 8 tables because Sat Ieng may be permitted to operate more than or less than 8 tables in the same room depending on its performance.

As Team Jade, which indirectly owns 49% of the shareholdings of Worth Perfect, is entitled to share 49% of the Profit, the total consideration of HK\$539 million represents approximately 7.3 times the 49% of the guaranteed Profit for the First Relevant Period, which is HK\$73.5 million and 4.4 times the 49% of the guaranteed Profit for the Second Relevant Period, which is HK\$122.5 million. The Directors have made reference to those price earning multiples when arriving at the consideration. Given the Rolling Turnover generated by Sat Ieng for 12 months ended 28 February 2006 amounted to approximately HK\$36.51 billion (0.4% of which amounted to approximately HK\$146 million) and those price earning multiples are relatively low, especially with reference to the price earning multiples of the companies engaging in gaming business, the Directors are of the view that the consideration is fair and reasonable.

The Directors understand the importance of the Junket Representative Agreement in the Acquisition as it forms part of the sources of the Profit. During the arm's length negotiation, the Directors are given to understand that (1) the Junket Representative Agreement may be terminated at any time by either party to the Junket Representative Agreement; (2) term of the Junket Representative Agreement is substantially shorter than that of the Profit Agreement and may or may not be renewable upon expiry and (3) the Company is not a party to the Junket Representative Agreement and therefore it has no control on the termination and the renewal of the Junket Representative Agreement. Also, the Directors understand that the junket licence of Sat Ieng is subject to renewal annually.

In the event that the Junket Representative Agreement is terminated and the renewal of the Junket Representative Agreement and the junket licence of Sat Ieng fail, the Rolling Turnover generated by Sat Ieng will no longer be the source of the Profit that the Group is entitled to share and the Group will lose this part of the Profit. The Profit will only comprise the Rolling Turnover generated by Sat Ieng in such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative. Currently, there is no other VIP gaming rooms which Sat Ieng is duly appointed as a junket representative.

As the Junket Representative Agreement is a confidential document, its major terms cannot be disclosed to the Directors. However, the Directors had conducted extensive research on junket business in Macau, including reviewing reports prepared by well-known investment banks in relation to Macau gaming business and making enquiries with the practitioners in the gaming industry, in order to understand the arrangement between the junket operators and the casino operators generally. The Directors understand that generally, the term of the agreement between the junket operator and the casino operator is tied with the term of the junket licence. Such kind of agreement will be revoked once the renewal of the junket licence fails.

Despite this, the Directors consider that the consideration is fair and reasonable given that the Company has reported loss for the past two financial years and that:

- (1) *Benefits of the Acquisition*

(a) The right to the Profit under the Profit Agreement is for an unlimited period of time, instead of a fixed period of time, and the sources of Profit are not just limited to the Rolling Turnover generated by Sat Ieng pursuant to the Junket Representative Agreement but include all other VIP gaming rooms that Sat Ieng is duly appointed as a junket representative. It enables the Company to continually enjoy the potential strong growth in Macau gaming business.

(b) There is no share of loss under the Profit Agreement as the Profit is simply based on 0.4% of the Rolling Turnover generated by Sat Ieng regardless of the actual operating expenses incurred by Sat Ieng. This removes lots of uncertainties on the Company's future profitability and reduces the risk of the Company.

(c) There is no immediate substantial cash outlay for the Acquisition as the First Promissory Notes is only payable in the tenth year (with the exception of the yearly interest of approximately HK\$12.23 million, which is calculated at an interest rate of 5% per annum on the principal sum of HK\$244.6 under the First Promissory Note). During the ten years, the Group can enjoy the flexibility in utilizing the cash flow, which would otherwise be paid to Rich Game if the payment is to be made immediately, and can participate in any other investment opportunities, if available.
- (2) *Mr. Phua Wei Seng's personal wealth*

Mr. Phua Wei Seng's personal wealth lies with the failure and success of Sat Ieng. Upon Completion, Mr. Phua Wei Seng still indirectly holds 51% equity interest in Worth Perfect. That means he still has substantial interests in Worth Perfect, the one holding the Profit which depends on the renewal of Sat Ieng's junket licence and partially on the Rolling Turnover generated by Sat Ieng pursuant to the Junket Representative Agreement. In view of Mr. Phua Wei Seng's substantial interest in Worth Perfect, the proven track record of Sat Ieng with Sands Macao in 2005 under his management and his abundance of experience in gaming industry (Please refer to the paragraph under the sub-section headed "The information of Worth Perfect" for further details in relation to Mr. Phua Wei Seng's experience in gaming industry), the Directors believe that, after Completion, Mr. Phua Wei Seng will continue to manage Sat Ieng in a prudent and efficient manner as the performance of Sat Ieng has a direct impact on him. As such, the risk of non-renewal of the junket licence and Junket Representative Agreement upon expiry is minimized.
- (3) *Renewal of the Junket Representative Agreement and Sat Ieng's business expansion*

According to Profit Agreement, the Profit not only includes the Rolling Turnover generated by Sat Ieng in Sands Macao's Paiza Club gaming rooms, but also includes the Rolling Turnover generated by Sat Ieng in such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative. The Junket Representative Agreement with Sands Macao only forms part of the sources of the Profit in long-term.

Also, it is normal in the business world that the agreement can be terminated by either party and is fixed for a period of time rather than lasts forever so that the parties to the agreement do not need to commit for a long business relationship in an ever changing business environment.

Having said that, the Directors confide that the Junket Representative Agreement can be renewed upon expiry due to Sat Ieng's well-established VIP clients base, a proven track record with Sands Macao in 2005, which were reflected in the Rolling Turnover generated by Sat Ieng for the 12 months ended 28 February 2006 amounting to approximately HK\$36.51 billion and confirmed by the Directors by reviewing the original junket representative settlement forms, the official invoices issued to Sat Ieng by Sands Macao evidencing the Rolling Turnover and the commission of Sat Ieng, and the experience of Sat Ieng's ultimate beneficial owner, Mr. Phua Wei Seng, who actually operates the junket business of Sat Ieng.

As there are a number of new casinos scheduled to be opened in Macau in the years to come and the nature of junket business is client-base driven, the Directors also believe that Sat Ieng has an ability to secure another junket appointment by the new casino operators in the event that the Junket Representative Agreement is not renewed.

In fact, Sat Ieng has a plan to operate as junket in two casinos to be developed in Macau in the future, where one is expected to be completed early next year.
- (4) *Renewal of junket licence*

As far as the Directors are aware, US operators, including Venetian Macau Limited, must conduct business under the same restrictions as they do in their country, in which they are required to do extensive checks on the junkets to ensure that they have sound financial background and have no linkage to organized crime. The appointment of Sat Ieng as a junket representative by Venetian Macau Limited which operates Sands Macao, evidences Sat Ieng's and Mr. Phua Wei Seng's credentials. Also, Sat Ieng is one of the first batch of junkets who obtained junket licences from Macau Government in 2005 and its junket licence has been renewed by the Macau Government on 12 December 2005, which is valid until 31 December 2006. So far, the Company is not aware of any circumstance that makes Sat Ieng fail to fulfill the probity requirement that it had fulfilled for the grant of the junket licence. The Directors believe that the chance of non-renewal of Sat Ieng's junket license on 31 December 2006 is highly unlikely.
- (5) *Profit Guarantees*

In any event, the Group will receive HK\$196 million for the first two years as Sat Ieng and Mr. Phua Wei Seng has provided the Profit Guarantees of not less than HK\$400 million in aggregate to Worth Perfect for the relevant periods and guaranteed to pay any shortfall when the Profit Guarantees cannot be achieved. As the Group is entitled to 49% of the Profit through its 49% equity interest in Worth Perfect, it will receive HK\$196 million for the first two years in any event.

After balancing the risks as stated in the section headed "Risk Factors of the Junket Business" with the benefits of the Acquisition, including the Group's perpetual rights to the Profit, no share of loss by the Group and the diversified sources of the Profit under the Profit Agreement, the Directors consider that the consideration is fair and reasonable and the Acquisition is in the interest of the Company and the Shareholders as a whole. Further details in relation to the Directors' view on the Junket Representative Agreement and the due diligence work conducted by the Directors will be disclosed in the circular.

The consideration is determined after arm's length negotiation between Team Jade and Rich Game after considering the Profit Guarantees and that the Acquisition will (1) broaden the Group's revenue source; and (2) provide a substantial and stable income source to the Group in view of the acquisition of the Profit by Worth Perfect, a non-wholly owned subsidiary of the Target Company, from Sat Ieng under the Profit Agreement, the recent economic bloom in Macau contributed by the loosening of travel restrictions of mainland Chinese visitors and the prospects of Macau's gaming business. Based on the statistics prepared by the Macau Government, the revenue generated by the gaming activities is growing steadily at an average growth rate of approximately 23% each year for the period between 2001 and 2005. According to the annual results announcement of Las Vegas Sands Corp. dated 14 February 2006, Sands Macao, which is operated by Venetian Macau Limited, a subsidiary of Las Vegas Sands Corp., also recorded growth rate of approximately 133%, 61% and 23% for the 2nd, 3rd and 4th quarters respectively in the year 2005 in relation to its VIP chips Rolling Turnover.

As such, the Directors (including the independent non-executive Directors) consider the consideration for the Acquisition to be fair and reasonable. Please refer to the paragraph headed "Reason for the Acquisition" for further details of the reasons for the Acquisition.

Conditions precedent

- Completion is subject to the following conditions having been fulfilled or waived (as the case may be):
- (a) Team Jade being in its reasonable discretion satisfied with the results of the due diligence investigation in respect of the Target Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Target Group (in particular, the Profit Agreement);
- (b) Team Jade having received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of the Profit Agreement and the transaction contemplated thereunder;
- (c) no event having occurred since the date of the Target 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 the Target Group and such material adverse effect shall not have been caused;
- (d) the warranties given by Rich Game remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the Target Acquisition Agreement and Completion;
- (e) the passing by the Shareholders at a special general meeting to be convened and held of an ordinary resolution to approve the Target Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bond and the First Promissory Note to Rich Game;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares;
- (g) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Conversion Shares; and
- (h) completion of the Placing Agreement in accordance with its terms.

Conditions (a) to (d) are waivable by Team Jade under the Target Acquisition Agreement. Team Jade has no current intention to waive any of the conditions above. In particular, having regarded the importance of the legality and validity of the Profit Agreement and the transactions contemplated thereunder, Team Jade has no intention to waive condition (b) above. Conditions (e) to (h) are incapable of being waived by Team Jade. The Company will seek Independent Shareholders' approval if any of the above conditions are to be waived.

The Target Acquisition Agreement is conditional upon completion of the Placing Agreement but not vice versa.

Completion

Completion shall take place at 11:00 a.m. on the second Business Day after the last of the conditions of the Target Acquisition Agreement having been fulfilled or waived or at such time as may be agreed between Rich Game and Team Jade.

The Company will issue the Convertible Bond and the First Promissory Note to Rich Game upon Completion. Upon Completion, the Target Company will be accounted for as a wholly owned subsidiary of the Company and its financial results will be consolidated into the Group's financial statements whereas Worth Perfect will become the associated company of the Company which will be accounted for using equity method in the consolidated financial statements of the Group.

Long-stop date

The Target Acquisition Agreement provides that should the satisfaction of all the above conditions, if not waived by Team Jade, not occur on or before 30 September 2006 or such other date as the parties thereto may agree, the Target Acquisition Agreement shall terminate.

TERMS OF THE CONVERTIBLE BOND

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

Issuer

The Company

Principal amount

HK\$134.4 million

Interest

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

Maturity

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

Conversion

Provided that the percentage shareholding of the Company's issued share capital held by the bondholder resulting from each conversion of the Convertible Bond by the bondholder does not exceed the following thresholds in the period specified below:

- (1) 6% of the issued share capital of the Company within the third year from the date of issue of the Convertible Bond;
- (2) 8% of the issued share capital of the Company within the fourth year from the date of issue of the Convertible Bond;
- (3) 10% of the issued share capital of the Company within the fifth year from the date of issue of the Convertible Bond;
- (4) 12% of the issued share capital of the Company within the sixth year from the date of issue of the Convertible Bond;
- (5) 14% of the issued share capital of the Company within the seventh year from the date of issue of the Convertible Bond;
- (6) 16% of the issued share capital of the Company within the eighth year from the date of issue of the Convertible Bond;
- (7) 18% of the issued share capital of the Company within the ninth year from the date of issue of the Convertible Bond; and
- (8) 20% of the issued share capital of the Company within the tenth year from the date of issue of the Convertible Bond;

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

Subject to the conditions provided in the Instrument, the Company may at any time during the Conversion Period by at least 7 days' prior notice in writing request the bondholder to convert certain amount of the Convertible Bond as specified therein and the bondholder shall convert such amount of the Convertible Bond registered its names into Shares as so requested by the Company.

Conversion Price

The Conversion Price is HK\$1.00 per Conversion Share subject to adjustments.

The adjustments for Conversion Price 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 Company will issue an announcement in respect of any adjustment made to the Conversion Price.

The Conversion Price represents (i) a discount of approximately 3% to the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; (ii) a discount of approximately 0.6% to the average of the closing prices of approximately HK\$1.006 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; (iii) a discount of approximately 0.3% to the average of the closing prices of HK\$1.003 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; and (iv) a premium of approximately 1076.5% over the net asset value per Share of HK\$0.085 based on the unaudited consolidated management accounts of the Group as at 30 September 2005.

The Conversion Price is arrived at after arm’s length negotiation between the parties and is based on the average closing price at HK\$1.001 for the last 30 trading days prior to the suspension.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Bond in the aggregate principal amount of HK\$134.4 million at the Conversion Price by the bondholder, the Company will allot and issue an aggregate of 134.4 million new Shares, which is the maximum number of Shares to be issued, representing approximately (i) 20% of the existing issued share capital of the Company, and (ii) 16.67% of the issued share capital of the Company as enlarged by the exercise in full of the conversion rights attaching to the Convertible Bond. The Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

Early redemption

The Company may at any time before the maturity date by serving at least seven (7) days’ prior written notice on the bondholder with the total amount proposed to be redeemed from the bondholder specified therein, redeem the bond (in whole or in part) at par.

Ranking

The Conversion Shares, 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.

Status of the Convertible Bond

The Convertible Bond constitutes a direct, unconditional, unsubordinated and unsecured obligation 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 may only assign or transfer the Convertible Bond to the transferee subject to the consent of the Company and when Sat Ieng makes payment in full of:

- (a) the Profit under the First Profit Guarantee and, if there is any shortfall between the First Profit Guarantee and the Profit actually received and/or receivable by Worth Perfect during the First Relevant Period, the said shortfall; and
- (b) the Profit under the Second Profit Guarantee and, if there is any shortfall between the Second Profit Guarantee and the Profit actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall.

Notwithstanding that, the bondholder shall be permitted at any time to transfer the Convertible Bond to a transferee who is a wholly-owned subsidiary of the bondholder or a holding company of the bondholder who owns the entire issued share capital of the bondholder provided that the Convertible Bond will be re-transferred to the bondholder immediately upon the transferee ceasing to be a wholly-owned subsidiary of the bondholder or a holding company of the bondholder who owns the entire issued share capital of the bondholder.

Voting rights

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

Cancellation of the Convertible Bond or deduction from the outstanding sum

The Company has right to cancel the Convertible Bond or deduct the shortfall from the outstanding sum under the Convertible Bond if Sat Ieng does not pay the shortfall between the Profit guaranteed and the Profit actually received and/or receivable by Worth Perfect during the relevant periods.

Application for listing

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

TERMS OF FIRST PROMISSORY NOTE

The terms of the First Promissory Note, which is used to settle part of the consideration under the Target Acquisition Agreement, namely, HK\$244.6 million, have been negotiated on an arm’s length basis and the principal terms of which are summarised below:

Parties

The Company as issuer and Rich Game as payee

Principal amount

HK\$244.6 million

Interest

The First Promissory Note will carry interest at 5% per annum, payable annually in arrears by the Company.

Maturity

A fixed term of ten years from the date of issue of the First Promissory Note.

If the Company defaults in repayment on the maturity date of any part of the principal sum, the Company shall pay interest on such overdue sum from the maturity date until payment in full (before and after judgment) at the rate of 10 per cent. per annum.

Early repayment

The Company could, at its option, repay the First Promissory Note in whole or in part in multiples of HK\$1 million by giving ten Business Days’ prior written notice to Rich Game, from the date of issue of the First Promissory Note up to the date immediately prior to the maturity date. There will not be any premium over or discount to the payment obligations under the First Promissory Note for any early repayment.

Assignment

The First Promissory Note may, subject to the ten Business Days’ prior written notice to the Company, be transferred or assigned by Rich Game to any person. The Company will issue an announcement and inform the Stock Exchange if the First Promissory Note is transferred or assigned to the connected persons of the Company.

TERMS OF SECOND PROMISSORY NOTE

The terms of the Second Promissory Note, which is used to settle the loan of HK\$160 million granted to the Group by Smart Town for payment of refundable deposit of HK\$160 to be made by Team Jade to Rich Game under the Target Acquisition Agreement, have been negotiated on an arm’s length basis and the principal terms of which are summarised below:

Parties

The Company as issuer and Smart Town as payee

Principal amount

HK\$160 million

Interest

The Second Promissory Note will not carry any interest.

Maturity

A fixed term of ten years from the date of issue of the Second Promissory Note.

However, the principal sum (whether in whole or in part) under the Second Promissory Note is repayable only after the principal sum under the First Promissory Note is fully paid by the Company.

Except that the principal sum under the Second Promissory Note is not repayable on the maturity date due to the fact that the First Promissory Note has not been fully settled by the Company, if the Company defaults in repayment on the maturity date of any part of the principal sum, the Company shall pay interest on such overdue sum from the maturity date until payment in full (before and after judgment) at the rate of 10 per cent. per annum.

Early repayment

Subject to the full repayment of the First Promissory Note by the Company, the Company could, at its option, repay the Second Promissory Note in whole or in part in multiples of HK\$1 million by giving ten Business Days’ prior written notice to Smart Town, from the date of issue of the Second Promissory Note up to the date immediately prior to the maturity date. There will not be any premium over or discount to the payment obligations under the Second Promissory Note for any early repayment.

Assignment

The Second Promissory Note may, subject to ten Business Days’ prior written notice to the Company, be transferred or assigned by Smart Town to any person. The Company will issue an announcement and inform the Stock Exchange if the Second Promissory Note is transferred or assigned to the connected persons of the Company.

PAYMENT SCHEDULE OF THE FIRST PROMISSORY NOTE AND SECOND PROMISSORY NOTE

In relation to the payment schedule of the First Promissory Note and the Second Promissory Note, the First Promissory Note issued to Rich Game will be fully settled before the Second Promissory Note issued to Smart Town is repayable. It is the current intention of the Company to repay approximately HK\$40.5 million each year to Rich Game to settle the outstanding sum under the First Promissory Note for the first six years. It is also the current intention of the Company that after the First Promissory Note is fully settled, the Company will repay approximately HK\$40.5 million each year to Smart Town to settle the outstanding sum under the Second Promissory Note from the seventh to tenth years. The above repayment schedule is based on the

assumption that there is expected Profit of approximately HK\$73.5 million each year assuming the Profit shared by Worth Perfect in each of the third to tenth years amount to HK\$150 million, which is same as the Profit guaranteed by Sat Ieng and Mr. Phua Wei Seng under the Profit Agreement for the First Relevant Period. Having said that, the above-mentioned payment schedule is only the current intention of the Company, which is subject to the cash flow of the Group at the material times, its dividend policy and future expansion plan. Nonetheless, the maturity date of both the First Promissory Note and the Second Promissory Note are 10 years and the Company can repay the outstanding sum under both the First Promissory Note and the Second Promissory Note at any time during the term of the notes.

PLACING OF EXISTING SHARES

The Placing Agreement

Date: 16 March 2006

Vendor: Smart Town

Placing Agent: Pacific Foundation Securities Limited, an Independent Third Party

Placee(s)

The Placing Shares shall be offered by the Placing Agent to not less than six Placees in board lots unless otherwise agreed by Smart Town. The choice of Placees for the Placing Shares shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules (in particular, the Placing Agent shall use all reasonable endeavours to ensure that Placees shall be Independent Third Parties) and if required by the Stock Exchange or the SFC, the Placing Agent undertakes to verify and provide evidence to satisfy the Stock Exchange or the SFC as to the independence of the Placees aforesaid.

In the case where the Placing Agent during the Placing Period fails to procure Placee(s) to purchase for the Placing Shares, the Placing Agent itself will purchase for the Placing Shares at the Placing Price (together with such Hong Kong stamp duty, Stock Exchange trading fee, SFC investor compensation levy and SFC transaction levy as may be payable by buyers).

Placing Shares

The 162.72 million Placing Shares represent (i) approximately 24.21% of the existing issued share capital of the Company; and (ii) approximately 20.18% of the issued share capital of the Company as enlarged by the exercise in full of the conversion rights attaching to the Convertible Bond.

Placing Price

The Placing Price is HK\$1.00 per Placing Share. The net Placing Price is approximately HK\$0.9808 per Share.

The Placing Price represents (i) a discount of approximately 3% to the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; (ii) a discount of approximately 0.6% to the average of the closing prices of approximately HK\$1.006 per Share as quoted on the Stock Exchange for the last five trading days up to and including 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; (iii) a discount of approximately 0.3% to the average of the closing prices of HK\$1.003 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares; and (iv) a premium of approximately 1076.5% over the net asset value per Share of HK\$0.085 based on the unaudited consolidated management accounts of the Group as at 30 September 2005.

With reference to the closing price of HK\$1.03 per Share as quoted on the Stock Exchange on 15 March 2006, being the date immediately prior to the date of the suspension of trading in the Shares, the market value of the Placing Shares is HK\$167,601,600.

Independence of the Placing Agent

The Placing Agent, and its ultimate beneficial owners, are Independent Third Parties.

Conditions of the placing

Completion of the Placing Agreement is conditional upon the obtaining by Smart Town of a legal opinion from Macanese lawyers confirming the legality and validity of the proposed acquisition by Worth Perfect of the Profit (in such form and substance reasonably satisfactory to Smart Town).

Reason for the placing

Smart Town intends to place the Placing Shares to finance the payment of the cash deposit of HK\$160 million to be made by Team Jade for the Acquisition.

Proceeds from the placing

The proceeds from the placing of 162.72 million Shares at the net Placing Price of approximately HK\$0.9808 per Placing Share will amount to approximately HK\$159,595,776.

Force majeure

If, at any time prior to 12:00 noon on the Completion Date of the Placing Agreement, in the absolute opinion of the Placing Agent the success of the placing or the business or financial prospects of the Group would or might be adversely affected by, among other:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any of the following events:
 - (i) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (ii) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (iv) a change or development involving a prospective change in taxation in Hong Kong, Bermuda, the British Virgin Islands or Macau or the implementation of exchange controls which shall or might materially and adversely affect the Company or its present or prospective shareholders in their capacity as such; or
 - (v) any change or deterioration in the conditions of local, national or international securities markets occurs,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to Smart Town by giving notice in writing to Smart Town, provided that such notice is received prior to 12:00 noon on the Completion Date of the Placing Agreement.

Upon termination of the Placing Agreement pursuant to the above mentioned force majeure factors, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

Completion of the Placing

Completion of the Placing will take place on the Completion Date of the Placing Agreement.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (1) before Completion; (2) immediately after Completion and after placing of the Placing Shares by Smart Town but before the conversion of Convertible Bond; and (3) after placing of the Placing Shares and immediately after issuance of Conversion Shares (assuming full conversion of the Conversion Bond):

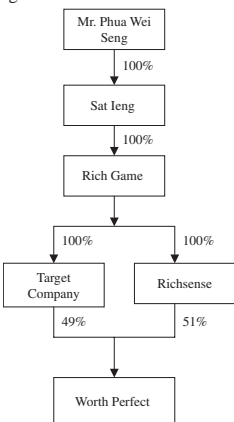
	Before Completion			Immediately after Completion and after placing of the Placing Shares by Smart Town but before the conversion of Convertible Bond			After placing of the Placing Shares and immediately after issuance of Conversion Shares (assuming full conversion of the Convertible Bond)		
	No. of Shares	Approximate %		No. of Shares	Approximate %		No. of Shares	Approximate %	
Smart Town <i>(Note 1)</i>	369,600,000	55.00		206,880,000	30.79		206,880,000	25.65	
Pan-Star Nominees Limited <i>(Note 2)</i>	134,400,000	20.00		134,400,000	20.00		134,400,000	16.67	
Rich Game	0	0.00		0	0.00		134,400,000	16.67	
Public									
Placees <i>(Note 3)</i>	0	0.00		162,720,000	24.21		162,720,000	20.18	
Existing public shareholders	168,000,000	25.00		168,000,000	25.00		168,000,000	20.83	
Total:	672,000,000	100.00		672,000,000	100.00		806,400,000	100.00	

Notes:

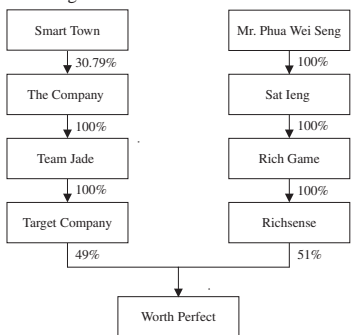
- Smart Town is 50% beneficially owned by each of Mr. Yeung Tony Ming Kwong and Mr. Liu Ching Hua, respectively. Smart Town became a Shareholder on 30 March 2004.
- Pan-Star Nominees Limited is 40%, 30% and 30% beneficially owned by Mr. Wei Ming, Mr. Tang Hin Keung, Alfred and Mr. Pun Yuen Sang, respectively. Pan-Star Nominees Limited had been the Shareholder since February 2002, which is before the Shares listed on the Stock Exchange in April 2002.
- All of the Placees are Independent Third Parties. One of the Placees, PMA Capital Management Limited, will hold 90,000,000 Shares pursuant to the placing under the Placing Agreement, which represent more than 5% of the shareholding interest in the Company.

Shareholding structure of the relevant entities:

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



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

**INFORMATION OF THE TARGET GROUP****Information of the Target Company**

The Target Company was incorporated on 3 January 2006 and is an investment holding company.

The main asset of the Target Company is its 49% equity interest in Worth Perfect. According to the unaudited management accounts of the Target Company, the total assets of the Target Company as at 28 February 2006 is HK\$780 and the Target Company has no liability as at 28 February 2006. There is no profit or loss recorded in the unaudited management accounts of the Target Company for the period commencing on 3 January 2006 (the date of its incorporation) to 28 February 2006.

Information of Worth Perfect

The Target Company owns 49% of the equity interest in Worth Perfect, a company incorporated in the British Virgin Islands on 3 January 2006. The remaining 51% equity interest of which is owned by Richsense, a wholly-owned subsidiary of Sat Leng.

Mr. Richard Lum, a Director acting on behalf of the Company, met with the representative of Sat Leng, through introduction by the solicitor acting for Sat Leng on 24 January 2006.

Sat Leng is a company incorporated in Macau on 14 December 2004 and is wholly-owned by Mr. Phua Wei Seng. Mr. Phua, the founder of Sat Leng, has over ten years of experience in Asian gaming industry, including experience in organising various Asian gaming tours to Macau, Malaysia, Korea, Australia and Las Vegas prior to the setting up of Sat Leng. He is a licensed junket operator of Burswood Resort Casino, Australia and a licensed junket group operator of Resorts World BHD, Malaysia.

Sat Leng has been appointed by Sands Macao as a junket representative since 23 February 2005. Acting as a junket representative at Sands Macao is the only track record that Sat Leng has in respect of its operation as a junket representative. Other than being a junket representative, Sat Leng does not engage in any other business. The licence granted to Sat Leng for acting as a junket operator is valid for one year and is renewable. Sat Leng's licence has been renewed on 12 December 2005 and is valid until 31 December 2006. In relation to the requirements for obtaining a junket licence from the Macau Government, the licence can only be granted when the applicant is found to comply with the probity requirements. If the applicant is a corporate gaming operator, the probity requirements also apply to its shareholder with 5 % or more of the share capital and its key employees. The applicant, when submitted an application request, has to produce, among other things, a questionnaire to ascertain the probity of the applicant. To consider whether the applicant fulfill the probity requirement, the relevant authorities of the Macau Government will consider the information provided by the applicant in the questionnaire, including its corporate, business and financial information, information regarding its key employees and shareholders, judicial litigation and governmental investigation, bankruptcy and insolvency, its previous experience in junket business. The relevant authorities will also consider the information provided by the corporate applicant's shareholder with 5% or more of the share capital and key employees, including their personal and family background, their financial information and civil proceedings or criminal investigation that they may involve.

As a junket representative, being an independent contractor responsible for soliciting customers to casino, Sat Leng is primarily responsible for directing gaming customers to Sands Macao and using its best endeavors to actively promote Sands Macao to existing and potential customers. It receives a commission on the Rolling Turnover from Sands Macao. The net profit it receives, after deducting commission paid by it to its agents, administrative expenses and tax payable to the Macau Government, is over 0.4% of the Rolling Turnover. The Rolling Turnover generated by Sat Leng for the 12 months ended 28 February 2006 amounted to approximately HK\$36.51 billion (0.4% of which amounted to approximately HK\$146 million). These figures are based on the monthly junket representative settlement forms, which are the official invoices issued to Sat Leng by Sands Macao evidencing the Rolling Turnover and the commission of Sat Leng. The Company has also cross-checked with the original monthly junket representative settlement forms to ensure the figures are true and correct.

The Directors consider the arrangement that the commission is only payable to Sat Leng is fair and reasonable and in the interests of the Shareholders as a whole for the reasons that (1) Sat Leng is the appointed junket representative under the Junket Representative Agreement and therefore, it is fair that only Sat Leng, the contracted party, is entitled to receive the commission from Sands Macao; and (2) it takes time for the Company to build up and establish its own junket business in view of its lack of know-how and prior experience in the operation of gaming business. Therefore, acquiring the Profit generated by Sat Leng, the one entitled to the commission is a better choice than engaging in the operation of gaming business by Company itself.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Richsense, Sat Leng and their ultimate beneficial owner, Mr. Phua Wei Seng, are Independent Third Parties and all of them are independent of and not connected with Mr. Yeung Tony Ming Kwong, Mr. Liu Ching Hua, Mr. Wei Ming, Mr. Tang Hin Keung, Alfred and Mr. Pun Yuen Sang and their respective associates.

Other than the Profit Agreement, Worth Perfect does not have any assets or liabilities nor does it has any profit or loss recorded as at the date of the announcement.

The board of directors of Worth Perfect will have two directors. The Group, through the Target Company, and Richsense will each appoint one director to Worth Perfect. The Group will not have control over the management of Worth Perfect as it only owns 49% equity interests in Worth Perfect. As a passive investor, the Group will not engage in the operation of the junket business after completion of the Acquisition. However, the Company will request Sat Leng from time to time to provide information concerning its operation of the junket business, including evidence concerning the actual Rolling Turnover generated by Sat Leng.

On 13 March 2006, Worth Perfect as purchaser entered into the Profit Agreement with Sat Leng as vendor and Mr. Phua Wei Seng, the ultimate beneficial owner of Sat Leng, as guarantor. The major terms of the Profit Agreement are set out as follows:

Asset to be acquired

Sat Leng has agreed sell, as beneficial owner, and/or assign and Mr. Phua Wei Seng has agreed to procure Sat Leng to sell and/or assign to Worth Perfect absolutely Sat Leng's right, title and interest and benefits in and to 100% of the Profit, being 0.4% of the Rolling Turnover generated by Sat Leng and/or its customers at Sands Macao's Paiza Club gaming rooms pursuant to the Junket Representative Agreement and such other VIP gaming rooms whereby Sat Leng is a duly appointed junket representative, commencing from the completion date of the Profit Agreement, which is 16 March 2006 and Worth Perfect shall purchase/accept the assignment the Profit, free from all liens, claims, equities, charges, encumbrances or third-party rights of whatsoever nature and with all rights attached thereto as from the completion date of the Profit Agreement.

Consideration

The consideration payable by Worth Perfect to Sat Leng for the Profit sold and/or assigned is HK\$1.00, which has been settled by Worth Perfect in cash on 16 March 2006.

Guaranteed Profits

Sat Leng and Mr. Phua Wei Seng have irrevocably and unconditionally guaranteed to Worth Perfect that the Profit for First Relevant Period shall not be less than HK\$150 million. In the event of the Profit received and/or

receivable by Worth Perfect shall be less than HK\$150 million, Sat Leng undertakes to pay to Worth Perfect the shortfall between the First Guaranteed Profit and the Profit received and/or receivable by Worth Perfect for the First Relevant Period within sixty days after the First Relevant Period.

Sat Leng and Mr. Phua Wei Seng have further irrevocably and unconditionally guaranteed to Worth Perfect that the Profit for the Second Relevant Period shall not be less than HK\$250 million. In the event of the Profit received and/or receivable by Worth Perfect shall be less than HK\$250 million, Sat Leng undertakes to pay to Worth Perfect the shortfall between the Second Guaranteed Profit and the Profit received and/or receivable by Worth Perfect for the Second Relevant Period within sixty days after the Second Relevant Period.

Conditions

Completion of the Profit Agreement is conditional upon the following conditions having been fulfilled or waived (as the case may be):-

- Worth Perfect obtaining such legal opinions as it may in its absolute discretion require on, inter alia, the legality and enforceability of the junket operation conducted by Sat Leng at Sands Casino and the legality of the transactions contemplated thereunder;
- the warranties given by Sat Leng remaining true and accurate in all material respects; and
- Worth Perfect being satisfied in its absolute discretion with the results of the due diligence investigation in respect of Sat Leng, including but not limited to the affairs, business, assets, legality of all business and commercial activities conducted at Sands Casino, any other due diligence relevant to the sale and purchase of the Profit, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financing structure of Sat Leng.

Long-stop date

The Profit Agreement provides that should the satisfaction of all the above conditions, if not waived by Worth Perfect, not occur on or before 5:00 p.m. on 31 March 2006, the Profit Agreement shall terminate.

Completion

Completion shall take place on the fifth Business Day or on such date as may be agreed between the parties after the last of the conditions of the Profit Agreement having been fulfilled or waived.

Restrictions

Mr. Phua Wei Seng has undertaken to Worth Perfect that he will not at any time carry on the business of directing gaming patrons to casinos in Macau without the prior written approval from the shareholders of Worth Perfect. The approval of the shareholders of Worth Perfect can only be given by the unanimous consent of both the Target Company, which is under the Group's control and Richsense, which is under Mr. Phua Wei Seng's control.

REASONS FOR THE ACQUISITION

Team Jade is an investment holding company. The Group is principally engaged in the trading of timber logs, the provision and installation of fire-rated timber door sets, as well as the provision of interior decoration and renovation services and other carpentry works in Hong Kong.

Sat Leng is among the first batch of junket representatives appointed by Sands Macao in February 2005. Sands Macao is operated by Venetian Macau Limited, a subsidiary of Las Vegas Corp., the securities of which are listed on the New York Stock Exchange. Based on the monthly junket representative settlement forms, which are the official invoices issued to Sat Leng by Sands Macao evidencing the Rolling Turnover and the commission of Sat Leng, the Rolling Turnover generated by Sat Leng for the 12 months ended 28 February 2006 amounted to approximately HK\$36.51 billion.

Given that the Group has suffered losses in the past two consecutive financial years, the Board has been actively exploring suitable investment opportunities. The Directors believe that through the Acquisition, the Group can broaden its revenue sources and obtain a stable source of income.

Due to the loosening of travel restrictions of mainland Chinese visitors, there is recent economic bloom in Macau. Also, the gaming activities of Macau are prosperous. Based on the statistics prepared by the Macau Government, the revenue generated by the gaming activities is growing steadily at an average growth rate of approximately 23% each year for the period between 2001 and 2005. According to the annual results announcement of Las Vegas Sands Corp. dated 14 February 2006, Sands Macao also recorded growth rate of approximately 133%, 61% and 23% for the 2nd, 3rd and 4th quarters respectively in the year 2005 in relation to its VIP chips Rolling Turnover.

In view of the acquisition of the Profit by Worth Perfect, a non-wholly owned subsidiary of the Target Company, from Sat Leng under the Profit Agreement, the recent economy of Macau and the prospects of Macau's gaming business, the Directors believe that the Acquisition provide the Group with substantial and steady income stream.

To ensure the Acquisition is fair and reasonable and in the interest of the Shareholders as a whole, (1) due diligence work has been done through reviewing the original junket representative settlement forms, the official invoices issued by Sands Macao to Sat Leng evidencing the Rolling Turnover generated by Sat Leng and its commission, to verify the Rolling Turnover generated by Sat Leng for 12 months ended 28 February 2006 amounted to approximately HK\$146 million; (2) legal opinion has been sought to ensure that the gaming business participated by Sat Leng is lawful; (3) favourable terms, including Profit Guarantees are also bargained from the counterparty so as to ensure a minimum of HK\$196 million can be received by the Group under the Profit Agreement; and (4) the Directors have also made reference to the price earning multiples of approximately 7.3 times the 49% of the of the guaranteed Profit for the First Relevant Period, which is HK\$73.5 million and 4.4 times the 49% of the guaranteed Profit for the Second Relevant Period, which is HK\$122.5 million and consider that the price earning multiples are relatively low, especially with reference to the price earning multiples of other listed issuers engaging in gaming business.

Taking into account the benefits of the Acquisition as described above, the Directors (including the independent non-executive Directors) are of the view that the Target Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties, the terms of the Target Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Moreover, the independent non-executive Directors had thorough understanding of the arrangement between the junket operators and the casino operators from the research result mentioned in the sub-section headed "Consideration" under the section headed "The Target Acquisition Agreement". They knew that the Group is entitled to 49% of the Profit due to the Group's 49% equity interest in Worth Perfect, which holds the Profit. They also understand that the Profit is partially sourced from the Rolling Turnover generated by Sat Leng pursuant to the Junket Representative Agreement. However, taking into account the benefits of the Acquisition and considering the transaction as a whole, the independent non-executive Directors were of the view that the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant ratios as referred to in Chapter 14 of the Listing Rules 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. **Smart Town, holding approximately 55% of the shareholding in the Company and having financially assisted the Group in the Acquisition, and Pan-Star Nominees Limited, holding 20% of the shareholding in the Company and being a party acting in concert with Smart Town under The Codes on Takeovers and Mergers in Hong Kong, their respective ultimate beneficial owners and their respective associates will abstain from voting for the relevant resolution at the SGM.** Therefore, the vote of the Shareholders other than Smart Town, Pan-Star Nominees Limited, their respective ultimate beneficial owners and their respective associates taken at the SGM on the relevant resolution will be taken on a poll.

An independent financial adviser will be appointed to advise the Shareholders as to the fairness and reasonableness of the Target Acquisition Agreement and the transactions contemplated thereunder. A circular containing, among other things, further information in respect of the Acquisition (including the accountant reports showing the past financial performance of Sat Leng and the letter from the independent financial adviser to the Shareholders), together with the notice of the SGM will be despatched to the Shareholders in accordance with the Listing Rules.

IMPLICATIONS UNDER THE LAWS OF HNG KONG AND THE LISTING RULES

After Completion, the Group, including the Target Company and Worth Perfect, will not engage in any gaming related activities.

Based on the Hong Kong legal opinion, the Company understands that the junket business carried out by Sat Leng does not contravene any applicable laws of Hong Kong.

Further details of the Hong Kong legal opinion will be included in the circular.

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 11 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.

In relation to the prevention of the money laundering activities, as both Sat Leng and Sands Macao are respectively licensed to operate junket business and gaming business by the relevant authorities in Macau and the amount of bet/Rolling Turnover is properly registered by both Sat Leng and Sands Macao, their gaming activities and businesses are subject to stringent control and regulation of the Macau Government. As their activities are under the regulation of the Macau Government, the Directors believe that the activities they participate should be legal and lawful and thereby the income derived from these activities should also be lawful and proper.

Apart from relying on such stringent official control, the Company will also use its best endeavours to procure that effective internal control systems in place to make sure that the dividend distributed from Worth Perfect is derived from proper source, for instance, the Company will adopt the guideline set by the Hong Kong Monetary Authority in formulating anti-money laundering measures. The Company will also cross-check the Profit received or receivable with the original monthly junket representative settlement forms issued by Sands Macao to Sat Leng. Further, the Company will from time to time obtain direct confirmation in respect of the Rolling Turnover generated by Sat Leng from Sands Macao.

The Company will check with its auditors as to whether there are any source of information and/or method for verification regarding the original invoices and statements issued by Sands Macao to Sat Ieng. However, as it takes time for the auditors to study the operation flows, internal control systems and accounting systems of Sat Ieng, Worth Perfect and the Target Company before they can provide the Company with such information, the Company will disclose the view of auditors in this regard in the circular stage.

As an additional safeguard, the money remitted will also be routed through licensed Hong Kong banks which would exercise another level of anti-money laundering control.

Sat Ieng has assisted Sands Macao to detect the suspicious transactions in combating money laundering activities. Such procedures include identifying and verifying the identity of customers through checking with their passport and identification card. The electronic membership card containing their particulars, which must be presented to Sat Ieng before gaming, will be issued to the customers after the verification. CCTV surveillance system is also installed, which permits the review of suspicious transactions and the reconstruction of individual transaction of each customer.

Further information in relation to the internal control will be included in the circular to be dispatched.

RISK FACTORS OF JUNKET BUSINESS

The following are the risk factors in relation to the junket business operated by Sat Ieng:

- (1)

The provision of junket business is competitive in general. There is no guarantee that the targeted customers of Sat Ieng will not be lured away by other junket operators.
- (2)

The Rolling Turnover generated by Sat Ieng operating as a junket representative in Sands Macao relies on, among other factors, the attractiveness of Sands Macao to the prospective customers, Sat Ieng’s ability to procure customers to Sands Macao, annual renewal of the gaming licence of Sat Ieng by the Macau Government, tenure of Sat Ieng acting as junket representative for Sands Macao under the Junket Representative Agreement. There is no assurance that Sands Macao is always attractive. In the event that Sat Ieng ceases to be committed to the junket business or cease to be appointed as junket representative by Sands Macao, the junket business, and thereby the Profit to be paid to Worth Perfect, may be adversely affected. Moreover, if Sat Ieng fails to obtain the renewal of its gaming licence from the Macau Government, it can no longer operate its junket business and no Profit can be paid to Worth Perfect as a result.
- (3)

In the event that Sands Macao becomes the target for carrying out money laundering, the Rolling Turnover generated by Sat Ieng may be affected and/or interrupted.
- (4)

As it is the current intention of the Company to use part of the Profit received from Sat Ieng to settle the First Promissory Note and the Second Promissory Note. In the event that Worth Perfect does not receive any Profit from Sat Ieng for any reason including the reasons set out under this section, the Company may not have sufficient cash flow to settle the First Promissory Note and the Second Promissory Note. Under such circumstances, the Company may need to obtain the necessary funding from other sources, including obtaining facilities from financial institutions.
- (5)

In respect of the payment of the promissory notes, the Company is still required to pay the promissory notes if the licence cannot be renewed on 31 December 2006. The annual renewal requirement is stipulated under the Macau’s Laws and is common in all the relevant jurisdictions. Therefore, the operation of the junket business by Sat Ieng is subject to the ability of Sat Ieng in obtaining the renewed licence from the Macau Government each year.
- (6)

The availability of the Profit relating to the Rolling Turnover generated by Sat Ieng at Sands Macao’s Paiza Club gaming rooms pursuant to the Junket Representative Agreement heavily depends on the subsistence of the Junket Representative Agreement and on whether the Junket Representative Agreement can be successfully renewed. The Junket Representative Agreement may or may not be renewed by Sands Macao at the expiry of the term of the Junket Representative Agreement. In general, the term of agreement between the junket operator and the casino operator is tied with the term of the junket licence. Therefore, the term of the Junket Representative Agreement can also be tied with the term of Sat Ieng’s junket licence, which is valid for one year.
- (7)

As part of the Profit sourced from Rolling Turnover is generated by Sat Ieng pursuant to the Junket Representative Agreement, **there is a risk that this part of the Profit will cease to be a source of the Profit if the Junket Representative Agreement expires or the junket licence of Sat Ieng cannot be renewed.**
- (8)

The negotiation by Sat Ieng to operate as junket in two casinos to be developed in Macau may or may not proceed. In the event that the negotiation fails, the Rolling Turnover expected to be generated from these two casinos will not form part of the sources of the Profit.

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 16 March 2006 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 7 April 2006.

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 contained in the Target Acquisition Agreement
“associates”	has the same meaning ascribed to such term under the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Teem Foundation Group Ltd., 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 Target Acquisition Agreement
“Completion Date of the Placing Agreement”	the earlier of the date of this announcement or 13 April 2006 or such other date as Smart Town and the Placing Agent shall agree
“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Convertible Bond”	a convertible bond in the principal amount of HK\$134.4 million, to be issued by the Company in favour of Rich Game
“Conversion Period”	the period commencing from the date when Sat Ieng makes payment in full of: <div><div>(1)</div><div>the Profit guaranteed under the First Profit Guarantee and, if there is any shortfall between the Profit guaranteed under the First Profit Guarantee and the Profit actually received and/or receivable by Worth Perfect during the First Relevant Period, the said shortfall; and</div></div> <div><div>(2)</div><div>the Profit guaranteed under the Second Profit Guarantee and, if there is any shortfall between the Profit guaranteed under the Second Profit Guarantee and the Profit actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall,</div></div>
“Conversion Price”	up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date
“Conversion Shares”	the initial conversion price of HK\$1.00 per Conversion Share, subject to adjustments, pursuant to the terms of the Convertible Bond
“Director(s)”	director(s) of the Company
“First Profit Guarantee”	the guarantee to be provided by Sat Ieng and Mr. Phua Wei Seng under the Profit Agreement that the Profit for the First Relevant Period will not be less than HK\$150 million
“First Promissory Note”	the promissory note to be executed by the Company in the favour of Rich Game for the purpose of settling partially the consideration for the Sale Shares under the Target Acquisition Agreement
“First Relevant Period”	the period of one year commencing from the completion of the sale and purchase of the Profit in respect of the First Profit Guarantee under the Profit Agreement
“Group”	the Company and its subsidiaries
“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 or any of their respective associate
“Instrument”	an instrument constituting the Convertible Bond
“Junket Representative Agreement”	the junket representative agreement dated 27 January 2006 entered into between Venetian Macau Limited, an Independent Third Party and Sat Ieng

“Listing Rules”	
“Macao”	
“Non-negotiable Chips”	
“Placee”	
“Placing Agent”	
“Placing Agreement”	
“Placing Period”	
“Placing Price”	
“Placing Shares”	
“PRC”	
“Profit”	
“Profit Agreement”	
“Profit Guarantees”	
“Richsense”	
“Rich Game”	
“Rolling Turnover”	
“Sands Macao”	
“Sands Macao’s Paiza Club gaming rooms”	
“Sale Shares”	
“Sat Ieng”	
“Second Profit Guarantee”	
“Second Relevant Period”	
“Second Promissory Note”	
“SFC”	
“SGM”	
“Share(s)”	
“Shareholder(s)”	
“Smart Town”	
“Stock Exchange”	
“Target Acquisition Agreement”	
“Target Acquisition First Agreement”	
“Target Acquisition Second Agreement”	
“Target Company”	
“Target Group”	
“Team Jade”	
“Worth Perfect”	
“HK\$”	
“US\$”	
“%”	

Hong Kong, 6 April 2006

As at the date of this announcement, the Board comprises Mr. Lum Chor Wah, Richard, Mr. Pun Yuen Sang and Mr. Tang Hin Keung, Alfred who are executive Directors; Mr. Leung Chi Hung, Mr. Tsui Robert Che Kwong and Mr. Lam Allan Shu Cheuk who are independent non-executive Directors.

the Rules Governing the Listing of Securities on the Stock Exchange
Macau Special Administrative Region of the PRC

also known as rolling chips or dead chips. These chips cannot be converted into cash or negotiable chips nor can they be redeemed for other goods and services. These chips can only be bet once. If the customer loses, these chips go to the casino. If the customer wins, he or she is paid the winnings and the amount bet in negotiable chip and the casino will get back these rolling chips. The design of these chips are different from the negotiable chips and hence, the dealers and the cashiers of the casino can readily recognize them from negotiable chips

any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;

Pacific Foundation Securities Limited, a company incorporated in Hong Kong and permitted to engage in types 1 and 9 (dealing in securities and asset management) of the regulated activities as defined in the Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong and an Independent Third Party, a placing agent under the Placing Agreement

a placing agreement dated 16 March 2006 entered into between Smart Town and the Placing Agent, pursuant to which Smart Time had agreed to appoint the latter as its placing agent for the purpose of procuring the Placees to purchase the Placing Shares at the Placing Price on a fully underwritten basis, as supplemented by a deed of variation dated 31 March 2006 and entered into between Smart Town and the Placing Agent

the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. on the Business Day prior to the Completion Date of the Placing Agreement, unless terminated earlier pursuant to the terms of the Placing Agreement

the price of HK\$1.00 per Placing Share

162.72 million Shares

the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau of the PRC and Taiwan

0.4% of the Rolling Turnover generated by Sat Ieng and/or its customers at Sands Macao’s Paiza Club gaming rooms pursuant to the Junket Representative Agreement and such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative

the agreement dated 13 March 2006 entered into among Worth Perfect as a purchaser, Sat Ieng as a vendor and Mr. Phua Wei Seng as a guarantor relating to the sale and purchase of a 100% interest in the Profit

the profit guarantees provided by Sat Ieng and Mr. Phua Wei Seng under the Profit Agreement in respect of Profit for the First Relevant Period and the Second Relevant Period will not be less than HK\$150 million and HK\$250 million respectively

Richsense Limited, a company incorporated in the British Virgin Islands which is an investment holding company and is a wholly-owned subsidiary of Rich Game, an Independent Third Party

Rich Game Capital Inc., an investment holding company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Sat Ieng, an Independent Third Party

the value of Non-negotiable Chips bet by the customers that the junket operator brings into the casino.

Sands Macao, a one million-square-foot casino and entertainment complex located in Largo de Monte Carlo, No. 203, Macau and operated by Venetian Macau Limited, a developer of multiple casino hotel resort properties in Macau and is a subsidiary of Las Vegas Sands Corp., the securities of which are listed on the New York Stock Exchange and is a hotel and gaming company

the gaming rooms, including the one operated by Sat Ieng in which there are currently eight gaming tables, inside the Paiza Club of Sands Macao, a club which offers to the VIP customers services and amenities including luxurious VIP suites, spa facilities, private VIP gaming room facilities and theatre

100 ordinary shares, being the entire issued share capital of the Target Company

Sat Ieng Sociedade Unipessoal Limitada, a company incorporated in Macau, which is wholly-owned by Mr. Phua Wei Seng and is principally engaged in the junket representative business, an Independent Third Party

the guarantee to be provided by Sat Ieng and Mr. Phua Wei Seng under the Profit Agreement that the Profit for the Second Relevant Period will not be less than HK\$250 million

the period of one year commencing from the first date after the First Relevant Period in respect of the Second Profit Guarantee under the Profit Agreement

the promissory note in a principal sum of HK\$160 million to be executed by the Company in the favour of Smart Town

the Securities and Futures Commission of Hong Kong

the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder

ordinary share(s) of HK\$0.10 each in the share capital of the Company holder(s) of the Share(s)

Smart Town Holdings Limited, an investment holding company incorporated in the British Virgin Islands and the controlling Shareholders interested in approximately 55% of the issued share capital of the Company as at the date of this announcement

The Stock Exchange of Hong Kong Limited

the conditional sale and purchase agreement dated 30 March 2006 entered into among Team Jade as purchaser, Rich Game as vendor and warrantor and Sat Ieng as warrantor relating to the sale and purchase of the Sale Shares

the conditional sale and purchase agreement dated 16 March 2006 entered into among Smart Town as a purchaser, Rich Game as a vendor and Sat Ieng as a warrantor relating to the sale and purchase of the entire issued share capital of the Target Company

the conditional sale and purchase agreement dated 16 March 2006 entered into between Smart Town and Team Jade relating to the sale and purchase of the entire issued share capital of the Target Company

Youngrich Limited, a company incorporated in the British Virgin Islands the Target Company, its subsidiaries and associates from time to time (including Worth Perfect)

Team Jade Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, the purchaser under the Target Acquisition Agreement

Worth Perfect International Limited, a company incorporated in the British Virgin Islands and the shares of which are owned as to 49% and 51% by the Target Company and as at the date of this announcement

Hong Kong dollar(s), the lawful currency of Hong Kong

United States of America dollars

per cent.

By Order of the Board
Teem Foundation Group Ltd.
Lum Chor Wah, Richard
Chairman