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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
CHANGE OF TERMS OF CONVERTIBLE BOND
AND
RESUMPTION OF TRADING

On 27 February 2007, Team Jade, a wholly-owned subsidiary of the Company entered into the Share Acquisition Agreement to acquire from Rich Game, the entire issued share capital of Richsense for a total consideration of HK\$765 million.

Under the Share Acquisition Agreement, the consideration for the Acquisition shall be satisfied by Team Jade (1) paying a refundable deposit in a sum of HK\$320 million to Rich Game in the following manner: (a) HK\$45 million has been paid upon the signing of the Memorandum of Understanding; (b) HK\$225 million has been paid within 3 days from the date of the Share Acquisition Agreement; (c) HK\$50 million shall be payable upon the fulfilment of condition (e) as set out under the section headed “Conditions precedent” herein; (2) procuring the Company to issue the Second Convertible Bond in a principal amount of HK\$168.5 million to Rich Game; (3) procuring the Company to issue the Third Promissory Notes in a principal amount of HK\$200 million to Rich Game; (4) procuring the Company to allot and issue Consideration Shares at an issue price of HK\$1.525 per Consideration Share, credited as fully paid for the rest of the consideration in a sum of HK\$76.5 million.

On 22 March 2007, the parties to the Share Acquisition Agreement entered into a Supplemental Agreement, pursuant to which the payment terms of the Acquisition were amended to the effect that: (1) the cash payment increases from HK\$320 million to HK\$419,421,000. Out of the additional amount of HK\$99,421,000, HK\$42,421,000 is to be paid upon signing of the Supplemental Agreement and the remaining HK\$57,000,000 is to be paid upon Completion; (2) the principal amount of the Second Convertible Bond decreases from HK\$168.5 million to HK\$118,800,000; and (3) the Consideration Shares to be allotted and issued by the Company decreases from 50,163,934 Shares to 17,560,000 Shares.

In essence, under the Share Acquisition Agreement as supplemented by the Supplemental Agreement, the consideration for the Acquisition shall be satisfied by Team Jade (1) paying a refundable deposit in a sum of HK\$362,421,000 to Rich Game in the following manner: (a) HK\$45 million has been paid upon the signing of the Memorandum of Understanding; (b) HK\$225 million has been paid within 3 days from the date of the Share Acquisition Agreement; (c) HK\$42,421,000 has been paid upon signing of the Supplemental Agreement; and (d) paying HK\$50 million upon the fulfilment of condition (e) as set out under the section headed “Conditions precedent” herein; (2) paying HK\$57,000,000 to Rich Game upon Completion; (3) procuring the Company to issue the Second Convertible Bond in a principal amount of HK\$118,800,000 to Rich Game; (4) procuring the Company to issue the Third Promissory Notes in a principal amount of HK\$200 million to Rich Game; (5) procuring the Company to allot and issue Consideration Shares at an issue price of HK\$1.525 per Consideration Share, credited as fully paid for the rest of the consideration in a sum of HK\$26,779,000.

Also, on 22 March 2007, Rich Game and the Company has entered into the Amendment Agreement, pursuant to which Rich Game and the Company has agreed that, subject to each of the following conditions being satisfied in all respects: (1) if necessary, the Listing Committee of the Stock Exchange granting the approval of, and permission to deal in the Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bond created by the First Instrument as amended by the supplemental deed poll; and (2) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Amendment Agreement and the transactions contemplated therein, the Company shall execute the supplemental deed poll and that, accordingly, the Company and the bondholder will thereafter have all the rights and obligations attributed under the First Instrument as supplemented by the supplemental deed poll.

The amendment made to the First Instrument by the supplemental deed poll is relating to the conversion right of the bondholder and is arrived at after arm’s length negotiation between the parties. The First Instrument is amended to the effect that any conversion of the Convertible Bond cannot trigger a mandatory offer obligation under Rule 26 of the Codes on the part of the bondholder which exercised the conversion right, whether or not such mandatory offer obligation is triggered off by the fact that the number of conversion shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Convertible Bond) represents more than 2% (or the creeper percentage as stated in Rule 26 of the Codes in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period or otherwise pursuant to other provisions of the Codes.

Richsense is an investment holding company and is a wholly-owned subsidiary of Rich Game, which is beneficially owned as to 51% and 49% by Global and Smart respectively.

Worth Perfect is owned as to 51% and 49% by Richsense and Youngrich respectively. Youngrich is wholly and beneficially owned by the Group after completion of the New Target Acquisition Agreement on 4 January 2007. The main assets of Worth Perfect are the Sat Ieng Profit and the Dore Profit, the profit stream acquired under the Sat Ieng Profit Agreement and the Dore Profit Agreement respectively. Please refer to the circular of the Company dated 11 December 2006 for further details in relation to the New Target Acquisition Agreement and information concerning Worth Perfect.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Rich Game, Sat Ieng, Global, Dore, Smart and their ultimate beneficial owners, Mr. Tang and Mr. Scolari, are Independent Third Parties. As the relevant percentage 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 and the change of terms of the Convertible Bond are subject to, among other things, the approval by the Shareholders at the SGM.

A circular containing, among other things, further information in respect of the Acquisition and the change of terms of the Convertible bond 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 28 February 2007 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 23 March 2007.

THE SHARE ACQUISITION AGREEMENT AND SUPPLEMENTAL AGREEMENT

Date of the Share Acquisition Agreement:		27 February 2007
Date of the Supplemental Agreement:		22 March 2007
Parties:		
Purchaser:	Team Jade, a wholly-owned subsidiary of the Company	
Vendor:	Rich Game	
Warrantors:	Rich Game, Global, Smart, Mr. Tang and Mr. Scolari	
	Rich Game is an investment holding company and is beneficially owned as to 51% shareholdings by Global and as to 49% shareholdings by Smart.	
	Global is an investment holding company and is wholly-owned by Mr. Tang.	
	Smart is an investment holding company and is wholly-owned by Mr. Scolari.	
	Rich Game, Global, Smart and their ultimate beneficial owners, Mr. Tang and Mr. Scolari, are Independent Third Parties.	

Assets to be acquired

Pursuant to the Share Acquisition Agreement, Team Jade has agreed to acquire and Rich Game has agreed to sell and Global, Smart, Mr. Tang and Mr. Scolari have agreed to use their best endeavours 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 Richsense, representing the entire issued share capital of Richsense, 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 (except the dividends to which Rich Game is entitled to prior to the date of Completion) or subsequently becoming attached to them.

Consideration

The total consideration for the Sale Shares is HK\$765 million and shall be settled by Team Jade:

- (a) paying a refundable deposit to Rich Game in a sum of HK\$320 million in the following manners:
- (i) HK\$45 million has been paid upon the signing of the Memorandum of Understanding;

(ii) HK\$225 million has been paid within 3 days from the date of the Share Acquisition Agreement; and

(iii) HK\$50 million shall be paid upon the fulfillment of condition (e) set out in the section headed “Conditions Precedent” below;

- (b) procuring the Company to issue the Second Convertible Bond in a principal amount of HK\$168.5 million to Rich Game;

(c) procuring the Company to issue the Third Promissory Note I in a principal sum of HK\$30 million and the Third Promissory Note II in a principal amount of HK\$170 million to Rich Game; and

(d) procuring the Company to allot and issue the Consideration Shares at an issue price of HK\$1.525 per Consideration Share, credited as fully paid for the balance of the consideration in a sum of HK\$76.5 million.

On 22 March 2007, the parties to the Share Acquisition Agreement entered into a Supplemental Agreement, pursuant to which the payment terms of the Acquisition were amended to the effect that: (1) the cash payment increases from HK\$320 million to HK\$419,421,000. Out of the additional amount of HK\$99,421,000, HK\$42,421,000 is to be paid upon signing of the Supplemental Agreement and the remaining HK\$57,000,000 is to be paid upon Completion; (2) the principal amount of the Second Convertible Bond decreases from HK\$168.5 million to HK\$118,800,000; and (3) the Consideration Shares to be allotted and issued by the Company decreases from 50,163,934 Shares to 17,560,000 Shares.

In essence, under the Share Acquisition Agreement as supplemented by the Supplemental Agreement, the consideration for the Acquisition shall be satisfied by Team Jade:

- (1) paying a refundable deposit in a sum of HK\$362,421,000 to Rich Game in the following manner:
- (a) HK\$45 million has been paid upon the signing of the Memorandum of Understanding;

(b) HK\$225 million has been paid within 3 days from the date of the Share Acquisition Agreement;

(c) HK\$42,421,000 has been paid upon signing of the Supplemental Agreement; and

(d) HK\$50 million shall be payable upon the fulfilment of condition (e) as set out under the section headed “Conditions precedent” herein;
- (2) paying HK\$57,000,000 to Rich Game upon Completion;
- (3) procuring the Company to issue the Second Convertible Bond in a principal amount of HK\$118,800,000 to Rich Game;
- (4) procuring the Company to issue the Third Promissory Notes in a principal amount of HK\$200 million to Rich Game; and
- (5) procuring the Company to allot and issue Consideration Shares at an issue price of HK\$1.525 per Consideration Share, credited as fully paid for the rest of the consideration in a sum of HK\$26,779,000.

* For identification purpose only

The Second Convertible Bond, Third Promissory Note I, Third Promissory Note II and Consideration Shares will be issued to Rich Game upon Completion.

The Company has entered into the subscription agreement with Smart Town on 14 February 2007, pursuant to which Smart Town has conditionally agreed to subscribe for 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares on the 1st Tranch Completion Date and 2nd Tranche Completion Date respectively and under which the Company could raise net proceeds of approximately HK\$200 million and HK\$107 million respectively from the subscription of 1st Tranche Subscription Shares and the 2nd Tranche Subscription Shares for financing the Acquisition.

The consideration is determined after arm’s length negotiation between Team Jade and Rich Game after considering the Third Profit Guarantee and the corresponding price earnings multiple based on the average guaranteed Profits for the Second Relevant Period and the Third Relevant Period, the price earning multiple of the acquisition of 51% equity interest in Worth Perfect and the Profits that Richsense is entitled to share through its 51% equity interest in Worth Perfect, whose main assets are the Sat Ieng Profit and the Dore Profit, the recent economic boom 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 in relation to “Gross revenue from different gaming activities” as published in the official website of Gaming Inspection and Coordination Bureau of the Government of Macau, 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 2006, and the gaming revenue for the year of 2006 amounted to MOP55.88 billion. In January 2007, the actual reported gross gaming revenues of Macau have grown further by about 71.4%.

Pursuant to the Second Deed of Guarantee, Mr. Tang, who owns the entire issued share capital of Sat Ieng, and Mr. Scolari, who owns the entire issued share capital of Dore have irrevocably and unconditionally, jointly and severally guaranteed to Worth Perfect that the Profits for the Third Relevant Period shall not be less than HK\$275 million. In the event the Third Profit Guarantee is not achieved, Mr. Tang and Mr. Scolari have jointly and severally undertaken to pay to Worth Perfect the difference between the actual Profits received and/or receivable by Worth Perfect for the Third Relevant Period and the guaranteed Profits for the same period within 60 days after the relevant period. The Third Profit Guarantee is still enforceable even if the Junket Representative Agreements cannot be renewed during the Third Relevant Period.

The guaranteed Profits of HK\$275 million for the Third Relevant Period is determined with reference to the past performance of Sat Ieng, whose Rolling Turnover for the period from 16 March 2006 to 31 January 2007 (excluding the period from 29 August 2006 to 3 January 2007) amounted to approximately HK\$14.89 billion (0.4% of which amounted to approximately HK\$59.54 million) or monthly average of approximately HK\$2.29 billion and the past performance of Dore, whose Rolling Turnover for the period from 5 September 2006 to 31 January 2007 amounted to approximately HK\$24.28 billion (0.4% of which amounted to approximately HK\$97.11 million) or monthly average of approximately HK\$4.86 billion, the expected business growth of Sat Ieng and Dore, and the potential of Sat Ieng and Dore to be appointed as junket representatives in other VIP gaming rooms in Macau.

As Team Jade, which will indirectly own the remaining 51% equity interest of the shareholdings of Worth Perfect after the Acquisition, is entitled to share 51% of the Profits, the total consideration of HK\$765 million represents approximately 5.71 times the 51% of the average guaranteed Profits for the Second Relevant Period and the Third Relevant Period, which is HK\$133.88 million. The Directors have made reference to those price earning multiple when arriving at the consideration for the Acquisition. Given the price earning multiple is fair and reasonable, 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.

Other important terms

To protect the interests of the Company, Rich Game has undertaken that:

- (1) the Consideration Shares, the Second Convertible Bond in a principal sum of HK\$118,800,000 and the Third Promissory Note I in a principal sum of HK\$129,421,000 will be held in escrow by the Company’s legal advisers (or such other escrow agent as may be agreed between the parties) for the period commencing from Completion up to the date when Mr. Tang and Mr. Scolari fully pay the Profits guaranteed to Worth Perfect under (i) the Second Relevant Period and, if there is any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall and (ii) the Third Relevant Period and, if there is any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period, the said shortfall;
- (2) in the event that Mr. Tang and/or Mr. Scolari fail to pay (i) any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period; and/or (ii) any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period, Team Jade can (i) instruct the escrow agent to procure or arrange for the sale or placing of the Consideration Shares on the best price reasonably obtainable at the material time and deduct the shortfall from the proceeds of sale of the Consideration Shares with any balance to be returned to Rich Game; (ii) if the shortfalls exceed the net proceeds received from the sale of the Consideration Shares, deduct the shortfalls from the outstanding sum under the Second Convertible Bond; and (iii) if the shortfalls exceed the net proceeds of sale of the Consideration Shares and the outstanding sum under the Second Convertible Bond, deduct the outstanding sum under the Third Promissory Note I;
- (3) the Second Convertible Bond shall not be converted into Shares for the period commencing from Completion up to the date when Mr. Tang and Mr. Scolari fully pay (i) the Profits guaranteed to Worth Perfect under the Second Relevant Period and, if there is any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall; and (ii) the Profits guaranteed to Worth Perfect under the Third Relevant Period and, if there is any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period, the said shortfall; and
- (4) if the junket licence of Sat Ieng or Dore is cancelled, revoked, terminated, or is not renewed, or amended in a material and adverse manner to Sat Ieng or Dore (as the case may be) by the relevant authorities in Macau at any time before the maturity date of the Third Promissory Notes and the Second Convertible Bond, Rich Game shall (i) return the Third Promissory Notes to the Company and the Company shall not be obliged to pay any outstanding sum under the Third Promissory Notes even if the Profits which has been received by the Group exceeds the amount of the total consideration of HK\$765 million at the time of the cancellation, revocation, termination, non-renewal of or adverse and material amendments made to the junket licence of Sat Ieng or the junket licence of Dore; and (ii) return the Second Convertible Bond to the Company and the Company shall not be obliged to pay any outstanding sum under the Second Convertible Bond.

In view of the guaranteed Profits for the Second Relevant Period and the Third Relevant Period and the reasonable price earning multiple and the other terms and conditions of the Share Acquisition Agreement which are set out in this announcement, 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 “Reasons for the Acquisition” for further details of the reasons for the Acquisition.

Conditions precedent

Completion is subject to the following conditions having been fulfilled:

- (a) Team Jade being in its reasonable discretion satisfied with the results of the due diligence investigation in respect of the Richsense Group including but not limited to the affairs, business, assets, results, legal and financing structure of the Richsense Group (in particular, the Profit Agreements);
- (b) Team Jade having received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of the Profit Agreements and the transactions contemplated thereunder;
- (c) no event having occurred since the date of the Share Acquisition Agreement to Completion, the consequence of which is to materially and adversely affect the financial position, business or property, results of operations or business prospects of the Richsense 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 Share Acquisition Agreement and Completion;
- (e) the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Share Acquisition Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Consideration Shares to Rich Game credited as fully paid at the Issue Price and the issue of the Second Convertible Bond and the Third Promissory Notes to Rich Game;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares;
- (g) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Second Conversion Shares;
- (h) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Consideration Shares;
- (i) if necessary, the Bermuda Monetary Authority granting consent to the allotment and issue of the Second Conversion Shares; and
- (j) all the conditions set out in the Amendment Agreement having been fulfilled.

No Condition is waivable under the Share Acquisition Agreement.

Completion

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

The Company will issue the Consideration Shares, the Second Convertible Bond and the Third Promissory Notes to Rich Game upon Completion. Upon Completion, Richsense and Worth Perfect will be accounted for as wholly-owned subsidiaries of the Company and their financial results will be consolidated into the Group’s financial statements.

Long-stop date

The Share Acquisition Agreement provides that should the satisfaction of all the above conditions not occur on or before 30 September 2007 or such other date as the parties thereto may agree, the Share Acquisition Agreement shall terminate.

TERMS OF CONSIDERATION SHARES

17,560,000 Consideration Shares will be issued at an issue price of HK\$1.525 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Consideration Shares represent: (i) approximately 2.18% of the issued share capital of the Company as at the date of this announcement; (ii) approximately 2.13% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 1.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the issue of Shares upon exercise in full of the conversion rights attaching to the Second Convertible Bond.

The Issue Price represents (i) a discount of approximately 10.29% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on 27 February 2007, being the date immediately prior to the date of the suspension of trading in the Shares pending the release of this announcement.

Consideration Shares in escrow

Rich Game has undertaken to and covenanted with Team Jade that forthwith upon Completion, it shall deposit with the Company’s legal advisers (or such other escrow agent as may be agreed between the parties) the share certificate for the Consideration Shares on and subject to such terms and conditions of an escrow letter subject to such terms and conditions as may be agreed between the parties to the Share Acquisition Agreement and such escrow agent, and in particular a term to the effect that the certificate for the Consideration Shares will only be released to Rich Game upon payment in full of:

- (1) the Profits guaranteed under the Second Profit Guarantee given by Mr. Tang and Mr. Scolari under the Deed of Guarantee to Worth Perfect in the Second Relevant Period and, if there is any shortfall between the Profits guaranteed under the Second Profit Guarantee and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall; and
- (2) the Profits guaranteed under the Third Profit Guarantee given by Mr. Tang and Mr. Scolari under the Second Deed of Guarantee to Worth Perfect in the Third Relevant Period and, if there is any shortfall between the Profits guaranteed under the Third Profit Guarantee and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period, the said shortfall.

In the event that Mr. Tang and/or Mr. Scolari fail to pay in cash, in whole or in part, any shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period and/or the Third Relevant Period, Team Jade can (i) instruct the escrow agent to procure or arrange for the sale or placing of the Consideration Shares on the best price reasonably obtainable at the material time and deduct the shortfalls from the proceeds of sale of the Consideration Shares with any balance to be returned to Rich Game; (ii) if the shortfalls exceed the net proceeds received from the sale of the Consideration Shares, deduct the shortfalls from the outstanding sum under the Second Convertible Bond; and (iii) if the shortfalls exceed the net proceeds of sale of the Consideration Shares and the outstanding sum under the Second Convertible Bond, deduct the outstanding sum under the Third Promissory Note I.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

TERMS OF THE SECOND CONVERTIBLE BOND

The terms of the Second 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\$118,800,000

Interest

The Second 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 Second Convertible Bond. Unless previously redeemed, converted or cancelled in accordance with the Instrument, the Company shall redeem the outstanding principal amount of the Second Convertible Bond on the maturity date.

Conversion

Provided that any conversion of the Second Convertible Bond does not trigger a mandatory offer obligation under Rule 26 of the Codes on the part of the bondholder which exercised the conversion right, whether or not such mandatory offer obligation is triggered off by the fact that the number of Second Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Second Convertible Bond (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Second Convertible Bond) represents more than 2% (or the creeper percentage as stated in Rule 26 of the Codes in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period or otherwise pursuant to other provisions of the Codes, the bondholder may at any time during the Second Conversion Period convert the whole or part (in multiples of HK\$1 million) of the principal amount of the Second Convertible Bond into new Shares at the Second Conversion Price.

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

Second Conversion Price

The Second Conversion Price is HK\$2.20 per Second Conversion Share subject to adjustments.

The adjustments for Second 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 Second Conversion Price.

The Second Conversion Price represents (i) a premium of approximately 29.41% over the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on 27 February 2007, being the date immediately prior to the date of the suspension of trading in the Shares pending the release of this announcement; (ii) a premium of approximately 27.02% over the average of the closing prices of approximately HK\$1.732 per Share as quoted on the Stock Exchange for the last five trading days up to and including 27 February 2007, being the date immediately prior to the date of the suspension of trading in the Shares pending the release of this announcement; (iii) a premium of approximately 24.72% over the average of the closing prices of HK\$1.764 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 27 February 2007, being the date immediately prior to the date of the suspension of trading in the Shares pending the release of this announcement; and (iv) a premium of approximately 618.95% over the net asset value per Share of HK\$0.306 based on the audited consolidated accounts of the Group as at 31 March 2006 with adjustment made for net proceeds of approximately HK\$202 million resulting from the completion of the subscription of the 1st Tranch Subscription Shares.

Second Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attaching to the Second Convertible Bond in the aggregate principal amount of HK\$118,800,000 at the Second Conversion Price by the bondholder, the Company will allot and issue an aggregate of 54,000,000 new Shares, which is the maximum number of Shares to be issued, representing approximately (i) 6.70% of the existing issued share capital of the Company, (ii) 6.55% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) 6.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the exercise in full of the conversion rights attaching to the Second Convertible Bond. The Second Conversion Shares will be issued pursuant to the specific mandate to be sought at the SGM.

Redemption and Early redemption

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

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

Ranking

The Second 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 Second Conversion Shares.

Status of the Second Convertible Bond

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

Transferability

The bondholder may only assign or transfer the Second Convertible Bond to the transferee subject to the consent of the Company and when Mr. Tang and Mr. Scolari make payment in full of:

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

Notwithstanding that, the bondholder shall be permitted at any time to transfer the Second 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 Second 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 Second Convertible Bond does not confer any voting rights at any meetings of the Company.

Cancellation of the Second Convertible Bond or deduction from the outstanding sum

The Company has right to cancel the Second Convertible Bond or deduct the shortfall from the outstanding sum under the Second Convertible Bond if Mr. Tang and/or Mr. Scolari do not pay (1) the shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period; and/or (2) the shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period and if the shortfalls exceeds the amount of the net proceeds received from the sale of the Consideration Shares which has already been used to deduct the shortfalls.

If any of gaming promoter licence of Sat Ieng or Dore is cancelled, revoked, terminated, not renewed or amended in a material and adverse manner to Sat Ieng or Dore (as the case may be) by the relevant authorities in Macau at any time before the maturity date of the Second Convertible Bond, the Second Convertible Bond shall forthwith be cancelled and the Company's obligation to pay any outstanding sum under the Second Convertible Bond shall be fully discharged.

Application for listing

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

TERMS OF THIRD PROMISSORY NOTES

The Third Promissory Notes in a principal sum of HK\$200 million is used to settle part of the consideration under the Share Acquisition Agreement. The Third Promissory Notes are divided into Third Promissory Note I in a principal sum of HK\$129,421,000 and Third Promissory Note II in a principal sum of HK\$70,579,000. The Third Promissory Notes (comprising the Third Promissory Note I and the Third Promissory Note II) have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Terms of the Third Promissory Note I

Parties

The Company as an issuer and Rich Game as a payee

Principal amount

HK\$129,421,000

Interest

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

Maturity

The Company shall repay HK\$8,088,812.5 to Rich Game on the last date of each quarter commencing from the seventh year from the date of issue of the Third Promissory Note I.

If the outstanding sum under the Third Promissory Note I is deducted to cover (1) the shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period; and/or (2) the shortfall between the Profits guaranteed and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period in accordance with the terms of the Share Acquisition Agreement, the then outstanding sum (if any) after such deduction shall be repaid by the Company in 16 equal quarterly installments on the last date of each quarter commencing from the seventh year from the date of issue of the Third Promissory Note I.

If the Company defaults in repayment of any part of the principal sum in accordance with the terms of the Third Promissory Note I, the Company shall pay interest on such overdue sum from the date of default until payment in full (before and after judgment) at the rate of 10% per annum.

Assignment

The Third Promissory Note I 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 Third Promissory Note I is transferred or assigned to the Connected Persons of the Company.

Return of the Third Promissory Note I

If at any time the gaming promoter licence of Sat Ieng or the gaming promoter licence of Dore is cancelled, revoked, terminated or not renewed or amended in a material and adverse manner to Sat Ieng or Dore (as the case may be) by the relevant authorities in Macau, Rich Game shall return the Third Promissory Note I to the Company and the Company shall not be obliged to pay any outstanding principal sum under the Third Promissory Note I.

Terms of the Third Promissory Note II

Parties

The Company as an issuer and Rich Game as a payee

Principal amount

HK\$70,579,000

Interest

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

Maturity

The Company shall repay HK\$4,411,187.5 to Rich Game on the last date of each quarter commencing from the seventh year from the date of issue of the Third Promissory Note II.

If the Company defaults in repayment of any part of the principal sum in accordance with the terms of the Third Promissory Note II, the Company shall pay interest on such overdue sum from the date of default until payment in full (before and after judgment) at the rate of 10% per annum.

Assignment

The Third Promissory Note II 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 Third Promissory Note II is transferred or assigned to the Connected Persons of the Company.

Return of the Third Promissory Note II

If at any time the gaming promoter licence of Sat Ieng or the junket licence of Dore is cancelled, revoked, terminated or not renewed or amended in a material and adverse manner to Sat Ieng or Dore (as the case may be) by the relevant authorities in Macau, Rich Game shall return the Third Promissory Note II to the Company and the Company shall not be obliged to pay any outstanding principal sum under the Third Promissory Note II.

SERVICE AGREEMENTS

Upon Completion, Mr. Tang and Mr. Scolari will respectively enter into service agreements with the Company to act as general managers of the Company for managing the Group's investments in Richsense, Youngrich and Worth Perfect. The scope of their work includes overseeing the business volume and progress of Worth Perfect and monitoring the development of Macau gaming industry which are relevant to the business of Worth Perfect. The Directors consider employing them as general managers is beneficial to the Group based on, inter alia, the following factors:

- (a) Mr. Tang and Mr. Scolari are well versed in the Macau gaming market and can provide updated market information as to the trend, the move as well as the performance of various market practitioners in Macau. This will be beneficial to the Company if the Company decides to make further investments in Macau gaming business;
- (b) Mr. Tang and Mr. Scolari are experienced in the market and can assist the Company in investor relations as the Company has not engaged any staff of such expertise and experience (with the exception of one independent non-executive Director, Mr. Cheung Johnny Yim Kong); and
- (c) By "recruiting" Mr. Tang and Mr. Scolari as employees, the Company has the legal right in having Mr. Tang and Mr. Scolar worked on an active basis via asking them the relative performance of Sat Ieng and Dore when deem appropriate (rather than passively waiting till month end for the figures). Correspondingly, the Company can monitor the development of Worth Perfect at a more timely manner.

The service agreements will also contain terms to the effect that:

- (1) The appointments shall be for an initial term of ten years and renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of the respective appointments, unless terminated pursuant to the terms of the respective service agreements or by not less than six months' notice in writing served by either party expiring at the end of the initial term or at any time thereafter.
- (2) The Company shall pay to Mr. Tang and Mr. Scolari salary at the rate of HK\$1,200,000 per annum respectively.
- (3) Mr. Tang and Mr. Scolari may be entitled to a special bonus in respect of the end of each year following the end of the Third Relevant Period in an amount to be determined by the Board in its absolute discretion, provided that:
 - (a) in respect of the end of the first year after the end of the Third Relevant Period, the Profit will be not less than HK\$288,750,000;

- (b) in respect of the end of second year after the end of the Third Relevant Period, the Profit will be not less than HK\$303,187,500;
- (c) in respect of the end of third year after the end of the Third Relevant Period, the Profit will be not less than HK\$318,346,875;
- (d) in respect of the end of forth year after the end of the Third Relevant Period, the Profit will be not less than HK\$334,264,219;
- (e) in respect of the end of fifth year after the end of the Third Relevant Period, the Profit will be not less than HK\$350,977,430;
- (f) in respect of the end of the sixth year after the end of the Third Relevant Period, the Profit will be not less than HK\$368,526,301;
- (g) in respect of the end of the seventh year after the end of the Third Relevant Period, the Profit will be not less than HK\$386,952,616; and
- (h) in respect of the end of the eighth year after the end of the Third Relevant Period, the Profit will be not less than HK\$406,300,247.

Payment of such bonus shall be made on such date as the Board may resolve.

- (4) During the term of their appointments and for a period of three years thereafter and save as otherwise provided in the New Target Acquisition Agreement and the Share Acquisition Agreement, Mr. Tang and Mr. Scolari shall not at any time carry on the business of directing gaming patrons to casinos in Macau.

Mr. Tang and Mr. Scolari will not be appointed as directors of the Company or its subsidiaries.

CHANGES OF TERMS OF THE CONVERTIBLE BOND

On 22 March 2007, Rich Game and the Company has entered into the Amendment Agreement, pursuant to which Rich Game and the Company has agreed that, subject to each of the following conditions being satisfied in all respects:

- if necessary, the Listing Committee of the Stock Exchange granting the approval of, and permission to deal in the Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bond created by the First Instrument as amended by the supplemental deed poll; and
- the passing by the Shareholders at the SGM to be convened and held of an ordinary resolution to approve the Amendment Agreement and the transactions contemplated therein,

the Company shall execute the supplemental deed poll and that, accordingly, the Company and the bondholder will thereafter have all the rights and obligations attributed under the First Instrument as supplemented by the supplemental deed poll.

The amendment made to the First Instrument is relating to the conversion right of the bondholder and is arrived at after arm's length negotiation between the parties. The First Instrument is amended to the effect that any conversion of the Convertible Bond cannot trigger a mandatory offer obligation under Rule 26 of the Codes on the part of the bondholder which exercised the conversion right, whether or not such mandatory offer obligation is triggered off by the fact that the number of conversion shares to be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bond (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Convertible Bond) represents more than 2% (or the creeper percentage as stated in Rule 26 of the Codes in effect from time to time) of the then issued ordinary share capital of the Company in any 12-month period or otherwise pursuant to other provisions of the Codes.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the shareholding structure of the Company (1) before Completion; (2) upon completion of subscription of the 2nd Tranche Subscription Shares but before (i) conversion of the Convertible Bond and Second Convertible Bond; and (ii) allotment and issue of Consideration Shares; (3) after allotment and issue of Consideration Shares and after completion of subscription of the 2nd Tranche Subscription Shares but before conversion of Convertible Bond and Second Convertible Bond; and (4) assuming full conversion of Second Convertible Bond and after (i) allotment and issue of the Consideration Shares; and (ii) completion of subscription of the 2nd Tranche Subscription Shares and assuming full conversion of Convertible Bond:

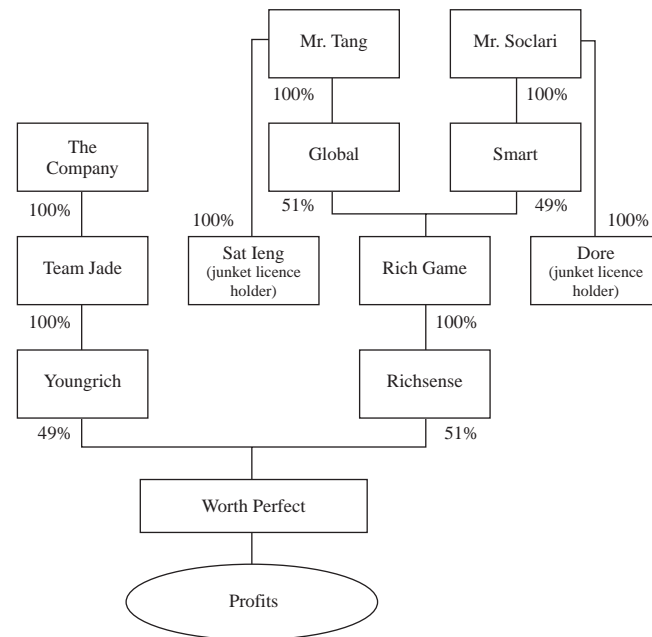
	Before Completion		Upon completion of subscription of the 2nd Tranche Subscription Shares (Note 5) but before (i) conversion of the Convertible Bond and Second Convertible Bond; and (ii) allotment and issue of Consideration Shares		After allotment and issue of Consideration Shares and after completion of subscription of the 2nd Tranche Subscription Shares but before conversion of Convertible Bond and Second Convertible Bond		Assuming full conversion of Second Convertible Bond and after (i) allotment and issue of the Consideration Shares; and (ii) completion of subscription of the 2nd Tranche Subscription Shares and assuming full conversion of Convertible Bond (Note 6)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Smart Town (Note 1, 4)	135,280,000	16.78	206,880,000	23.56	206,880,000	23.10	206,880,000	19.09
Pan-Star (Note 2, 4)	101,400,000	12.57	101,400,000	11.55	101,400,000	11.32	101,400,000	9.35
Sub-total for Shares held by Smart Town and Pan-Star	236,680,000	29.35	308,280,000	35.11	308,280,000	34.42	308,280,000	28.44
Rich Game	0	0	0	0	17,560,000	1.96	205,960,000	19.00 (Note 6)
Indus Capital Partners LLC	110,264,000	13.67	110,264,000	12.56	110,264,000	12.31	110,264,000	10.17
Public								
Other placees (Note 3)	103,000,000	12.78	103,000,000	11.73	103,000,000	11.51	103,000,000	9.50
Existing public shareholders	356,456,000	44.20	356,456,000	40.60	356,456,000	39.80	356,456,000	32.88
Sub-total for Public Shareholders	459,456,000	56.98	459,456,000	52.33	459,456,000	51.31	459,456,000	42.39
Total:	806,400,000	100.00	878,000,000	100.00	895,560,000	100.00	1,083,960,000	100.00

Notes:

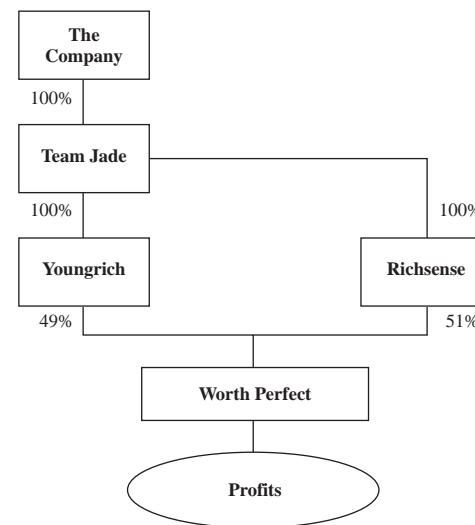
- Smart Town is 50% beneficially owned by Mr. Yeung Tony Ming Kwong and Mr. Liu Ching Hua, respectively. Smart Town became a Shareholder on 30 March 2004.
- Pan-Star is 40%, 30% and 30% beneficially owned by Mr. Wei Ming, Mr. Tang Hin Keung, Alfred and Mr. Pun Yuen Sang, respectively. Pan-Star had been 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.
- Smart Town and Pan-Star are concerted parties.
- Completion of subscription of the 2nd Tranche Subscription Share is expected to take place on or about 27 March 2007.
- The shareholding structure is prepared for illustration purpose only and assuming (i) full conversion of Convertible Bond and Second Convertible Bond; (ii) after allotment and issue of the Consideration Shares; (iii) completion of subscription of the 2nd Tranche Subscription Shares; and (iv) the conversion of the Convertible Bond and/or the Second Convertible Bond will not trigger any mandatory general offer obligation under the Codes. Based on the above assumptions and further assuming no further Shares will be issued or repurchased by the Company, the full conversion of the Convertible Bond and Second Convertible Bond will take approximately 10 years.

CHANGE OF SHAREHOLDING STRUCTURE OF RELEVANT ENTITIES

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



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



INFORMATION OF THE RICHSENSE GROUP

Information of the Richsense Group

Richsense was incorporated on 3 January 2006 and is an investment holding company.

The main asset of Richsense is its 51% equity interest in Worth Perfect.

According to the unaudited consolidated accounts of Richsense, since its incorporation up to 31 January 2007, Richsense recorded a consolidated profit before and after taxation and minority interests of approximately HK\$156.25 million and HK\$79.69 million respectively and the consolidated total assets and consolidated net assets of Richsense as at 31 January 2007 were HK\$29.56 million and HK\$29.15 million respectively.

Information of Worth Perfect

Richsense owns 51% of the equity interest in Worth Perfect, a company incorporated in the British Virgin Islands on 3 January 2006. The remaining 49% equity interest of which is owned by Youngrich, a company wholly owned by the Group after the completion of the New Target Acquisition Agreement on 4 January 2007.

According to the audited accounts of Worth Perfect since its incorporation up to 30 September 2006, Worth Perfect recorded an audited profit before and after taxation and minority interests of approximately HK\$66.30 million and the total assets of the Worth Perfect as at 30 September 2006 was approximately HK\$66.31 million.

The net asset value of Worth Perfect as at 31 January 2007 is approximately HK\$29.15 million.

The cash received and receivables of Worth Perfect in respect of the Profits for the period since its incorporation up to 31 January 2007 are approximately HK\$127.12 million and approximately HK\$29.54 million respectively.

The cash dividend paid by Worth Perfect to Richsense and Youngrich for the period since its incorporation up to 31 January 2007 amounted to approximately HK\$64.82 million and approximately HK\$62.28 million respectively.

Other than the Profit Agreements, Worth Perfect does not have any assets or liabilities as at the date of the announcement. Please refer to the circular of the Company dated 11 December 2006 in respect of the information of the Profit Agreements, Profits and method of payment of Profits to Worth Perfect.

As disclosed in the circular of the Company dated 11 December 2006, under the shareholders' agreement entered into amongst Youngrich, Richsense and Worth Perfect, the parties shall procure that for each financial quarter, the distributable profits of Worth Perfect distributes by way of dividend not less than 95% of the profits of Worth Perfect available for distribution after appropriation of prudent and proper reserves including allowance for future working capital and provision for tax. Such distributions shall be made within 30 days of the end of each financial quarter in question or, if later, 30 days after the date of the auditors report on the accounts for the relevant period. However, on 1 February 2007, the parties thereto had entered into a deed of variation, pursuant to which the said shareholders' agreement was amended to the effect the dividend of Worth Perfect will be distributed monthly instead of quarterly.

Upon Completion, the Group will have control over the management of Worth Perfect as it will own the entire issued share capital of Worth Perfect. However, as an investor, the Group will not engage in the operation of the gaming promoter business after Completion. However, the Company will request Sat Ieng and Dore from time to time to provide information concerning their operation of the gaming promoter business, including evidence concerning the actual Rolling Turnover generated by Sat Ieng and Dore.

INFORMATION ON SAT IENG, DORE, MR. TANG AND MR. SCOLARI**Information on Sat Ieng and Mr. Tang**

Sat Ieng is a company incorporated in Macau on 14 December 2004. On 4 January 2007, the transfer of entire issued share capital of Sat Ieng from Mr. Phua Wei Seng to Mr. Tang was approved by the Macau Government.

Sat Ieng 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 Ieng has in respect of its operation as a junket representative. Other than being a junket representative, Sat Ieng does not engage in any other business. The licence granted to Sat Ieng for acting as a junket operator is valid for one year and is renewable. Sat Ieng's licence has been renewed on 4 January 2007 and is valid until 31 December 2007. 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. A licensed gaming promoter company may have agreements with more than one concessionaire and promote the casinos of more than one concessionaire under the laws of Macau.

As a junket representative, being an independent contractor responsible for soliciting customers to casino, Sat Ieng 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 of Sat Ieng, 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 Ieng for the period from 16 March 2006 to 31 January 2007 (excluding the period from 29 August 2006 to 3 January 2007) amounted to approximately HK\$14.89 billion (0.4% of which amounted to approximately HK\$59.54 million) or monthly average of approximately HK\$2.29 billion. These figures are 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 Company has also cross-checked with the original monthly junket representative settlement forms to ensure the figures are true and correct.

Mr. Tang has over 15 years of experience in Asian gaming, including working as an overseas promoter for various casinos' VIP lounges in Macau and a casino on cruise liner, and organizing various Asian high rollers gaming tours to Las Vegas. Mr. Tang has been an oversea promoter of Sat Ieng since February 2005 and has junket experience in Asia. In addition, Mr. Tang engages in entertainment business in Mainland China and Taiwan.

Information on Dore and Mr. Scolari

Dore has been appointed by Wynn Macau as a junket representative on 28 August 2006. So far as Dore is aware, there are three junket representatives appointed by Wynn Macau and Dore is the first among the three. The Rolling Turnover generated by Dore for the period from 5 September 2006 to 31 January 2007 amounted to approximately HK\$24.28 billion (0.4% of which amounted to approximately HK\$97.11 million) or monthly average of approximately HK\$4.86 billion. These figures are based on the monthly junket promoter settlement forms, which are the official invoices issued to Dore by Wynn Macau evidencing the Rolling Turnover generated by Dore and the commission of Dore. The Company has also cross-checked with the original monthly junket promoter settlement forms to ensure the figures are true and correct.

Dore is a company incorporated in Macau on 12 July 2006 and is wholly-owned by Mr. Scolari. Mr. Scolari has over three years of experience in the gaming industry, including working as an oversea promoter for two casinos' VIP lounges in Macau and organizing leisure tours for Asian high rollers to Europe and Asian gaming tours to Macau. He also has experience in junket representative business in Europe. In addition, Mr. Scolari has over 12 years of experience in the trading and marketing of electronic and computer related products in Europe and engaged in electronic and digital data transmission business in Hong Kong and Mainland China.

An overseas promoter is one that promotes junket business from locations outside of Macau. The words junket and promoter are generally used interchangeably. As the junket operation involves a network of agents, the junkets and promoters, therefore the experience of Mr. Tang and Mr. Scolari as oversea promoters are directly relevant to the operation of junket business as they are part of the network which comprises the operation of a gaming promoters/junket business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sat Ieng, Dore and their ultimate beneficial owner, Mr. Tang and Mr. Scolari, are Independent Third Parties and all of them are independent of and not connected with the ultimate beneficial owners of Smart Town and Pan-Star and their respective associates.

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 Ieng 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 Sands Corp., the securities of which are listed on the New York Stock Exchange.

As at the date of this announcement, Dore is one of the only three licensed junket representative appointed by Wynn Macau. Dore is operating 16 tables at the VIP club at Wynn Macau. Wynn Macau is owned by Wynn Resorts, Limited, the securities of which are listed on the NASDAQ, and commenced business on 5 September 2006.

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

Due to the loosening of travel restrictions of mainland Chinese visitors, there is recent economic boom in Macau. Also, the gaming activities of Macau are prosperous. Based on the statistics in relation to "Gross revenue from different gaming activities" as published in the official website of Gaming Inspection and Coordination Bureau of the Government of Macau, 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 2006, and the gaming revenue amounted to MOP55.88 billion for the year of 2006. In January 2007, the actual reported gross gaming revenues in Macau have grown further by about 71.4%.

In view of the the past performance of Worth Perfect, the recent economy of Macau and the prospects of Macau's gaming business, the Directors believe that the Acquisition provides 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) legal opinion has been sought to ensure that the gaming business participated by Sat Ieng and Dore is lawful; (2) favourable terms, including Third Profit Guarantee are also bargained from the counterparty so as to ensure a minimum of HK\$275 million can be received by the Group, which is fully secured by the Consideration Shares, Second Convertible Bond and the Third Promissory Note I; (3) the Directors have also made reference to the price earning multiple of approximately 5.71 times the 51% of the average guaranteed Profits for the Second Relevant Period and the Third Relevant Period, which is HK\$133.88 million and consider that the price earning multiple is fair and reasonable, especially with reference to the price earning multiples of other listed issuers engaging in gaming business; and (4) to protect the Company against the risk of the non-renewal of the gaming promoter licence of Sat Ieng and that of the gaming promoter licence of Dore, the Directors have negotiated for a term that in the event the gaming promoter licence of Sat Ieng or Dore is cancelled, revoked, terminated or is not renewed or amended in a material and adverse manner to Sat Ieng or Dore by the relevant authorities in Macau at any time, (a) Rich Game shall return the Third Promissory Notes to Team Jade and Team Jade shall not be obliged to pay any outstanding sum under the Third Promissory Notes; and (b) the Second Convertible

Bond shall forthwith be cancelled and the Company's obligation to pay any outstanding sum under the Second Convertible Bond shall be fully discharged, even if the Profits which have been received by the Group exceeds the amount of the total consideration of HK\$765 million at the time of the cancellation, revocation, termination or non-renewal of the gaming promoter licence of Sat Ieng or the gaming promoter licence of Dore.

According to the shareholders' agreement dated 13 March 2006 and the deed of variation dated 1 February 2007 entered into among Richsense, Youngrich and Worth Perfect, Richsense and Youngrich shall procure Worth Perfect to distribute the distributable profits of Worth Perfect by way of dividend for each month. Therefore, the Company will have more available funds after the Acquisition. The Company considers to declare and pay dividends quarterly out of the available fund after taking into account the expenses and liabilities of the Company at the material times.

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 Share Acquisition Agreement is entered into upon normal commercial terms following arm's length negotiations between the parties to the Share Acquisition Agreement, the terms of the Share Acquisition Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules 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 and the change of terms of the Convertible Bond are subject to, among other things, the approval by the Shareholders at the SGM.

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

IMPLICATIONS UNDER THE LAWS OF HONG KONG AND THE LISTING RULES

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

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

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

Shareholders should be aware that under the guidelines issued by the Stock Exchange in relation to "Gambling activities undertaken by listing applicants and/or listed issuers" dated 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 Ieng and Dore are respectively licensed to operate junket business and both Sands Macao and Wynn Macau are respectively licensed to operate gaming business by the relevant authorities in Macau, the amount of bet/Rolling Turnover on Sands Macao is properly registered by both Sat Ieng and Sands Macao and the amount of bet/Rolling Turnover on Wynn Macau is properly registered by both Dore and Wynn Macau, their gaming activities and businesses are subject to stringent control and regulation of the Macau Government. The Directors believe that the activities Sat Ieng, Sands Macao, Dore and Wynn Macau participate should be legal and lawful and thereby the income derived from these activities should also be lawful and proper because:

- (1) Venetian Macau Limited (the operator of Sands Macao) and Wynn Resorts (Macau) SA (the operator of Wynn Macau) are the concessionaire licensees licensed by the Macau Government to carry out casino business in Macau;
- (2) Sat Ieng and Dore are validly licensed to act as junket operators in Macau, as evidenced in the "Licenca De Promotor De Jogo Pessoa Colectiva";
- (3) Worth Perfect is an investment company to receive the Sat Ieng Profit from Global and Dore Profit from Smart and it does not carry out any casino or gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of Worth Perfect will not constitute unlawful activities under the laws of Hong Kong and Macau;
- (4) Richsense is an investment company holding 51% issued shares of Worth Perfect. Richsense does not carry out any casino and gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of Richsense will not constitute unlawful activities under the laws of Hong Kong and Macau;
- (5) Upon Completion, the Group holds the entire issued share capital of Richsense and Worth Perfect and does not carry out any casino and gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of the Group will not constitute unlawful activities under the laws of Hong Kong and Macau; and
- (6) the Company's Hong Kong legal advisers, who had duly considered the relevant laws of Hong Kong, including the Gambling Ordinance (Cap. 148), Crimes Ordinance (Cap. 200) and laws governing money laundering activities, are of the view that:
 - (a) the gaming promoter business carried out by Sat Ieng and Dore does not convene any applicable laws of Hong Kong; and
 - (b) the Company is not in breach of any applicable laws of Hong Kong as a result of the Acquisition.

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.

In fact, the Company has issued its internal written policies to prevent money laundering, which has been communicated to the management and relevant staff in the Company. Basically, the Company has established and maintained procedures to combat money laundering so as to enable suspicions of money laundering to be recognized and reported to the authorities and to produce its part of the audit trail to assist in official investigation. In particular, the Company:

- (1) has procedures to verify the identity of new clients/counterparties;
- (2) has record keeping procedures and will keep the relevant records, including account ledger records, a record of all internal reports to the money laundering reporting officer regarding suspected money laundering, a record of all investigations and other information taken into account by the money laundering reporting officer when deciding whether or not to report to the authority and a record of all reports to the authority regarding the suspected money laundering, for a certain period of time;
- (3) has procedures for employees to report any suspicious transactions, normally, the employees have to report and discuss with the money laundering reporting officer any suspected transaction without delay;
- (4) will ensure that employees are suitably trained and made aware of the reporting procedures and in the recognition and handling of suspicious transactions. Periodic training will be provided to the employees so as to regularly refresh their knowledge of combating money laundering; and
- (5) has appointed a money laundering reporting officer. He will make further appropriate investigations into the suspected money laundering activities reported to him by the employees and will report the same to the relevant authorities, including the Hong Kong Monetary Authority and co-operate with them.

The Company will cross-check the Sat Ieng Profit received or receivable with the original monthly junket representative settlement forms issued by Sands Macao to Sat Ieng. The Company will also cross-check the Dore Profit received or receivable with the original monthly junket promoter settlement forms issued by Wynn Macau recording the Rolling Turnover generated by Dore. Further, the Company will from time to time obtain direct confirmations in respect of the Rolling Turnover generated by Sat Ieng from Sands Macao and in respect of the Rolling Turnover generated by Dore from Wynn Macau.

Sat Ieng and Dore have also implemented their respective internal control procedures and regulations in assisting Sands Macao, or as the case may be, Wynn Macau, to detect suspicious transactions in combating the money laundering. The measures include the followings:

- 1. Customer due diligence**
Sat Ieng and Dore do not keep anonymous accounts or accounts in obviously fictitious names. They undertake customer due diligence measures, including identifying and verifying the identity of their customers by using reliable, independent source documents, data or information like official identification documents such as passport and identification card before or during the course of establishing a business relationship with the customer.
- 2. New and developing technologies that favour anonymity**
Sat Ieng and Dore pay attention to any money laundering threats that may arise from any new and developing technologies that favour anonymity and, if necessary, to prevent their use in money laundering schemes.
- 3. Record keeping**
Sat Ieng and Dore maintain, for at least seven years, all necessary records on transactions to enable them to comply swiftly with information requests from the competent authorities. Such record must be sufficient to permit reconstruction of individual transactions (including the amounts and types of currency involved if any) so as to provide, if necessary, evidence for prosecution of criminal activity.

Sat Ieng and Dore also keep records on the identification data obtained through the customer due diligence process and will make available to domestic competent authorities upon appropriate authorities.
- 4. Reporting of suspicious transactions**
Sat Ieng and Dore pay attention to all settlement of unusually large sums and all unusual patterns of transactions which have no apparent economic or visible lawful purpose. If Sat Ieng and Dore suspect or have reasonable grounds to suspect that money that they deal with when providing its settlement services are the proceeds of a criminal activity, or is related to terrorist financing, or otherwise is linked to or related to, or is to be used for terrorism, they will report promptly its suspicions to competent authorities.

RISK FACTORS OF JUNKET BUSINESS

The followings are the risk factors in relation to the junket business operated by Sat Ieng and Dore:

- (1) The provision of junket business is competitive in general. There is no guarantee that the targeted customers of Sat Ieng or Dore 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 Sat Ieng 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 Sat Ieng Profit can be paid to Worth Perfect as a result. The same risks are applicable to the junket business carried out by Dore.
- (3) In the event that Sands Macao or Wynn Macau becomes the target for carrying out money laundering, the Rolling Turnover generated by Sat Ieng or Dore may be affected and/or interrupted.
- (4) The operation of the junket business by Sat Ieng or Dore is subject to the ability of Sat Ieng or Dore in obtaining their respective renewed licence from the Macau Government each year.
- (5) The availability of the Profits relating to the Rolling Turnover generated by Sat Ieng at Sands Macao’s Paiza Club gaming rooms pursuant to the Sat Ieng Junket Representative Agreement and the Rolling Turnover generated by Dore at Wynn Macau gaming rooms pursuant to the Dore Junket Representative Agreement heavily depends on the subsistence of the respective Junket Representative Agreements and on whether the respective Junket Representative Agreements can be successfully renewed. The Junket Representative Agreements may or may not be renewed by Sands Macao or Wynn Macau at the expiry of the term of the respective Junket Representative Agreements. In general, the term of agreement between the junket operator and the casino operator is tied with the terms of the junket licence. Therefore, the term of the Junket Representative Agreements can also be tied with the terms of respective junket licences of Sat Ieng and Dore, which are valid for one year.
- (6) As parts of the Profits are sourced from Rolling Turnover generated by Sat Ieng and Dore pursuant to the respective Junket Representative Agreements, **there is a risk that those parts of the Profits will cease to be sources of the Profits if the Junket Representative Agreements expire or the junket licences of Sat Ieng or Dore cannot be renewed.**

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 28 February 2007 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 23 March 2007.

DEFINITIONS

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

“1st Tranche Completion Date”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“2nd Tranche Completion Date”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“1st Tranche Subscription Shares”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“2nd Tranche Subscription Shares”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“Acquisition”	the proposed acquisition of the Sale Shares on the terms contained in the Share Acquisition Agreement
“Amendment Agreement”	the amendment agreement dated 22 March 2007 and entered into between Rich Game and the Company, pursuant to which the parties agree to amend the term of the Convertible Bond as set out in the First Instrument
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	board of the Directors
“Business Day”	a day (other than a Saturday and a Sunday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Codes”	The Codes on Takeovers and Mergers
“Company”	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 Share Acquisition Agreement

“Connected Person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Shares”	17,560,000 Shares to be allotted and issued to Rich Game at the Issue Price and credited as fully paid subject to and in accordance with the terms and conditions of the Share Acquisition Agreement
“Convertible Bond”	a convertible bond in the principal amount of HK\$134.4 million, issued by the Company in favour of Rich Game pursuant to the New Target Acquisition Agreement
“Deed of Guarantee”	a deed of guarantee dated 28 August 2006 and executed by Mr. Tang and Mr. Scolari in favor of Worth Perfect in respect of the First Profit Guarantee and the Second Profit Guarantee in connection with the New Target Acquisition Agreement
“Director(s)”	director(s) of the Company
“Dore”	Dore Entretenimento Sociedade Unipessoal Limitada, a company incorporated in Macau, which is wholly-owned by Mr. Scolari and is principally engaged in the junket representative business, an Independent Third Party
“Dore Junket Representative Agreement”	the junket representative agreement entered into between Wynn Resorts (Macau) SA dated 28 August 2006, an Independent Third Party and Dore
“Dore Profit”	0.4% of the Rolling Turnover generated by Dore and/or its customers at Wynn Macau gaming rooms pursuant to the Dore Junket Representative Agreement and such other VIP gaming rooms whereby Dore is a duly appointed junket representative or such other VIP gaming rooms whereby Dore can procure the sale/assignment of a percentage of Rolling Turnover generated by the duly appointed junket representatives
“Dore Profit Agreement”	the agreement dated 28 August 2006 entered into among Worth Perfect as a purchaser, Smart as a vendor and Mr. Scolari as a guarantor relating to the sale and purchase of a 100% interest in the Dore Profit
“First Instrument”	an instrument constituting the Convertible Bond
“First Profit Guarantee”	the guarantee provided by Mr. Tang and Mr. Scolari under the Deed of Guarantee that the Profits for the First Relevant Period will not be less than HK\$150 million
“First Relevant Period”	the period of one year commencing from 16 March 2006 in respect of the First Profit Guarantee under the Deed of Guarantee, that is, from 16 March 2006 to 15 March 2007
“Global”	Global Rainbow Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Mr. Tang
“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 and its subsidiaries or any of their respective associate
“Instrument”	an instrument constituting the Second Convertible Bond
“Issue Price”	HK\$1.525 per Consideration Share
“Junket Representative Agreements”	Sat Ieng Junket Representative Agreement and Dore Junket Representative Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Memorandum of Understanding”	a memorandum of understanding dated 13 February 2007 and entered into between Rich Game and Team Jade
“MOP”	Patacas, the lawful currency of Macau
“Mr. Tang”	Mr. Tang Chien Chang, an Independent Third Party
“Mr. Scolari”	Mr. Jean, Christophe Scolari, an Independent Third Party
“New Target Acquisition Agreement”	the conditional sale and purchase agreement dated 28 August 2006 entered into among Team Jade as a purchaser, Rich Game as a vendor and warrantor and Global, Smart, Mr. Tang and Mr. Scolari as warrantors relating to the sale and purchase of the entire issued share capital of Youngrich
“Non-negotiable Chips”	also known as rolling chips or dead chips. These chips cannot be converted into negotiable chips nor can they be redeemed for other goods and services. These chips can only be bet in destined area of the casino. 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 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
“Pan-Star”	Pan-Star Nominees Limited, an investment holding company incorporated in the British Virgin Islands and a substantial Shareholder
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Placees”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“Placing”	has the meaning ascribed thereto in the announcement of the Company dated 14 February 2007
“Profits”	the Sat Ieng Profit and the Dore Profit
“Profit Agreements”	the Sat Ieng Profit Agreement and the Dore Profit Agreement
“Richsense”	Richsense Limited, a company incorporated in the British Virgin Islands
“Richsense Group”	Richsense, its subsidiaries and associates from time to time (including Worth Perfect)
“Rich Game”	Rich Game Capital Inc., an investment holding company incorporated in the British Virgin Islands and is beneficially owned as to 51% and 49% by Global and Smart respectively, both of whom are Independent Third Parties
“Rolling Turnover”	the value of Non-negotiable Chips acquired by Sat Ieng and/or Dore on behalf of its customers less the value of Non-negotiable Chips redeemed by Sat Ieng and/or Dore on behalf of their customers
“Sands Macao”	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

“Sands Macao’s Paiza Club gaming rooms”	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
“Sale Shares”	100 ordinary shares, being the entire issued share capital of Richsense
“Sat Ieng”	Sat Ieng Sociedade Unipessoal Limitada, a company incorporated in Macau, which is wholly-owned by Mr. Tang and is principally engaged in the junket representative business, an Independent Third Party
“Sat Ieng Junket Representative Agreement”	the junket representative agreement dated 26 January 2007 entered into between Venetian Macau Limited, an Independent Third Party and Sat Ieng
“Sat Ieng Profit”	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 Sat Ieng Junket Representative Agreement and such other VIP gaming rooms whereby Sat Ieng is a duly appointed junket representative or such other VIP gaming rooms whereby Sat Ieng can procure the sale/assignment of a percentage of its Rolling Turnover generated by the duly appointed junket representatives
“Sat Ieng Profit Agreement”	the conditional agreement dated 28 August 2006 entered into among Worth Perfect as a purchaser, Global as a vendor and Mr. Tang as a guarantor relating to the sale and purchase of a 100% interest in the Sat Ieng Profit
“Second Convertible Bond”	a convertible bond in the principal amount of HK\$118,800,000 to be issued by the Company in favour of Rich Game
“Second Conversion Period”	the period commencing from the date when Mr. Tang and Mr. Scolari make payment in full of: <ol style="list-style-type: none"> (1) the Profits guaranteed under the Second Profit Guarantee and, if there is any shortfall between the Profits guaranteed under the Second Profit Guarantee and the Profits actually received and/or receivable by Worth Perfect during the Second Relevant Period, the said shortfall; and (2) the Profits guaranteed under the Third Profit Guarantee and, if there is any shortfall between the Profits guaranteed under the Third Profit Guarantee and the Profits actually received and/or receivable by Worth Perfect during the Third Relevant Period, the said shortfall up to 4:00 p.m. (Hong Kong time) on the day immediately prior to and exclusive of the maturity date
“Second Conversion Price”	the initial conversion price of HK\$2.20 per Second Conversion Share, subject to adjustments, pursuant to the terms of the Second Convertible Bond
“Second Conversion Shares”	the Shares to be issued upon the exercise of the conversion rights in respect of the Second Convertible Bond
“Second Deed of Guarantee”	a deed of guarantee dated 27 February 2007 and executed by Mr. Tang and Mr. Scolari in favor of Worth Perfect in respect of the Third Profit Guarantee
“Second Profit Guarantee”	the guarantee provided by Mr. Tang and Mr. Scolari under the Deed of Guarantee that the Profits for the Second Relevant Period will not be less than HK\$250 million
“Second Relevant Period”	the period of one year commencing from the first date after the First Relevant Period in respect of the Second Profit Guarantee under the Deed of Guarantee, that is, from 16 March 2007 to 15 March 2008
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder
“Share Acquisition Agreement”	the conditional sale and purchase agreement dated 27 February 2007 entered into among Team Jade as a purchaser, Rich Game as vendors and warrantors and Global, Smart, Mr. Tang and Mr. Scolari as warrantors relating to the sale and purchase of the Sale Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Smart”	Smart Gallant Limited, a company incorporated in the British Virgin Islands and is a wholly-owned by Mr. Scolari
“Smart Town”	Smart Town Holdings Limited, an investment holding company incorporated in the British Virgin Islands and a substantial Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	a supplemental agreement dated 22 March 2007 and entered into among the parties to the Share Acquisition Agreement
“Team Jade”	Team Jade Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, the purchaser under the New Target Acquisition Agreement
“Third Profit Guarantee”	the guarantee provided by Mr. Tang and Mr. Scolari under the Second Deed of Guarantee that the Profits for the Third Relevant Period will not be less than HK\$275 million
“Third Promissory Notes”	the promissory notes to be executed by the Company in favour of Rich Game for the purpose of settling partially the consideration for the Sale Shares under the Share Acquisition Agreement, including Third Promissory Note I and Third Promissory Note II
“Third Promissory Note I”	the promissory note in a principal sum of HK\$129,421,000
“Third Promissory Note II”	the promissory note in a principal sum of HK\$70,579,000
“Third Relevant Period”	the period of one year commencing from the first date after the Second Relevant Period for the Second Profit Guarantee under the Deed of Guarantee in respect of the Third Profit Guarantee under the Second Deed of Guarantee, that is, from 16 March 2008 to 15 March 2009
“Worth Perfect”	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 Youngrich, a wholly-owned subsidiary of the Company and Richsense respectively as at the date of this announcement
“Wynn Macau”	Wynn Macau, a luxury hotel and destination casino resort located at Rua Cidade de Sintra, NAPE, Macau and operated by Wynn Resorts (Macau) S.A.. Wynn Macau features 600 luxurious guest rooms and suites; approximately 100,000 square foot of gaming area with 200 tables and 380 slots in first phase; and six gourmet restaurants; and is a spa and entertainment venues. Wynn Resorts (Macau) S.A. a subsidiary of Wynn Resorts, Limited, the securities of which are traded on the NASDAQ stock exchange and is a hotel and gaming company
“Youngrich”	Youngrich Limited, a company incorporated in the British Virgin Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States of America dollars
“%”	per cent.

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

Hong Kong, 22 March 2007

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. Cheung Johnny Yim Kong who are independent non-executive Directors.