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Neptune Group Limited

海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 70)

VERY SUBSTANTIAL ACQUISITION MAJOR TRANSACTION AND RESUMPTION OF TRADING

Share Acquisition Agreement

On 22nd June, 2008 and on 27th June, 2008, Rich Pearl, a wholly-owned subsidiary of the Company, entered into the Share Acquisition Agreement and a deed of variation respectively to acquire from Mr. Choi, 100% of the total issued share capital of Best Max for a total consideration of HK\$4,320,000,000.

Under the Share Acquisition Agreement, the consideration for the Acquisition shall be satisfied by Rich Pearl (1) paying a refundable deposit in a sum of HK\$50,000,000 on the date of the Share Acquisition Agreement and paying HK\$275,000,000 in cash upon Completion; (2) procuring the Company to issue the Promissory Note in a principal amount of HK\$1,200,000,000 to Mr. Choi upon Completion; and (3) subject to a cap of 19.99% of the issued share capital of the Company from time to time, procuring the Company to allot and issue the relevant number of Consideration Shares at an issue price of HK0.45 per Consideration Share, credited as fully paid, for the rest of the consideration in a sum of HK\$2,795,000,000 upon Completion and thereafter.

Best Max is an investment holding company and is wholly owned by Mr. Choi. The main asset of Best Max will be the Star Profit, the profit stream acquired by it under the Star Profit Agreement and (where applicable) the First Transfer Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Choi, is an Independent Third Party.

The Loan Agreement

On 22nd June, 2008, the Company entered into the Loan Agreement with Peak Wing whereby, subject to successful completion of a fund raising exercise by the Company on or before 31st March, 2009, the Company shall provide a term loan facility to Peak Wing of an amount of up to HK\$6,000,000,000. The facility once drawn shall be on-lent by Peak Wing to Lucky Star to operate its gaming promotion business at the StarWorld Casino at StarWorld Hotel & Casino in Macau.

The Loan will carry interest at the prime lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited in Hong Kong from time to time plus 2% per annum.

Pursuant to the Loan Agreement, within twelve months from the date thereof or such later date as the parties may agree in writing, the Company shall have the right, at its absolute discretion, by giving not less than three days' notice in writing to Peak Wing, to capitalise HK\$200,000,000 of the principal amount of the Loan for an allotment and issue of such number of new shares of Peak Wing as representing 99.99% of the enlarged issued share capital of Peak Wing on a fully diluted basis.

Peak Wing is a company that has entered into the First Transfer Agreement.

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Loan Agreement are more than 25%, the Loan constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

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

A circular containing, among other things, further information in respect of the Acquisition and the Loan Agreement together with the notice of the EGM 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 23rd June, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8th July, 2008.

THE SHARE ACQUISITION AGREEMENT

Date: 22nd June, 2008

Parties:

Purchaser: Rich Pearl, a wholly-owned subsidiary of the Company

Vendor: Mr. Choi

Mr. Choi holds the entire issued share capital of Best Max which receives the Star Profit and it does not carry out any casino or gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of Best Max will not constitute unlawful activities under the laws of Hong Kong and Macau.

Mr. Choi is an Independent Third Party.

On 27th June, 2008, Rich Pearl and Mr. Choi entered into a deed of variation to cap the number of Consideration Shares which may be allotted and issued to the Vendor and parties acting in concert with it to not more than 19.99% of the entire share capital of the Company from time to time.

Assets to be acquired

Pursuant to the Share Acquisition Agreement, Rich Pearl has agreed to acquire and Mr. Choi has agreed to sell, as a legal and beneficial owner, the Sale Shares, being 100 shares of US\$1.00 each in the share capital of Best Max, representing 100% of the total issued share capital of Best Max, free from any option, charge, lien, equity, encumbrance, rights of pre-emption or any other third party rights whatsoever and together with all rights attached to them at the date of Completion or subsequently becoming attached to them.

Consideration

The total consideration for the Sale Shares is HK\$4,320,000,000 and shall be settled by Rich Pearl:

- (a) paying a refundable deposit to Mr. Choi in a sum of HK\$50,000,000 on the date of the Share Acquisition Agreement and paying HK\$275,000,000 in cash from internal resources upon Completion;
- (b) procuring the Company to issue the Promissory Note in a principal amount of HK\$1,200,000,000 to Mr. Choi upon Completion; and
- (c) subject to the capping of the number of Shares held by the Vendor and its concert parties to not more than 19.99% of the issued share capital of the Company from time to time, procuring the Company to allot and issue the relevant number of Consideration Shares on Completion and thereafter at an issue price of HK\$0.45 per Consideration Share, credited as fully paid, for the balance of the consideration in a sum of HK\$2,795,000,000 to Mr. Choi (i.e. approximately HK\$6.21 billion Shares).

If the conditions set out in the section headed “Conditions precedent” have not been satisfied on or before 31st March, 2009, or such later date as Mr. Choi and Rich Pearl may agree (the “**Long Stop Date**”) or following the fulfillment of the conditions set out in the section headed “Conditions precedent”, Mr. Choi or Rich Pearl shall fail to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions in the Share Acquisition Agreement, Mr. Choi shall return to Rich Pearl, without interest, all the moneys already paid as deposit to Mr. Choi by Rich Pearl under the Share Acquisition Agreement within seven days from the Long Stop Date or from the date when the vendor or the purchaser to the Share Acquisition Agreement fails to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Share Acquisition Agreement.

The consideration is determined after arm’s length negotiation between Rich Pearl and Mr. Choi after considering the First Profit Guarantee, the Second Profit Guarantee, the Third Profit Guarantee, the Fourth Profit Guarantee, the Fifth Profit Guarantee and the Sixth Profit Guarantee and the corresponding price earning multiple based on the average guaranteed Star Profit for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period, the Fifth Relevant Period and the Sixth Relevant Period, the price earning multiple of the acquisition of 100% equity interest in Best Max and the Star Profit that Rich Pearl is entitled through its 100% equity interest in Best Max, whose main asset will be the Star Profit, the continuous economic boom in Macau, the attractiveness of the casino that Star is operating as a gaming promoter 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 in 2007, the revenue (i.e. net win numbers) generated by the gaming activities is growing steadily at an average annual growth rate of approximately 43% for the period between 2002 and 2007, and the gaming revenue amounted to MOP83.85 billion for the year of 2007. In the first quarter of the year 2008, the reported gross gaming revenues of Macau have grown further by about 62% comparing with the previous corresponding period.

Pursuant to the Star Profit Agreement, Mr. Choi, who owns the entire issued share capital of Lucky Star, has irrevocably and unconditionally guaranteed to Best Max that the Star Profit for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period, the Fifth Relevant Period and the Sixth Relevant Period shall not be less than HK\$513,000,000, HK\$513,000,000, HK\$543,000,000, HK\$543,000,000, HK\$587,000,000 and HK\$587,000,000 respectively (ie. approximately Rolling Turnover per month of HK\$19 billion during the First Relevant Period, HK\$19 billion per month during the Second Relevant Period, HK\$20.1 billion per month during the Third Relevant Period, HK\$20.1 billion per month during the Fourth Relevant Period, HK\$21.7 billion during the Fifth Relevant Period and HK\$21.7 billion during the Sixth Relevant Period). In the event the Profit Guarantees are not achieved, Mr. Choi has undertaken to pay to Best Max the difference between the actual Star Profit received and/or receivable by Best Max for the First Relevant Period or, as the case may be, the Second Relevant Period or, as the case may be, the Third Relevant Period, the Fourth Relevant Period or, as the case may be, the Fifth Relevant Period or, as the case may be, the Sixth Relevant Period or, as the case may be and the guaranteed Star Profit for the same period within 60 days after the relevant periods. The Directors are of the view that the Profit Guarantees are still enforceable even if the Star Junket Representative Agreement cannot be renewed during the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period, the Fifth Relevant Period or the Sixth Relevant Period as this is a contractual obligation under the relevant legally binding agreement. The Board is aware of the amount of capital deposit required to be made by Lucky Star in carrying on its junket/gaming promotion business at the StarWorld Casino at StarWorld Hotel & Casino in Macau with respect to the proposed not less than 100 gaming tables. As such, the Board believes that as Mr. Choi owns the entire issued quota of Lucky Star and Lucky Star being his operating vehicle, he should have sufficient credit worthiness for this guarantee. The Board considers this fair and reasonable as the acquisition of the profit stream from Lucky Star is for indefinite lengthen of time. Accordingly, the Directors believe that they have complied with the requirements of Rule 3.08 of the Listing Rules regarding the credibility of Mr. Choi on the upfront cash repayment.

The First Profit Guarantee, Second Profit Guarantee, Third Profit Guarantee, Fourth Profit Guarantee, Fifth Profit Guarantee and Sixth Profit Guarantee of not less than HK\$513,000,000, HK\$513,000,000, HK\$543,000,000, HK\$543,000,000, HK\$587,000,000 and HK\$587,000,000 is determined with reference to the existing and expected business performance of Lucky Star and not less than 100 tables that Lucky Star operates or is expected to operate at the StarWorld Hotel.

Rich Pearl can indirectly share 100% of the Star Profit from the date of Completion. As Rich Pearl, which will own 100% equity interest in Best Max after the Acquisition, is entitled to share 100% of the Star Profit, the total consideration of HK\$4,320,000,000 represents approximately 4.0 times the 100% of the average guaranteed Star Profit for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period, the Fifth Relevant Period and the Sixth Relevant Period. The Directors have made reference to the price earning multiple of approximately 4.0 times the 100% of the average guaranteed Star Profit 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 similar transactions announced by the Company and other listed issuers

of the Stock Exchange (such as China Star Entertainment Limited and Dore Holdings Limited which were both on 5.5 times as disclosed in their respective announcements dated 30th August, 2007 and 18th September, 2006 regarding such transactions), the Directors are of the view that the consideration is fair and reasonable.

Other important terms

Undertaking

To protect the interests of the Company, Mr. Choi has undertaken that:

- (1) 1,010,665,287 Consideration Shares and the Promissory Note in a principal sum of HK\$1,200,000,000 will be held in escrow by the Company's legal advisers (or such other escrow agent as may be agreed between the parties and entitled to dividends and distributions) until the following Star Profit is fully paid by Mr. Choi to Best Max for each of the periods set out below:

	Star Profit guarantee (These will, where applicable, be booked as turnover of the Group following Completion) (in HK\$)	Equivalent to Rolling Turnover per month (in HK\$)	Amount of Promissory Note to be released (in HK\$)	Number of Consideration Shares to be released	Total value of Promissory Note and Consideration Shares to be released (in HK\$)
First Relevant Period					
Period from 1st July, 2008 to 31st December, 2008	513,000,000	19,000,000,000	200,000,000	300,000,000	335,000,000
Second Relevant Period					
Period from 1st January, 2009 to 30th June, 2009	513,000,000	19,000,000,000	200,000,000	300,000,000	335,000,000
Third Relevant Period					
Period from 1st July, 2009 to 31st December, 2009	543,000,000	20,100,000,000	200,000,000	410,665,287	384,799,379.15
Fourth Relevant Period					
Period from 1st January, 2010 to 30th June, 2010	543,000,000	20,100,000,000	200,000,000	0	200,000,000
Fifth Relevant Period					
Period from 1st July, 2010 to 31st December, 2010	587,000,000	21,700,000,000	200,000,000	0	200,000,000
Sixth Relevant Period					
Period from 1st January, 2011 to 30th June, 2011	587,000,000	21,700,000,000	200,000,000	0	200,000,000

To the extent that the Star Profit for the relevant period is not met/attained by Mr. Choi, the relevant Promissory Note and relevant number of Consideration Shares shall continue to be held in escrow until the end of the First Relevant Period or the Second Relevant Period or the Third Relevant Period or the Fourth Relevant Period or the Fifth Relevant Period or the Sixth Relevant Period (as the case may be) and until the First Profit Guarantee, the Second Profit Guarantee, the Third Profit Guarantee, the Fourth Profit Guarantee, the Fifth Profit Guarantee or the Sixth Profit Guarantee is met/attained (as the case may be);

- (2) in the event that Mr. Choi fails to pay (i) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the First Relevant Period; and/or (ii) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Second Relevant Period; and/or (iii) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Third Relevant Period; and/or (iv) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Fourth Relevant Period and/or (v) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Fifth Relevant Period and/or (vi) any shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Sixth Relevant Period, Rich Pearl can instruct the escrow agent to procure or arrange for the shortfall to be deducted from the outstanding sum under the Promissory Note and/or arrange for the sale or placing of the relevant escrowed Consideration Shares on the best price reasonably obtainable at the material time each on a dollar for dollar basis and with any balance to be returned to Mr. Choi. The deductions to be made (ie. as to whether to first deduct from the Promissory Note and/or the Consideration Shares) will be at the absolute discretion of the Company. Having the discretion to choose whether to deduct from the Promissory Note first or the Consideration Shares first is beneficial for the Company as it may perhaps choose to deduct the Consideration Shares first if the Share price at the relevant time is lower than HK\$0.45 per Share; and
- (3) if the gaming promoter licence of Lucky Star is cancelled, revoked, terminated, or is not renewed, or amended in a material and adverse manner to Lucky Star by the relevant authorities in Macau at any time before the maturity date of the Promissory Note, Mr. Choi shall return the Promissory Note to the Company and the Company shall not be obliged to pay any outstanding sum under the Promissory Note.

In such scenario, the Directors are of the view that the Profit Guarantees are still enforceable as they are given pursuant to legally binding agreements.

Further announcement will be made by the Company if the Profit Guarantees for any of the relevant periods is not met or if any of the situations in respect of the gaming promoter licence mentioned in paragraph (3) above happens. If the above mechanism is insufficient to cover the shortfall in the relevant profit guarantees, there is the risk that the Company will have to resort to obtaining payment directly from or taking legal action against Mr. Choi. The Directors believe that the arrangement is fair given the security mechanism put in place, this recourse is reasonable for any breach of contract and furthermore, the Directors had weighed the benefit of the indefinite period of the Star Profit as compared to the risk of the unsecured exposure of the Profit Guarantee and the upfront cash paid to the Vendor. Ultimately it was a commercial decision to weigh the exposure/risk to the commercial benefit of the transaction.

In light of the First Transfer Agreement, this means that, on the assumption the Loan Agreement is completed, the profit stream attributable to the Company from the Acquisition and the Loan will be as follows:

Monthly Rolling Turnover	Income derivation	Apportionment of amount due to Company on a “tier” basis** (as extracted/interpreted from the Share Acquisition Agreement and/or the Loan Agreement)
Between HK\$0 to HK\$20 billion*	From the Acquisition	0.45% multiplied by Monthly Rolling Turnover (“Formula A”)
Above HK\$20 billion but below HK\$45 billion***	From the Loan	90% of 0.45% of the Monthly Rolling Turnover (“Formula B”)
Above HK\$45 billion (the “Excess”) (Note)	From the Acquisition and the Loan	45% of 0.45% of the Excess Monthly Rolling Turnover shall be apportioned to the Acquisition and 90% of (55% of 0.45%) of the Excess Monthly Rolling Turnover shall be apportioned to the Loan

* In the event that the Loan Agreement is not signed, the Monthly Rolling Turnover of Lucky Star shall be solely attributable to the Acquisition regardless of whether the Monthly Rolling Turnover is less than or more than HK\$20 billion.

** i.e. If the monthly Rolling Turnover is HK\$22 billion, the income to the Company will be derived from Formula A for the first HK\$20 billion and the balance from Formula B (assuming the Loan is capitalized for the latter). If the Loan is not capitalised, the income for the Company will only be derived from Formula A for the whole Rolling Turnover amount.

*** In the event that the Loan is less than HK\$6 billion, the spread of the aggregate Monthly Rolling Turnover will be reduced pro rata to the decreased amount lent i.e. if the Loan is HK\$5.4 billion (a decrease of 10% in the initial amount to be lent), the spread for the Monthly Rolling Turnover from the Loan will be HK\$20 billion to HK\$40.5 billion (i.e. a 10% decrease from HK\$45 billion). However, there will be no change to Formula B.

Note: Mr. Choi’s nominee company is entitled to 10% of 0.45% of the monthly Rolling Turnover in excess of HK\$20 billion and up to HK\$45 billion assuming the Loan is made.

Conditions precedent

Completion is subject to the following conditions having been fulfilled:

- (a) Rich Pearl being in its reasonable discretion satisfied with the results of the due diligence investigation in respect of Best Max including but not limited to the affairs, business, assets, results, legal and financing structure of Best Max (in particular, the Star Profit Agreement);
- (b) Rich Pearl having received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of the Star Profit Agreement, the gaming promoter licence held by Star and the transactions contemplated thereunder and a Hong Kong legal opinion on the Share Acquisition Agreement. A summary of the findings will be included in the circular to be despatched to Shareholders;

- (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 Best Max and such material adverse effect shall not have been caused;
- (d) the warranties given by Mr. Choi 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 EGM 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 Mr. Choi credited as fully paid at the Issue Price and the issue of the Promissory Note;
- (f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares; and
- (g) the completion of the Star Profit 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 Mr. Choi and Rich Pearl.

The Company will allot and issue the relevant number of Consideration Shares (subject to the 19.99% cap) and issue the Promissory Note upon Completion. Upon Completion, Best Max will be accounted for as a subsidiary of the Company and its financial results will be consolidated into the Group's financial statements. The Group will own 100% of the total issued share capital of Best Max upon Completion, however, as an investor, the Group will not (1) engage in the operation of the gaming promoter business after Completion; (2) play any role in Lucky Star's gaming promoter business through Best Max; and (3) carry out any casino or 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. The Company will request Lucky Star from time to time to provide information concerning its operation of the gaming promoter business, including evidence concerning the actual Rolling Turnover generated by Lucky Star.

Long-stop date

The Share Acquisition Agreement provides that should the satisfaction of all the above conditions not occur on or before 31st March, 2009 or such other date as the parties thereto may agree, the Share Acquisition Agreement shall terminate.

TERMS OF THE CONSIDERATION SHARES

1,010,665,287 Consideration Shares will be allotted and issued at an issue price of HK\$0.45 per Consideration Share, credited as fully paid upon Completion subject to the escrow arrangement as detailed herein. 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 161.44% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 61.75% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

The Issue Price represents (i) a premium of approximately 55% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on 20th June, 2008, being the date immediately prior to the date of the Share Acquisition Agreement; (ii) a premium of approximately 60% to the average of the closing prices of approximately HK\$0.281 per Share as quoted on the Stock Exchange for the last five trading days up to and including 20th June, 2008, being the date immediately prior to the date of the date of the Share Acquisition Agreement; (iii) a premium of approximately 65% to the average of the closing prices of HK\$0.273 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 20th June, 2008, being the date immediately prior to the date of the Share Acquisition Agreement.

Consideration Shares in escrow

Mr. Choi has undertaken to and covenant with Rich Pearl 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 1,010,665,287 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 relevant Consideration Shares will only be released to Mr. Choi upon attaining the relevant Star Profit Guarantee for each of the relevant periods as detailed on page 5 herein.

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 PROMISSORY NOTE

The Promissory Note in a principal sum of HK\$1,200,000,000 is used to settle part of the consideration under the Share Acquisition Agreement. The Promissory Note has been negotiated on an arm's length basis and the principal terms of which are summarised below:

Parties

The Company as an issuer and Mr. Choi as a payee.

Principal Amount

HK\$1,200,000,000.

Interest

The Promissory Note will carry interest at 1.5% per annum, payable annually in arrears by the Company.

Security

If the outstanding sum under the Promissory Note is deducted to cover (1) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the First Relevant Period; and/or (2) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Second Relevant Period; and/or (3) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Third Relevant Period and/or (4) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Fourth Relevant Period and/or (5) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Fifth Relevant Period and/or (6) the shortfall between the profits guaranteed and the profits actually received and/or receivable by Best Max during the Sixth 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 after the Sixth Relevant Period.

If the Company defaults in repayment of any part of the principal sum in accordance with the terms of the Promissory Note, 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 5% per annum.

Assignment

The Promissory Note may, subject to the ten Business Days' prior written notice to the Company, be transferred or assigned by Mr. Choi to any person. The Company will issue an announcement and inform the Stock Exchange if the Promissory Note is transferred or assigned to the Connected Persons of the Company.

Return of the Promissory Note

If at any time the gaming promoter licence of Lucky Star is cancelled, revoked, terminated or not renewed or amended in a material and adverse manner to Lucky Star by the relevant authorities in Macau, Mr. Choi shall return the Promissory Note to the Company and the Company shall not be obliged to pay any outstanding principal sum under the Promissory Note.

CHANGES IN SHAREHOLDING STRUCTURE

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

	As at the date of this announcement		Immediately after the allotment and issue of Consideration Shares assuming no conversion of Convertible Bond I and Convertible Bond II		Immediately after the allotment and issue of Consideration Shares assuming full conversion of Convertible Bond I and Convertible Bond II	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Mr. Lin Cheuk Fung*	375,000,000	9.75	375,000,000	3.73	375,000,000	2.81
Jumbo Boom Holdings Limited**	310,817,678	8.08	310,817,678	3.10	310,817,678	2.33
Ultra Choice Limited [◇]	720,000,000	18.71	720,000,000	7.16	3,540,000,000	26.54
Faith Mount Limited ^{◇◇}	720,000,000	18.71	720,000,000	7.16	1,180,000,000	8.85
Mr. Choi****	–	–	2,010,665,287	19.99***	2,666,337,286	19.99***
Public Shareholders	<u>1,721,426,822</u>	<u>44.75</u>	<u>5,921,872,646</u>	<u>58.86</u>	<u>5,266,200,647</u>	<u>39.48</u>
Total:	<u><u>3,847,244,500</u></u>	<u><u>100.00</u></u>	<u><u>10,058,355,611</u></u>	<u><u>100.00</u></u>	<u><u>13,338,355,611</u></u>	<u><u>100.00</u></u>

* Mr. Lin does not hold any convertible securities of the Company. He was allotted Shares when the Company acquired a gaming vessel from him as announced by the Company on 21st January, 2005.

** Jumbo Boom Holdings Limited is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Cheung Chi Tai, an Independent Third Party. Mr. Cheung Chi Tai was an underwriter to an open offer conducted by the Company as announced on 7th February, 2007. The Vendor is not connected to Jumbo Boom Holdings Limited and its ultimate beneficial owner.

*** The Share Acquisition Agreement provides that the Company shall not be required to allot and issue any Consideration Shares to the Vendor if it would result in the Vendor and parties acting in concert with it holding more than 19.99% of the issued share capital of the Company from time to time. Any additional balance Consideration Shares to be issued to the Vendor will be subject to the Vendor evidencing that it and its concert parties do not hold more than 19.99% of the issued share capital of the Company as enlarged by the additional Consideration Shares to be allotted and issued from time to time.

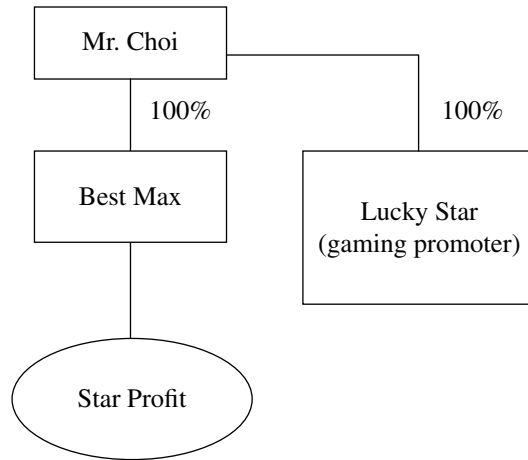
**** Mr. Choi is independent from Ultra Choice Limited and Faith Mount Limited and their beneficial owners and is not acting in concert with any of them.

◇ Ultra Choice Limited has its shareholding in the Company capped at 29.99% pursuant to the Share Acquisition Agreement I (as defined in the Company's announcement dated 29th November, 2007).

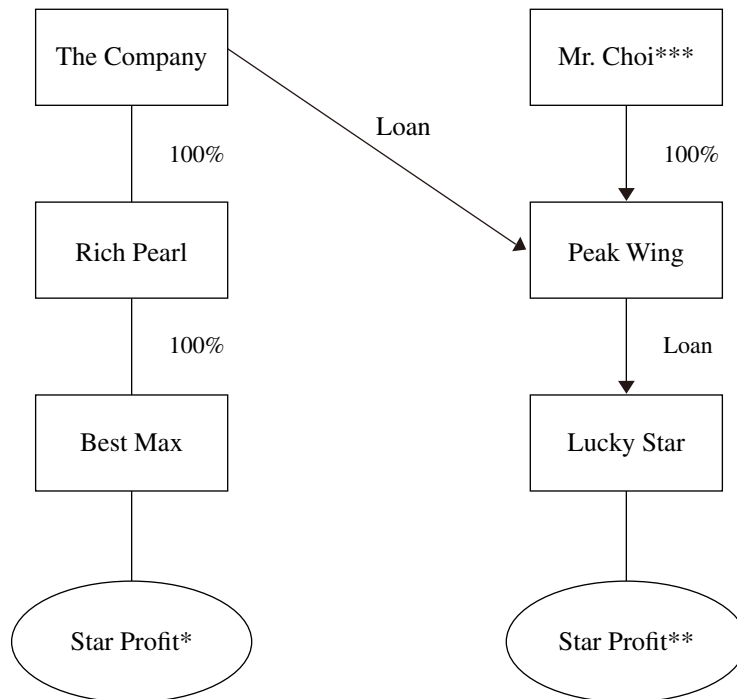
◇◇ Faith Mount Limited has its shareholding in the Company capped at 19.99% pursuant to the Share Acquisition Agreement II (as defined in the Company's announcement dated 29th November, 2007).

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 and assuming the Loan is made:



- * The profit derived from 0.45% of the monthly Rolling Turnover of between HK\$0 and HK\$20 billion.
- ** The profit derived from 0.45% of the monthly Rolling Turnover of between HK\$20 billion and HK\$45 billion of which 10% is due to Mr. Choi’s nominee company and the balance 90% (assuming the Loan is not capitalized) due to Peak Wing. If the capitalization of the Loan is made, the Company will be entitled to the latter.
- *** Mr. Choi’s nominee company is entitled to 10% of the 0.45% of the monthly Rolling Turnover in excess of HK\$20 billion and up to HK\$45 billion assuming the Loan is made and apportioned thereafter as detailed in the chart on page 7 herein. If no Loan is made to Peak Wing for on-lending to Lucky Star, the 0.45% of the monthly Rolling Turnover of Lucky Star will belong to the Company only.

INFORMATION OF BEST MAX

Information of Best Max

Best Max was incorporated on 10th January, 2008 and is an investment holding company.

According to the unaudited accounts of Best Max, since its incorporation up to 31st May, 2008, Best Max does not record any profit as it has not yet commenced any business and the total assets of Best Max as at 31st May, 2008 were HK\$780 and Best Max has no liability as at 31st May, 2008.

The main asset of Best Max will be the Star Profit. Other than the Star Profit Agreement, Best Max does not have any assets or liabilities as at the date of the announcement.

On 22nd June, 2008, Best Max as a purchaser entered into the Star Profit Agreement with Mr. Choi as a vendor and Lucky Star, pursuant to which Mr. Choi has agreed to sell, as beneficial owner, and/or assign to Best Max absolutely his right, title and interest and benefits in and to 100% of the Star Profit at a consideration of HK\$1.00.

Under the Star Profit Agreement, Mr. Choi has undertaken to Best Max that he will not at any time:

- (1) carry on the business of directing gaming patrons to other casinos in Macau except Galaxy Casino S. A. without the prior written approval from the shareholder(s) of Best Max;
- (2) either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporate in competition with Lucky Star directly or indirectly solicit or entice away from Lucky Star any person or body corporate or unincorporate who now is or at any time a customer of Lucky Star; and
- (3) either on his own account or in conjunction with or on behalf of any other person or body corporate or unincorporate directly or indirectly solicit or entice away from Lucky Star or employ or otherwise engage any person who now is or at any time an employee of Lucky Star.

The Star Profit Agreement shall be completed on or before 31st December, 2008.

The acquisition of the Star Profit is ongoing. There is no expiry date of the Star Profit Agreement.

INFORMATION ON MR. CHOI

Lucky Star is a company incorporated in Macau on 25th February, 2008 and is wholly-owned by Mr. Choi.

Lucky Star has been appointed by the StarWorld Casino at StarWorld Hotel & Casino as a junket representative. The gaming promoter licence of Lucky Star was granted on 23rd May, 2008 and expires on 31st December, 2008.

Mr. Choi has experience and knowledge in Asian gaming, including over 15 years' experience in acting as a junket in Macau, as an oversea promoter to Macau casinos and various VIP gaming rooms in Macau and participating in organization gaming tours for Asian businessmen to various casinos outside of Macau. The Company has enquired with people in the gaming promotion business in Macau to ascertain the past performance of Mr. Choi and/or his nominees in the gaming promotion business and understand that the Rolling Turnover generated by them are in the proximity to those figures proposed to be guaranteed by him under the Star Profit Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Lucky Star and its ultimate beneficial owner, Mr. Choi, are Independent Third Parties. Mr. Choi was introduced to the Company by Ms. Lao Siu Meng. Ms. Lao Siu Meng was the counterparty when the Company acquired Koppert International Limited as announced by the Company on 10th May, 2007. Koppert International Limited holds Good Omen Enterprises Limited, a company which has acquired the profit of Hoi Seng Sociedade Unipessoal Limitada, a company engaged in the gaming promotion business at the StarWorld Hotel & Casino in Macau. Mr. Choi has no relationship with Ms. Lao.

STAR PROFIT AGREEMENT

On 22nd June, 2008, Best Max as purchaser entered into the Star Profit Agreement with Lucky Star and Mr. Choi. Lucky Star is a licensed gaming promoter whose business is the promotion of gaming to players to VIP lounges at the StarWorld Casino at StarWorld Hotel & Casino in Macau. Its licence granted by the Gaming Inspection and Coordination Bureau of the Macau Government expire on 31st December, 2008 and is renewable yearly. The junket representative agreement with the StarWorld Casino at StarWorld Hotel & Casino is conditional upon Lucky Star holding a valid gaming promoter licence. The major terms of the Star Profit Agreement are set out as follows:

Asset to be acquired

Lucky Star has on 23rd June, 2008 entered into the Star Junket Representative Agreement as a gaming promoter for the StarWorld Casino at StarWorld Hotel & Casino, Macau. Mr. Choi has conditionally agreed to sell, as beneficial owner, and/or assign to Best Max absolutely his right, title and interest and benefits in and to 100% of the Star Profit, being 0.45% of the Rolling Turnover generated by Star and/or its customers at Level 3 at the StarWorld Casino at StarWorld Hotel & Casino and Best Max shall purchase/accept the assignment of the Star Profit, free from all liens, claims, equities, charges, encumbrances or third party rights of whatsoever nature and with all rights attached thereto as from the completion date of the Star Profit Agreement.

Consideration

The consideration payable by Best Max to Mr. Choi for the Star Profit sold and/or assigned is HK\$1.00.

Conditions

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

- (a) Best Max obtaining such legal opinions as it may in its absolute discretion require on, inter alia, the legality and enforceability of the junket operation conducted by Lucky Star at the StarWorld Casino at StarWorld Hotel & Casino and the legality of the transactions contemplated thereunder;

- (b) the warranties given by Lucky Star in the Star Profit Agreement remaining true and accurate in all material respects;
- (c) Best Max being satisfied in its absolute discretion with the results of the due diligence investigation in respect of Lucky Star, including but not limited to the affairs, business, assets, legality of all business and commercial activities conducted at the StarWorld Casino at StarWorld Hotel & Casino, any other due diligence relevant to the sale and purchase of the Profit, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financing structure of Lucky Star; and
- (d) Lucky Star being licensed by the Macau Government to act as a gaming promoter pursuant to Administrative Regulation 6/2002 of Gaming Intermediaries Regulation.

Completion

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

SERVICE CONTRACT

Upon Completion, Mr. Choi will enter into a service contract with the Company to act as general manager of the Company for managing the Group's investments in Best Max. The scope of his work includes overseeing the business volume and progress of Best Max and monitoring the development of Macau gaming industry which are relevant to the business of Best Max. The Directors consider employing him as general manager is beneficial to the Group based on, inter alia, the following factors:

- (a) Mr. Choi is 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;
- (b) Mr. Choi's experience in the market can, together with existing managers with relevant experience, assist the Company in investor relations as the Company has not engaged any staff of such expertise and experience; and
- (c) By "recruiting" Mr. Choi as an employee, the Company has the legal right in having Mr. Choi worked on an active basis via asking him the relative performance of Lucky Star when deem appropriate (rather than passively waiting till month end for the figures). Correspondingly, the Company can monitor the development of Best Max in a more timely manner.

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

- (1) The appointment shall be for an initial term of ten years (subject to independent Shareholders' approval where necessary otherwise on three years term renewable for additional three year periods up to ten years in which case the Company will comply with Chapter 14A of the Listing Rules) 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 appointment, unless terminated pursuant to the terms of the service agreement 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. Choi a salary at the rate of HK\$1,200,000 per annum.

- (3) During the term of his appointment and for a period of ten years thereafter and save as otherwise provided in the Share Acquisition Agreement, Mr. Choi shall not at any time carry on the business of directing gaming patrons to other casinos in Macau other than StarWorld Casino.

Mr. Choi will not be appointed as a director of the Company or its subsidiaries nor have any management role on the Board.

The terms of the service agreement between Mr. Choi and the Company were negotiated on an arm's length commercial basis and the Company believes it is beneficial to the Company to have Mr. Choi's services for such length of time. Bonuses payable to him under the service contract is discretionary but is expected to be based on his performance and also that of Lucky Star.

LOAN AGREEMENT

Date

22nd June, 2008

Parties

- (1) The Company, as the lender
- (2) Peak Wing, as the borrower and is an Independent Third Party
- (3) Mr. Choi as guarantor of Peak Wing

Principal Terms

- Loan amount: Up to a maximum aggregate amount of HK\$6,000,000,000 (or such other amount as may be determined by the Company in its absolute discretion in which case a further announcement will be made). If the Loan amount of HK\$6 billion cannot be raised, further negotiations will take place on the amount to be lent but the additional monthly Rolling Turnover generated is likely to be reduced pro rata to the amount reduced from the initial amount of the Loan.
- Availability period: Peak Wing may make a drawing or drawings on the loan amount after the date the Loan Agreement becomes unconditional (or such other period as shall be allowed by the Company) subject to prior consultation with the Company.
- Interest rate: The prime lending rate as quoted by the Hongkong and Shanghai Banking Corporation Limited in Hong Kong from time to time plus 2% per annum. Interest will be payable once every six months in arrears.
- Conditions precedent: The Loan Agreement is subject to the fulfillment of the following conditions that:
- a. successful completion of a fund raising exercise by the Company raising up to HK\$6,000,000,000 on or before 31st March, 2009;

- b. the Company being in its reasonable discretion satisfied with the results of the due diligence reviews in respect of Lucky Star and Peak Wing including but not limited to the affairs, business, legal and financial structures of Lucky Star and Peak Wing;
- c. the Company shall have received to its reasonable satisfaction a Macanese legal opinion on the legality and validity of the First Transfer Agreement (including the ability of Lucky Star to obtain loans from third parties) and the transactions contemplated thereunder and a Hong Kong legal opinion on the Loan Agreement;
- d. the Shareholders shall have approved the Loan Agreement and the transactions contemplated thereunder;
- e. Mr. Choi shall have executed a share mortgage (in form and substance satisfactory to the Company) in favour of the Company wherein Mr. Choi shall charge or mortgage 100% of the total issued share capital of Peak Wing held by him to the Company;
- f. Mr. Choi shall have executed a deed of guarantee (in form and substance satisfactory to the Company) in favour of the Company wherein Mr. Choi shall guarantee the due performance of the obligations of Peak Wing under the Loan Agreement; and
- g. all relevant approvals and consents from governmental or other competent authorities relating to the Loan Agreement and the transactions contemplated thereunder shall have been obtained.

The Company may in its absolute discretion waive any of the conditions precedent by notice in writing to Peak Wing if the applicable laws, rules and regulations so permit. If any of the above conditions precedent is not fulfilled or waived within 30 days from the date of the Loan Agreement or such later date as the parties may agree, the Loan Agreement will lapse and become null and void.

Repayment:

On demand by the Company provided that Peak Wing is not allowed to early repay the Loan or any part thereof unless with the prior consent of the Company.

Such restriction is for the benefits of the Company and the Shareholders as the Company can continue to have the repayment of interest accruing on the Loan. Since the Loan is repayable on demand, the Company can demand Peak Wing to repay at anytime. However, there is no repayment schedule or due date for Peak Wing to repay the Loan.

Securities:

(i) a share mortgage executed by Mr. Choi in favour of the Company relating to the 100% of the total issued share capital of Peak Wing held by him and (ii) a deed of guarantee executed by Mr. Choi in favour of the Company.

Use of loan proceeds: The proceeds of the loan shall be on lent by Peak Wing to Lucky Star or otherwise applied towards the operating capital of Lucky Star in carrying out the junket business (such as acquiring non-negotiable chips) in Macau but not otherwise. Documentation evidence will be requested by the Company of such onlending of the Loan.

Capitalization: Within the period of twelve months from the date of the Loan Agreement or such later date as the parties may agree in writing, the Company shall have the right, at its absolute discretion (having regards to the performance of Lucky Star), by giving not less than three days' notice in writing to Peak Wing, to capitalize on a one-off basis a maximum amount HK\$200,000,000 of the principal amount of the Loan for an allotment and issue of such number of new shares of Peak Wing representing 99.99% of the enlarged issued share capital of Peak Wing on a fully diluted basis. The Directors believed that the HK\$200,000,000 is fair and reasonable given that following the capitalisation the Company will own the profit under the First Transfer Agreement. The Company will comply with the Listing Rules in the event that capitalisation of the Loan constitutes a notifiable transaction for the Company.

The capitalization amount and the Company's percentage of interests in Peak Wing after capitalization have been determined after arm's length negotiations between the Company, Peak Wing and Mr. Choi with reference to (i) the estimated Profits that will be generated by Lucky Star based on the guaranteed Rolling Turnover; and (ii) the funding of the operating capital for Lucky Star's junket business by way of the Loan.

Reason for the Loan: The making of the Loan would enable Peak Wing to on-lend this to Lucky Star thereby enabling Lucky Star to generate higher Rolling Turnover and in return higher income for the Company (on the assumption the Loan is capitalized).

INFORMATION ON PEAK WING

Peak Wing is a company that has entered into the First Transfer Agreement. Pursuant to the First Transfer Agreement, Lucky Star has agreed to transfer 90% of its 0.45% of the monthly Rolling Turnover of in excess of HK\$20 billion to Mr. Choi or his nominee company. Peak Wing's issued share capital is 1 share of US\$1.00 each. Peak Wing is an investment company.

REASONS FOR THE ACQUISITION AND LOAN

The activities of the Group include investment in operations which receive profit streams from the Macau gaming business and manufacturing and trading of electrical equipment, provision of electrical engineering and contracting services, securities trading, and leasing and management of cruises. The Group will continue with all its existing businesses following Completion.

The Company had already announced on 9th February, 2007 and 10th May, 2007, the acquisition of an indirect interest in the rolling turnover of Hou Wan Entertainment Unipessoal Limitada at the Sands Macao and Hoi Seng Sociedade Unipessoal Limitada at StarWorld Casino at StarWorld Hotel & Casino. The Group announced on 29th November, 2007 that it had acquired 85% of the issued share capital of Profit Forest. Profit Forest is an investment holding company whose main asset is

the Hao Cai Profit. Following the completion of the acquisition of Profit Forest, the Directors believe that the proposed Acquisition and granting of the Loan will further maximize return to Shareholders. The making of the Loan by the Company directly to Peak Wing rather than to Lucky Star would not require the Company in getting any approvals (if necessary) from the relevant authorities in Macau. 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 MOP 57.52 billion for the year of 2006. In the first half of the year 2007, the actual reported gross gaming revenues of Macau have grown further by about 46.3% comparing with the corresponding period of last year. The Directors expects that the Acquisition and granting of the Loan will be a good opportunity for the Group to generate further income in the future.

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 Lucky Star is lawful; and (2) the Directors have also made reference to the price earning multiple of approximately 4.0 times the 100% of the average guaranteed Star Profit for the First Relevant Period, the Second Relevant Period, the Third Relevant Period, the Fourth Relevant Period, the Fifth Relevant Period and the Sixth Relevant Period respectively and consider that the price earning multiple is fair and reasonable, especially with reference to the price earning multiples of similar transactions announced by other listed issuers of the Stock Exchange. Furthermore, so long as Lucky Star’s gaming promoter licence is renewed and its junket representative agreement renewed, the income stream from the Acquisition is for an indefinite period.

Taking into account the benefits of the Acquisition and granting of the Loan as described above, the Directors (including the independent non-executive Directors) are of the view that the Share Acquisition Agreement and the Loan Agreement are entered into upon normal commercial terms following arm’s length negotiations between the parties to the Share Acquisition Agreement and the Loan Agreement, the terms of the Share Acquisition Agreement and the Loan Agreement are fair and reasonable and the Acquisition and the Loan are in the interests of the Company and the Shareholders as a whole. Furthermore, the Directors believe that the issue price of Consideration Shares is fair and reasonable in light of the benefits of the Acquisition.

LISTING RULES IMPLICATIONS

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition are more than 100%, the Acquisition constitutes a very substantial acquisition on the part of the Company under Chapter 14 of the Listing Rules. As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Loan Agreement are more than 25%, the Loan constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Company will comply with the continuing connected transaction requirements of Rule 14A.41 of Chapter 14A of the Listing Rules in respect of the Loan in the event Mr. Choi becomes a connected person of the Company.

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

A circular containing, among other things, further information in respect of the Acquisition and the Loan Agreement together with the notice of the EGM 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 Best Max, 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) Completion and the making of the Loan will not result in the Group directly or indirectly engaging in gambling activities and operation of such gambling activities as they are merely investments and/or loans to parties whose income is derived from gaming and there is no gaming activities itself conducted by the Company;
- (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 Lucky Star does not contravene any applicable laws of Hong Kong.

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

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 Best Max 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 Star Profit received or receivable with the original monthly junket representative settlement forms issued by the StarWorld Casino at StarWorld Hotel & Casino recording the Rolling Turnover generated by Lucky Star. Further, the Company will from time to time obtain direct confirmations in respect of the Rolling Turnover generated by Lucky Star from the StarWorld Casino at StarWorld Hotel & Casino.

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 as to Hong Kong law are of the view that:

- (a) the Company is not in breach of any applicable laws of Hong Kong as a result of the Acquisition; and
- (b) the gaming promotion business carried out by Lucky Star does not contravene any applicable laws of Hong Kong.

A summary of the Macau legal adviser's opinion will be set out in the circular to Shareholders in connection with the Acquisition.

DIRECTORS' VIEW ON THE STAR JUNKET REPRESENTATIVE AGREEMENT AND THE DUE DILIGENCE WORK DONE BY THE DIRECTORS

As the Star Junket Representative Agreement is confidential, the Directors had not reviewed the Star Junket Representative Agreement. However, prior to and after the signing of the Acquisition Agreement, the Directors had conducted the following work:

- (1) In respect of Star Junket Representative Agreement,
 - (a) the Directors including the independent non-executive Directors had visited the StarWorld Hotel on several occasions to observe the business operations in general, i.e. business level in terms of customers head count and operation flows;
 - (b) the Directors (including the independent non-executive Directors) had reviewed the Licença De Promotor De Jogo Pessoa Colectiva (法人的博彩中介人准照), the licence granted by DICJ (the relevant governmental department in Macau responsible for the issuance of gaming promoter licences) to Lucky Star to act as gaming promoters. It shows that the company for which Lucky Star can work as gaming promoter is Lucky Star Entretenimento Sociedade Unipessoal Limitada; and

- (c) the Directors (including the independent non-executive Directors) had also reviewed the legal opinion of Macau lawyers instructed by the solicitors acting for Lucky Star for the transaction, concerning the legality and validity of the Star Junket Representative Agreement and the transactions contemplated thereunder. The opinion from the Macau lawyers further corroborates the belief of the Directors (including the independent non-executive Directors) that the Star Junket Representative Agreement does, in fact, exist. A summary of their opinion will be included in the circular to Shareholders.
- (2) In respect of Mr. Choi, due diligence on his experience, capability and reputation in the gaming promoter business.

RISK FACTORS OF JUNKET BUSINESS AND LICENSING SYSTEM

The followings are the risk factors in relation to the junket business operated by Lucky Star:

- (1) The provision of junket business is competitive in general. There is no guarantee that the targeted customers of Lucky Star will not be lured away by other junket operators.**
- (2) The Rolling Turnover generated by Lucky Star operating as a junket representative in the StarWorld Casino at StarWorld Hotel & Casino relies on, among other factors, the attractiveness of the StarWorld Hotel to the prospective customers, Lucky Star's ability to procure customers to the StarWorld Hotel, annual renewal of the gaming promoter licence of Lucky Star by the Macau Government, tenure of Lucky Star acting as junket representative for the StarWorld Hotel under the Star Junket Representative Agreement. There is no assurance that the StarWorld Hotel is always attractive. In the event that Lucky Star ceases to be committed to the junket business or cease to be appointed as junket representative by the StarWorld Hotel, the junket business, and thereby the Star Profit to be paid to Best Max, may be adversely affected. Moreover, if Lucky Star fails to obtain the renewal of its gaming promoter licence from the Macau Government, it can no longer operate its junket business and no Star Profit can be paid to Best Max as a result.**
- (3) In the event that the StarWorld Hotel becomes the target for carrying out money laundering, the Rolling Turnover generated by Lucky Star may be affected and/or interrupted.**
- (4) The operation of the junket business by Lucky Star is subject to the ability of Lucky Star in obtaining their respective renewed licence from the Macau Government each year.**
- (5) The availability of the Star Profit relating to the Rolling Turnover generated by Lucky Star at the StarWorld Hotel pursuant to the Star Junket Representative Agreement heavily depends on the subsistence of the Star Junket Representative Agreement and on whether the Star Junket Representative Agreement can be successfully renewed. The Star Junket Representative Agreement may or may not be renewed by the StarWorld Hotel at the expiry of the term of the Star Junket Representative Agreement. In general, the term of agreement between the junket operator and the casino operator is tied with the terms of the gaming promoter licence.**
- (6) As parts of the Star Profit is sourced from Rolling Turnover generated by Lucky Star pursuant to the Star Junket Representative Agreement, there is a risk that those part of the Star Profit will cease to be source of the Star Profit if the Star Junket Representative Agreement expires or the gaming promoter licence of Lucky Star cannot be renewed.**

To become a junket operator in Macau, it is necessary for the junket operator to obtain a licence from the Gaming Inspection and Coordination Bureau of the Macau Government. The licence granted to the junket operator is valid for one year and is renewable.

The licensing process is initiated with an application request submitted to the Gaming Inspection and Coordination Bureau of the Macau Government including several documents, namely a filled form containing a questionnaire to ascertain the probity of the applicant and a declaration of a concessionaire, duly signed by a legal representative or a director with capacity to bind the company, indicating the intention of the concessionaire to work with such junket operator. 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. To consider whether the applicant fulfills the probity requirement, the Gaming Inspection and Coordination Bureau 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.

In order to renew the licence, the junket operator shall submit an application form accompanied by a declaration made by the concessionaire or sub-concessionaire, duly signed by a legal representative or a director with capacity to bind the company, indicating the intention of the concessionaire to work with such gaming promoter in the subsequent year, to the Gaming Inspection and Coordination Bureau of the Macau Government by 30th September of each year.

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 23rd June, 2008 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 8th July, 2008.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the Sale Shares on the terms and conditions in the Share Acquisition Agreement
“associates”	has the same meaning ascribed to it under the Listing Rules
“Best Max”	Best Max Enterprises Limited, a company incorporated in the British Virgin Islands
“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”	Neptune Group Limited, a company incorporated in Hong Kong 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”	6,211,111,111 Shares to be allotted and issued to Mr. Choi 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 I”	a convertible bond in the principal amount of HK\$846,000,000 issued by the Company in favour of Ultra Choice Limited as disclosed in the Company’s announcement dated 29th November, 2007
“Convertible Bond II”	a convertible bond in the principal amount of HK\$138,000,000 issued by the Company in favour of Faith Mount Limited as disclosed in the Company’s announcement dated 29th November, 2007
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition and the transactions contemplated thereunder
“Fifth Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Profits for the Fifth Relevant Period will not be less than HK\$587,000,000
“Fifth Relevant Period”	the period from 1st July, 2010 to 31st December, 2010 in respect of the Fifth Profit Guarantee under the Star Profit Agreement
“First Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Profits for the First Relevant Period will not be less than HK\$513,000,000
“First Relevant Period”	the period from 1st July, 2008 to 31st December, 2008 in respect of the First Profit Guarantee under the Star Profit Agreement

“First Transfer Agreement”	the agreement dated 21 June, 2008 made between Lucky Star, Peak Wing and Mr. Choi relating to (i) Peak Wing’s provision for an indefinite term of all the operating capital of Lucky Star to develop the junket business under the Gaming Promoter Agreement and (ii) Lucky Star’s transfer of certain of the Profits to Peak Wing
“Fourth Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Profits for the Fourth Relevant Period will not be less than HK\$543,000,000
“Fourth Relevant Period”	the period from 1st January, 2010 to 30th June, 2010 in respect of the Fourth Profit Guarantee under the Star Profit Agreement
“Gaming Operator”	a licensed gaming operator in Macau which is an Independent Third Party
“Group”	the Company and its subsidiaries
“Hao Cai Junket Representative Agreement”	the junket representative agreement entered into between Venetian Macau, S.A., an Independent Third Party and Hao Cai Sociedade Unipessoal Limitada and expiring on 31st December, 2007
“Hao Cai Profit”	0.4% of the Rolling Turnover (up to HK\$20 billion per month in the event that the Loan is made and prorated for Rolling Turnover in excess of HK\$45 billion per month) generated by Hao Cai Sociedade Unipessoal Limitada and/or its customers at Venetian Macau, S.A. gaming rooms pursuant to the Hao Cai Junket Representative Agreement and such other VIP gaming rooms whereby Hao Cai Sociedade Unipessoal Limitada is a duly appointed junket representative or such other VIP gaming rooms whereby Hao Cai can procure the sale/assignment of a percentage of Rolling Turnover generated by the duly appointed junket representatives. If Hao Cai Sociedade Unipessoal Limitada were to act as junket representative for the VIP gaming rooms, additional licences and/or junket representative agreements may be required to be executed
“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, substantial shareholders or bondholder of the Company and its subsidiaries or any of their respective associate
“Issue Price”	HK\$0.45 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan facility in the amount of up to HK\$6,000,000,000 to be granted by the Company to Peak Wing under the Loan Agreement

“Loan Agreement”	the loan agreement dated 22nd June, 2008 entered into between the Company and Peak Wing relating to the Loan
“Lucky Star”	Lucky Star Entretenimento Sociedade Unipessoal Limitada, a company incorporated in Macau, which is wholly-owned by Mr. Choi and is principally engaged in the junket representative/gaming promoter business, an Independent Third Party
“Macau”	Macau Special Administrative Region of the PRC
“MOP”	Patacas, the lawful currency of Macau
“Mr. Choi”	Mr. Choi Tai Wai, an Independent Third Party and a Macau citizen
“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 he 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
“Peak Wing”	Peak Wing Enterprises Limited, a company incorporated in the British Virgin Islands and is wholly owned by Mr. Choi, an Independent Third Party
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan
“Profit Forest”	Profit Forest Limited, a company incorporated in the British Virgin Islands
“Profit Guarantees”	the First Profit Guarantee, the Second Profit Guarantee, the Third Profit Guarantee, the Fourth Profit Guarantee, the Fifth Profit Guarantee and the Sixth Profit Guarantee
“Profits”	the profits that will be generated by Lucky Star from the junket business under the Gaming Promoter Agreement which represent the Rolling Turnover payable by the Gaming Operator to Lucky Star under the Gaming Promoter Agreement after deducting (a) the total commissions and bonuses payable by Lucky Star to its collaborators and (b) all the operational and administrative expenses incurred and tax payable to the Macau Government
“Rich Pearl”	Rich Pearl Enterprises Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, the purchaser under the Share Acquisition Agreement

“Rolling Turnover”	the value of Non-negotiable Chips acquired by Lucky Star on behalf of their customers less the value of Non-negotiable Chips redeemed by Lucky Star on behalf of its customers
“Sale Shares”	100 ordinary shares, being 100% of the total issued share capital of Best Max
“Second Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Star Profit for the Second Relevant Period will not be less than HK\$513,000,000
“Second Relevant Period”	the period from 1st January, 2009 to 30th June, 2009 in respect of the Second Profit Guarantee under the Star Profit Agreement
“Share Acquisition Agreement”	the conditional sale and purchase agreement dated 22nd June, 2008 entered into among Rich Pearl as a purchaser, Mr. Choi as vendor relating to the sale and purchase of the Sale Shares
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sixth Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Profits for the Sixth Relevant Period will not be less than HK\$587,000,000
“Sixth Relevant Period”	the period from 1st January, 2011 to 30th June, 2011 in respect of the Sixth Profit Guarantee under the Star Profit Agreement
“Star Junket Representative Agreement”	the junket representative agreement entered into between Galaxy Casino S. A., an Independent Third Party and Lucky Star
“Star Profit”	0.45% of the Rolling Turnover generated by Lucky Star and/or its customers at Level 3 at the StarWorld Hotel in Macau pursuant to the Star Junket Representative Agreement
“Star Profit Agreement”	the agreement dated 22nd June, 2008 entered into among Best Max as a purchaser, Mr. Choi as a vendor and Best Max relating to the sale and purchase of a 100% interest in the Star Profit
“StarWorld Hotel”	a 5-star hotel and casino in Macau spanning 140,000 sq. ft. offering a wide selection of games
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Profit Guarantee”	the guarantee provided by Mr. Choi under the Star Profit Agreement that the Star Profit for the Third Relevant Period will not be less than HK\$543,000,000

“Third Relevant Period”	the period from 1st July, 2009 to 31st December, 2009 in respect of the Third Profit Guarantee under the Star Profit Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	United States of America dollars
“%”	per cent.

By Order of the Board
Neptune Group Limited
Lin Cheuk Fung
Chairman

Hong Kong, 7th July, 2008

At the date of announcement, the Board comprises Mr. Lin Cheuk Fung, Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong, Stephen, Mr. Lau Kwok Hung, Mr. Wan Yau Shing, Ban and Mr. Lau Kwok Keung (all being executive Directors), Mr. Wong Yuk Man, Mr. Cheung Yat Hung, Alton and Mr. Yue Fu Wing (all being independent non-executive Directors).