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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: 00070)**

### **DISCLOSEABLE TRANSACTION**

Reference is made to the Company's announcement dated 9 February 2007.

On 12 January 2012, the Vendor and the Purchaser entered into the New Acquisition Agreement whereby the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares for a consideration of HK\$108,000,000.

The consideration for the New Acquisition shall be satisfied by the Purchaser in cash on Completion from internal resources.

Base Move is an investment holding company and is indirectly wholly owned by Ms. Lei. The main asset of Base Move is currently the Second Profit Agreement. On 12 January 2012, Base Move entered into the Fourth Profit Agreement with Highest Increase whereby Base Move has agreed to acquire the profit of Highest Increase, being a 0.25% of the Rolling Turnover generated by Hou Wan at the Sands Macao.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for previous transactions entered into by Ms. Lei with the Group and as announced by the Company, Ms. Lei, is an Independent Third Party.

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the New Acquisition are less than 25%, the New Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

Reference is made to the Company's announcement dated 9 February 2007. Capitalised terms used herein and not defined shall have the same meanings in that announcement unless the context otherwise requires.

On 12 January 2012, the parties entered into the New Acquisition Agreement, a summary of which is as follows:

**The New Acquisition Agreement:**

Date: 12 January 2012

Purchaser: the Company

Vendor: Certain Champ

Ms. Lei holds the entire issued share capital of Certain Champ and which in turn owns 80% of the issued share capital of Base Move. Base Move currently receives 100% of the Profit and will, in addition to the Profit, receive 100% of the New Profit upon Completion and it does not carry out any casino or gaming promotion activities in either Hong Kong or Macau. Therefore, the business activities of Base Move will not constitute unlawful activities under the laws of Hong Kong and Macau.

**Assets to be acquired**

Pursuant to the New Acquisition Agreement, the Company has agreed to acquire and Certain Champ has agreed to sell, as a legal and beneficial owner, the Sale Shares, being 10 shares of US\$1.00 each in the share capital of Base Move, representing 10% of the entire issued share capital of Base Move, 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\$108,000,000 and shall be settled by the Purchaser in cash from internal resources on Completion. A refundable amount of HK\$50,000,000 deposit has been made by the Purchaser upon the signing of the New Acquisition Agreement. The HK\$50,000,000 shall be immediately refunded and repaid to the Purchaser upon the termination or non-completion of the New Acquisition Agreement.

The consideration is determined after arm's length negotiation between the Purchaser and Ms. Lei after considering post and current business relationships between the Group and Ms. Lei, gaming performance of Ms. Lei and/or her associates in transactions with the Group, the gaming climate in Macau, the number of new gaming tables that Hou Wan will promote at the Sands, Macao and the future prospect of Macau's gaming business.

**Conditions precedent**

Completion is conditional upon the satisfaction and/or waiver of the following:

- (A) the Purchaser undertaking a due diligence investigation in respect of Base Move and Highest Increase including but not limited to the affairs, business, assets, results, legal and financing structure of Base Move and Highest Increase in particular, the Fourth Profit Agreement and the Purchaser being in its reasonable discretion satisfied with the results of such due diligence investigation;

- (B) no event having occurred since the date of the New 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 Base Move or Highest Increase and such material adverse effect shall not have been caused;
- (C) the warranties in the New Acquisition Agreement remaining true and accurate and not misleading at Completion as if repeated at Completion and at all times between the date of the New Acquisition Agreement and Completion.

### **Completion**

Completion shall take place at 11:00 a.m. on the second Business Day after the last of the conditions of the New Acquisition Agreement having been fulfilled or at such other time as may be agreed between Certain Champ and the Company wherein the Company shall pay the consideration to Certain Champ in cash.

### **Long-stop date**

The New Acquisition Agreement provides that should the satisfaction of all the above conditions not occur on or before 31 March 2012 or such other date as the parties thereto may agree, the New Acquisition Agreement shall terminate.

### **THIRD PROFIT AGREEMENT**

On 12 January 2012 Highest Increase as purchaser entered into the Third Profit Agreement with Hou Wan as vendor and Ms. Lei, the ultimate beneficial owner of Hou Wan, as guarantor. The major terms of the Third Profit Agreement are set out as follows:

#### **Asset to be acquired**

Hou Wan has conditionally agreed to sell, as beneficial owner, and/or assign and Ms. Lei has conditionally agreed to procure Hou Wan to sell and/or assign to Highest Increase absolutely Hou Wan's right, title and interest and benefits in and to 100% of the New Profit, being 0.25% of the Rolling Turnover generated by Hou Wan and/or its customers at a VIP gaming room at the Sands Macao commencing from the completion date of the Third Profit Agreement and Highest Increase shall purchase/accept the assignment of the New 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 Third Profit Agreement.

### **FOURTH PROFIT AGREEMENT**

On 12 January 2012 Highest Increase, Base Move and Ms. Lei entered into the Fourth Profit Agreement for the acquisition of Highest Increase's right, title and interest and benefits in and to 0.25% of the Rolling Turnover generated by Hou Wan and/or its customers at a VIP gaming room at the Sands Macao.

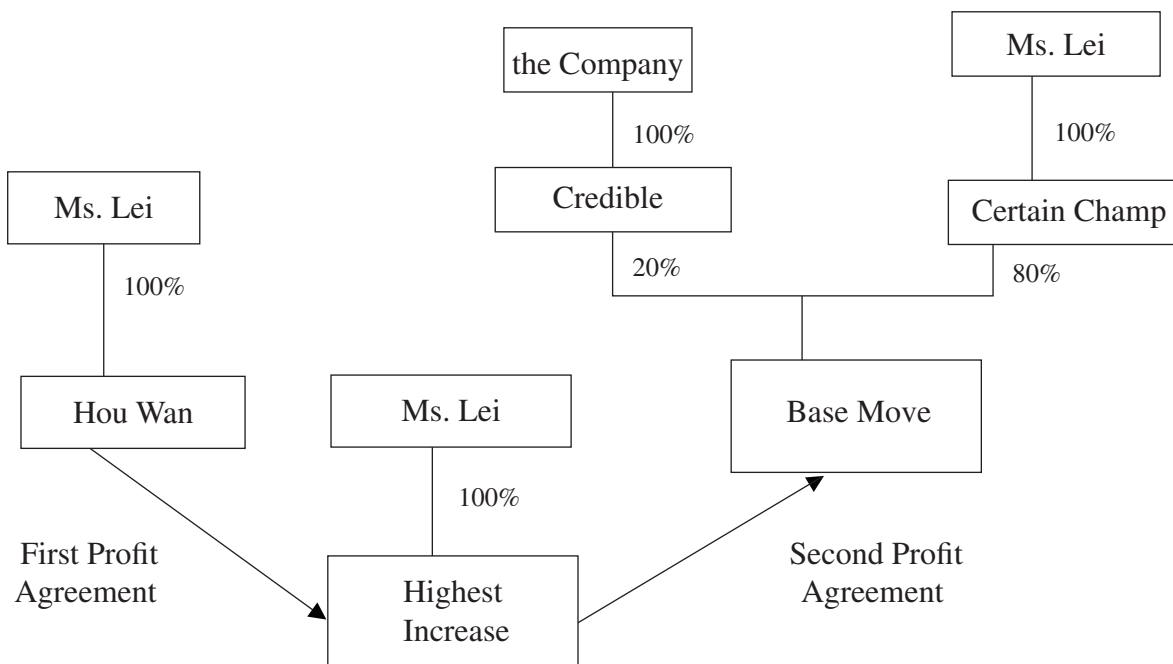
The major terms of the Fourth Profit Agreement are set out as follows:

**Asset to be acquired**

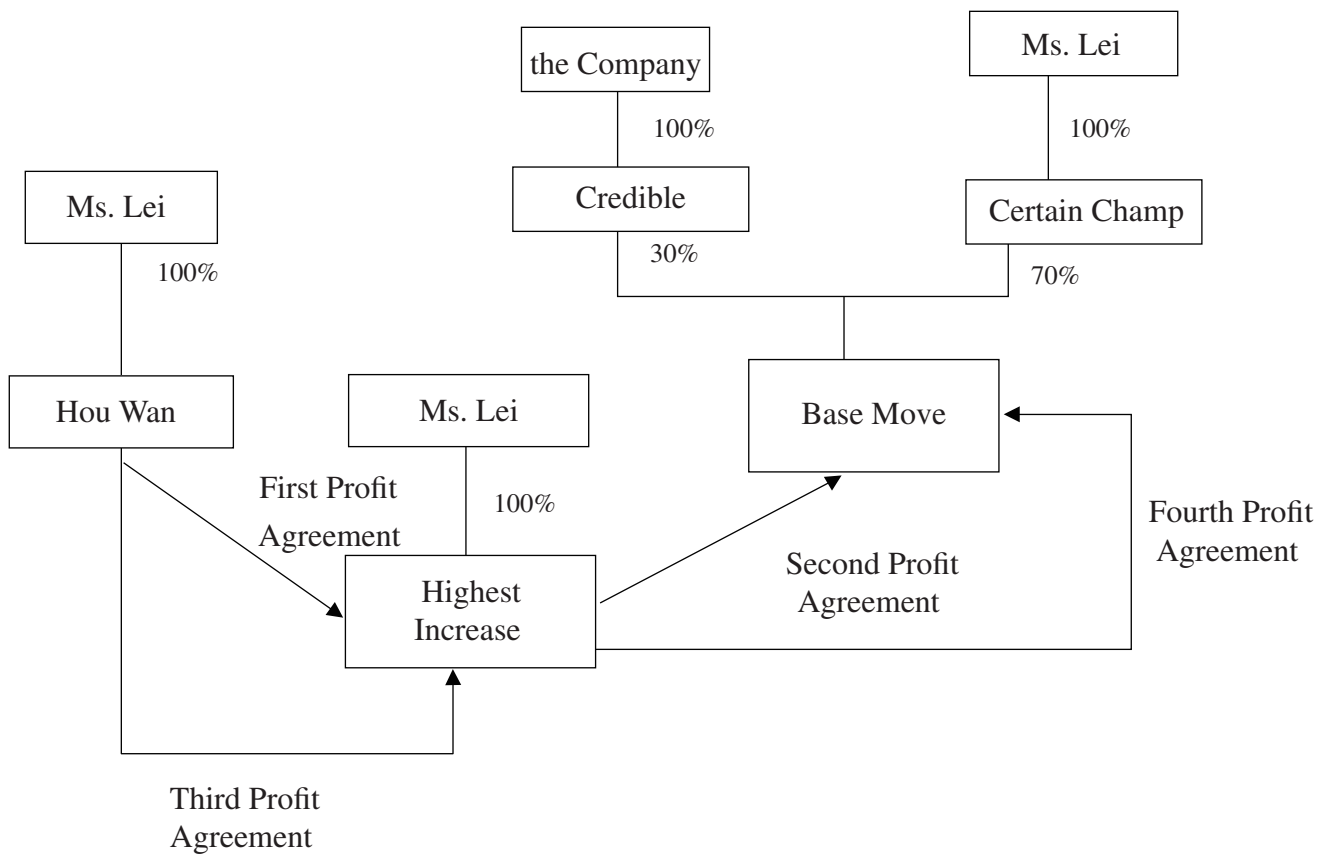
Highest Increase has conditionally agreed to sell, as beneficial owner, and/or assign and Ms. Lei has conditionally agreed to procure Highest Increase to sell and/or assign to Base Move absolutely Highest Increase’s right, title and interest and benefits in and to 100% of the New Profit, being 0.25% of the Rolling Turnover generated by Hou Wan and/or its customers at a VIP gaming room at Sands Macao commencing from the completion date of the Fourth Profit Agreement and Base Move shall purchase/accept the assignment of the Profit, free from all liens, claims, equities, charges, encumbrances or third-party rights of whatsoever nature and with all rights attached thereto as from the completion date of the Fourth Profit Agreement.

**SHAREHOLDING STRUCTURE AND BUSINESS RELATIONSHIP OF THE RELEVANT ENTITIES AND THE COMPANY**

The diagram below shows the shareholding structure and business relationship of the relevant entities before Completion:



The diagram below shows the shareholding structure and business relationship of the relevant entities after Completion:



## INFORMATION OF BASE MOVE

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Base Move is an investment holding company incorporated in the British Virgin Islands on 22 September 2006, and owned as to 20% by the Group and 80% by Certain Champ (wholly-owned by Ms. Lei).

## REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in gaming and entertainment related business carried out in Macau.

Given the strong junket gaming business in Macau since the Group's foray into that business in 2007, the performance of Ms. Lei in the junket representative industry and the strong and healthy business relationship between the Group and Ms. Lei over the years, the Directors consider taking a further interest in the junket representative business would be beneficial to the Group and also will further increase the Group's revenue and profit. Accordingly, the Directors consider the terms of the New Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

As covered by the legal opinion as the Macau law, Hou Wan is validly licensed to act as a gaming promoter (or junket) in Macau. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sands Macao is licensed to operate junket business and gaming business by the relevant authorities in Macau.

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 18.04 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 Hou Wan and Sands Macao are respectively licensed to operate junket business and gaming business by the relevant authorities in Macau and the amount of bet/Rolling Turnover is properly registered by both Hou Wan and Sands Macao, their gaming activities and businesses are subject to stringent control and regulation of the Macau Government. As their activities are under the regulation of the Macau Government and covered by a local legal opinion (as to Hong Kong law) that the gaming promotion businesses carried out by Hou Wan do not contravene any applicable laws of Hong Kong, the Directors, based on the legal opinions issued by Hong Kong lawyer, confirms that the activities they participate are legal and lawful and thereby the income derived from these activities is also be lawful and proper.

## **LISTING RULES IMPLICATIONS**

As the relevant percentage ratios as referred to in Chapter 14 of the Listing Rules for the Acquisition are less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

"associates"	has the meaning ascribed thereto in the Listing Rules
"Base Move"	Base Move Investments Limited, a company incorporated in the British Virgin Islands owned as to 20% by the Group and 80% by Ms. Lei
"Board"	board of Directors
"Business Day"	any day (other than Saturday), on which banks in Hong Kong are open for business

“Certain Champ” or “Vendor”	Certain Champ Limited, a company incorporated in the British Virgin Islands wholly owned by Ms. Lei
“Company” or “Purchaser”	Neptune Group Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Credible”	Credible Limited, a company incorporated in the British Virgin Islands wholly owned by the Company
“Director(s)”	director(s) of the Company
“Fourth Profit Agreement”	the agreement dated 12 January 2012 entered into between Highest Increase, Base Move and Ms. Lei relating the acquisition of the net profit of Highest Increase, being approximately 0.25% of the Rolling Turnover generated by Hou Wan and/or its customers at new VIP gaming tables at the Sands Macao
“Group”	the Company and its subsidiaries
“Highest Increase”	Highest Increase Limited, a company incorporated in the British Virgin Islands wholly owned by Ms. Lei
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hou Wan”	好運娛樂一人有限公司 (Hou Wan Entertainment Unipessoal Limitada), a company incorporated in Macau and is principally engaged in the gaming promotion business, an Independent Third Party
“Independent Third Party”	to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties who are independent of and not connected with the Company or connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the PRC
“Macau Government”	government of Macau
“Ms. Lei”	Ms. Lei Choi In, an Independent Third Party

“New Acquisition”	acquisition of a 10% equity interest in Base Move by the Company from the Vendor subject to and upon the terms and conditions of the New Acquisition Agreement
“New Acquisition Agreement”	the agreement dated 12 January 2012 entered into among the Company, Ms. Lei, Hou Wan and Certain Champ in respect of the Acquisition
“New Profit”	approximately 0.25% of the Rolling Turnover generated by Hou Wan and/or its customers at a new VIP gaming room at the Sands Macao
“Non-negotiable Chips”	also known as rolling chips or dead chips. These chips cannot be converted into cash or negotiable chips nor can they be redeemed for other goods and services. These chips can only be bet once. If the customer loses, these chips go to Sands Macao. If the customer wins, he or she is paid the winnings and the amount bet in negotiable chip and Sands Macao will get back these rolling chips. The design of these chips are different from the negotiable chips and hence, the dealers and the cashiers of Sands Macao can readily recognize them from negotiable chips
“PRC”	The People’s Republic of China which for the purpose of this announcement excluding Hong Kong, Macau and Taiwan
“Rolling Turnover”	the value of Non-negotiable Chips bet by the customers that the junket operator brings into Sands Macao
“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
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Profit Agreement”	the agreement dated 12 January 2012 entered into between Highest Increase as the purchaser, Hou Wan as the vendor and Ms. Lei as guarantor in relation to acquisition of 100% interest of the New Profit



“Venetian Macau Limited”	a developer of multiple of casino hotel resort properties in Macau and is a subsidiary of Las Vegas Sands, Corp., a hotel and gaming company and the securities of which are listed on the New York Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 January 2012

*As at the date of this announcement, the Board comprises Mr. Lin Cheuk Fung, Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong Stephen, and Mr. Lau Kwok Hung (all executive Directors), Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing, and Mr. Chan Choi Kam (all independent non-executive Directors).*