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If you are in doubt as to any aspect about this circular or as to the action you should take, you should consult your licensed securities dealer or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Macau Prime Properties Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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澳門祥泰地產集團有限公司*

MACAU PRIME PROPERTIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

DISCLOSEABLE TRANSACTION

Financial Adviser to Macau Prime Properties Holdings Limited



SOMERLEY LIMITED

* For identification purpose only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings, unless the context otherwise requires:

“2005 August Note”	the zero coupon convertible notes due 2010 in the aggregate principal of HK\$1,000 million issued by the Company on 11th August, 2005, of which an aggregate principal amount of HK\$582,050,000 remained outstanding as at the Latest Practicable Date
“2006 June Note”	the 1% convertible notes due 2011 in the aggregate principal of HK\$1,000 million issued by the Company on 15th June, 2006, all of which remained outstanding as at the Latest Practicable Date
“Acquisition”	acquisition of 280 Orient Town Shares pursuant to the acquisition agreement dated 29th March, 2006, entered into between Pacific Wish and Million Orient
“Board”	the board of Directors
“Best Profit”	Best Profit Holdings Limited, a company incorporated in Hong Kong with limited liability, which holds 99% of the registered share capital of XLM
“BVI”	the British Virgin Islands
“Cancellation”	the cancellation of 35 Option Shares under the Call Option
“Call Option”	an option granted by Pacific Wish to Million Orient pursuant to which Million Orient has the right to require Pacific Wish to sell to Million Orient 70 Orient Town Shares
“Company”	Macau Prime Properties Holdings Limited (formerly known as Cheung Tai Hong Holdings Limited), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Concordia”	聯生發展股份有限公司 (Empresa De Fomento Industrial E Comercial Concórdia, S.A.), a company incorporated in Macau
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Circular”	the circular of the Company dated 29th May, 2006

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 105 Orient Town Shares by Pacific Wish to the Purchaser
“Disposal Compensation”	the compensation to be paid by Pacific Wish to Million Orient for the Cancellation
“Exercise Period”	the period commencing from 15th June, 2006 and ending on 15th June, 2007, during which Million Orient may exercise the Call Option
“Giant Energy”	Giant Energy Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“HK GAAP”	generally accepted accounting principles applicable in Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	7th July, 2006, being the latest practicable date prior to the printing of this circular for ascertaining information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Million Orient”	Million Orient Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Option Shares”	70 Orient Town Shares, representing 10% of the issued share capital of Orient Town as at the Latest Practicable Date, held by Pacific Wish which are subject to the Call Option
“Orient Town”	Orient Town Limited, a company incorporated in Hong Kong with limited liability which is interested in 70% of the issued share capital of Best Profit
“Orient Town Group”	Orient Town and its subsidiaries

DEFINITIONS

“Orient Town Share(s)”	share(s) of HK\$1 each in the issued share capital of Orient Town
“Pacific Wish”	Pacific Wish Limited, a company incorporated in BVI with limited liability
“PRC”	People’s Republic of China excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“Purchaser”	an independent third party acquiring 105 Orient Town Shares from Pacific Wish
“Purchaser Option”	an option granted by Pacific Wish to the Purchaser pursuant to which the Purchaser has the right to require Pacific Wish to sell to the Purchaser additional 70 Orient Town Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“XLM”	新聯盟投資有限公司 (San Lun Mang Investimentos, Limitada), a company incorporated in Macau with limited liability which is interested in 83% of the registered share capital of Concordia
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



澳門祥泰地產集團有限公司*

MACAU PRIME PROPERTIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

Executive Directors:

Mr. Cheung Hon Kit (*Chairman*)

Mr. Chan Fut Yan (*Managing Director*)

Non-executive Directors:

Mr. Ho Hau Chong, Norman (*Deputy Chairman*)

Mr. Lo Lin Shing, Simon

Independent non-executive Directors:

Mr. Wong Chi Keung, Alvin

Mr. Kwok Ka Lap, Alva

Mr. Chui Sai Cheong

Registered office:

Clarendon House

Church Street

Hamilton HM 11

Bermuda

*Principal place of business
in Hong Kong:*

29/F., Paul Y. Centre

51 Hung To Road

Kwun Tong, Kowloon

Hong Kong

12th July, 2006

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

On 26th June, 2006, the Directors announced that on 19th June, 2006, Million Orient granted a consent to Pacific Wish to dispose of 105 Orient Town Shares to the Purchaser with the Purchaser Option to acquire additional 70 Orient Town Shares. Upon the Purchaser Option being exercised, 35 Option Shares will be cancelled. By consenting to the Disposal and the Cancellation, the Group will be compensated for approximately HK\$32.3 million upon the Purchaser having exercised the Purchaser Option.

The Cancellation constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with information on the Cancellation, its effect on the Group and other information as required under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

BACKGROUND

Reference is made to the Circular in relation to (i) the acquisition of 40% of the issued share capital of Orient Town by Million Orient from Pacific Wish; (ii) the provision of a shareholder's loan of HK\$885 million by Million Orient to Orient Town; and (iii) the grant of the Call Option.

The agreement in respect of the Acquisition and the transactions contemplated thereunder were duly approved by the Shareholders at the special general meeting of the Company duly convened and held on 15th June, 2006. The Acquisition was completed on 15th June, 2006 and a shareholder's loan of HK\$885 million was advanced by the Group to Orient Town accordingly.

CANCELLATION

On 19th June, 2006, Million Orient granted a consent to Pacific Wish to dispose of 105 Orient Town Shares to the Purchaser with the Purchaser Option, pursuant to which the Purchaser has the right to require Pacific Wish to sell to the Purchaser additional 70 Orient Town Shares. Million Orient further agreed that upon exercise of the Purchaser Option, Million Orient's right under the Call Option should be reduced by half. As a result, upon the Purchaser exercising its right under the Purchaser Option, the number of Orient Town Shares that Million Orient could require Pacific Wish to sell under the Call Option would be reduced from 70 to 35. To the best of the Directors' knowledge, information and belief and after having made all reasonable enquiry, the Purchaser and its beneficial owner is independent of the Group and its connected person and are not connected person.

Assuming the Disposal is completed and that the Purchaser Option is exercised in full, Pacific Wish would have disposed of a total of 175 Orient Town Shares. Consequently, the entire Call Option would have been cancelled. However, the Board is of the view that the interest in Orient Town is an attractive investment opportunity and agreed only to consent the cancellation of 35 Option Shares.

CONSIDERATION

As set out in the Circular, in the event of disposal of Orient Town Shares by Pacific Wish during the Exercise Period, the number of Option Shares would be reduced by half of the Orient Town Shares subject to such disposal and Million Orient would be entitled to a compensation, being half of the consideration for such disposal after netting off all expenses reasonably and properly incurred by Pacific Wish in connection with the Disposal. In the event that half of the Orient Town Shares subject to disposal exceeds 70, the compensation to Million Orient for such disposal will be calculated on a pro rata basis, subject to a maximum of 70 Orient Town Shares.

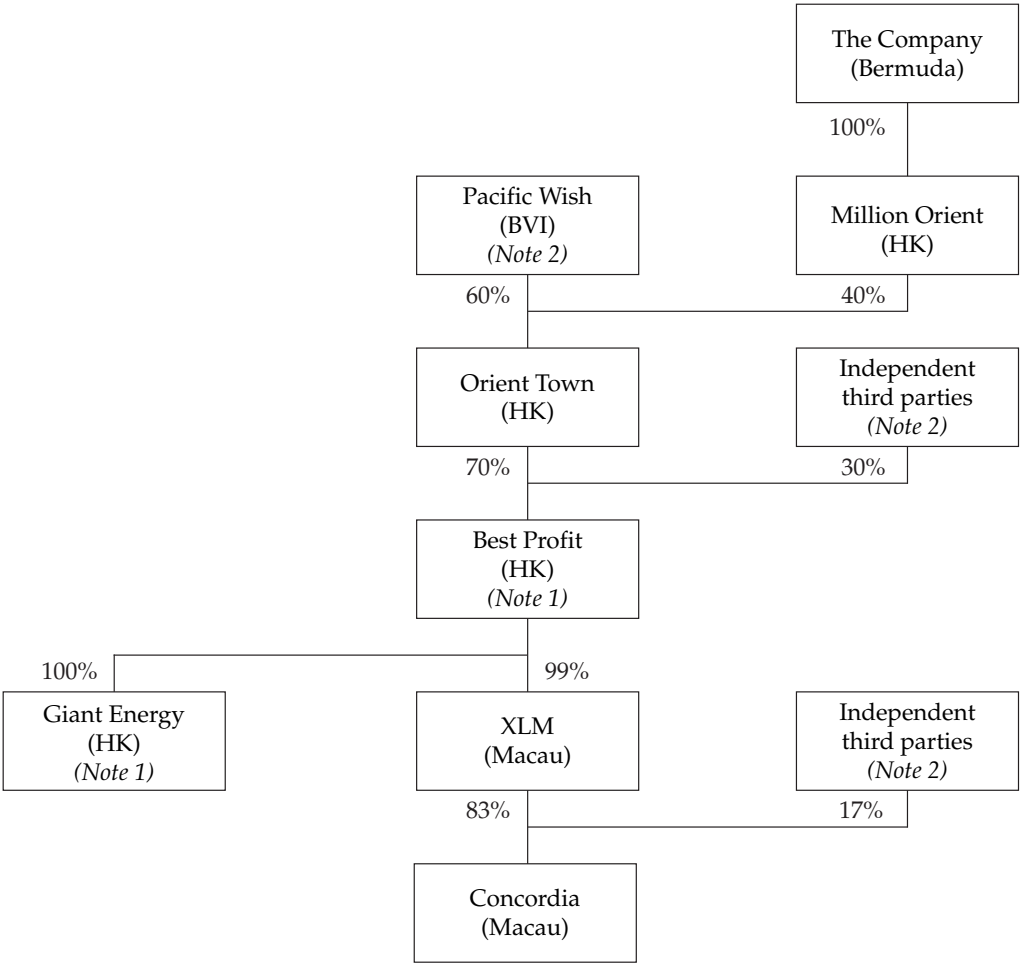
LETTER FROM THE BOARD

Upon the Purchaser having exercised the Purchaser Option to acquire the additional 70 Orient Town Shares, 35 Option Shares will be cancelled and Million Orient will be entitled to the Disposal Compensation of approximately HK\$32.3 million, which is pro rata to the total consideration that Pacific Wish would receive assuming that the Purchaser has acquired the 105 Orient Town Shares and has exercised its right under the Purchaser Option to acquire the additional 70 Orient Town Shares. The Directors consider the Disposal Compensation fair and reasonable and is in accordance with the principle of the formula for calculating the Disposal Compensation set out in the Circular.

After the Purchaser Option having been exercised, Pacific Wish will settle at once all expenses incurred in connection with the Disposal and the Purchaser Option. Pacific Wish shall then settle the Disposal Compensation as soon as practicable. The Disposal Compensation will be used for the general working capital of the Group.

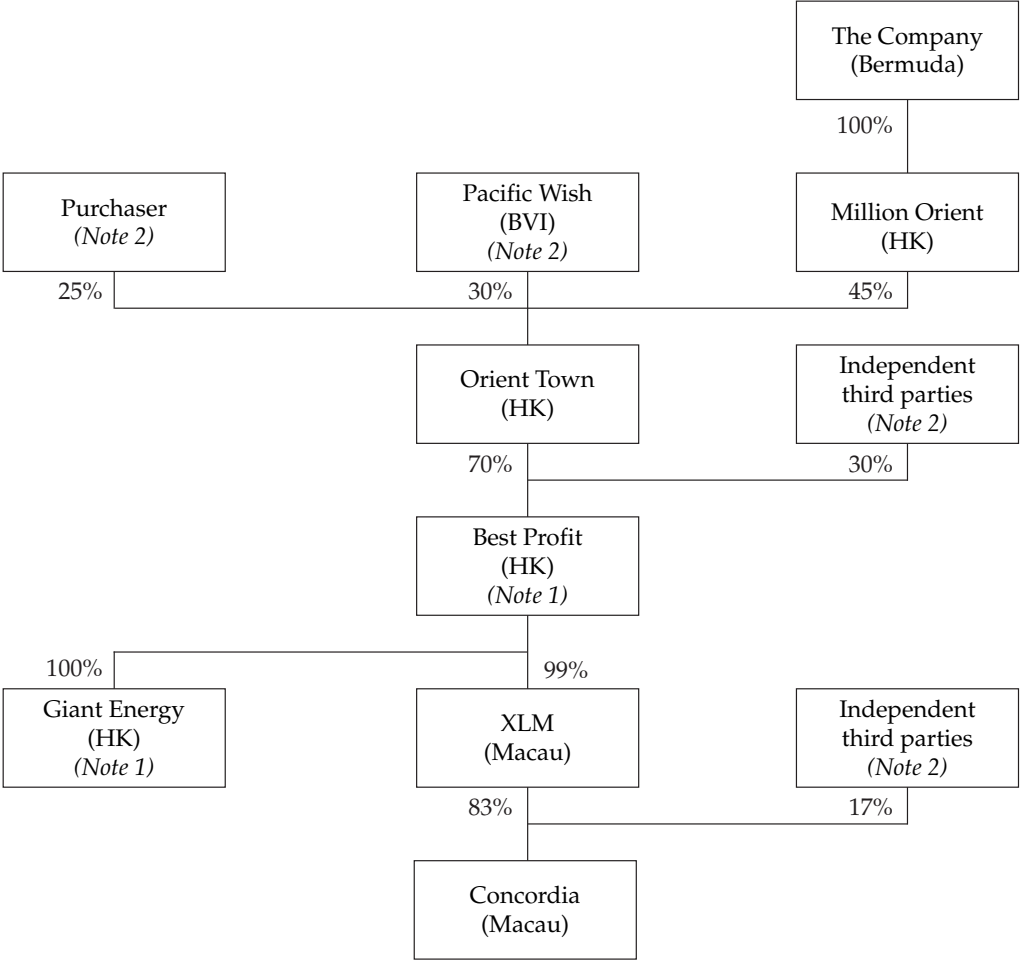
SHAREHOLDING STRUCTURE OF ORIENT TOWN GROUP

Before the Disposal and the exercises of the Call Option and the Purchaser Option



LETTER FROM THE BOARD

After completion of the Disposal and both the Purchaser Option and the Call Option as reduced by the Cancellation having been exercised in full



Notes:

- 1. Best Profit is holding 99% of the registered share capital of XLM. The remaining 1% of the registered share capital of XLM is held by Mr. Ma Iao Son. It is intended that such 1% of the registered share capital of XLM held by Mr. Ma Iao Son in trust for Best Profit will be transferred to Giant Energy.
- 2. Based on the best knowledge of and information available to the Directors, Pacific Wish, the Purchaser and the independent third parties as referred to above are independent of any of the holders of the convertible notes of the Company.
- 3. Places in parentheses represent places of incorporation.

INFORMATION ON ORIENT TOWN GROUP

Orient Town, Best Profit, Giant Energy and XLM are all special purpose vehicles incorporated in 2005. Orient Town has an 70% effective interest in the issued share capital of XLM, which in turn has an 83% interest in the registered share capital of Concordia. Concordia is a property investment company with its sole property located on the northwest

LETTER FROM THE BOARD

side of Coloane, Macau (澳門路環). Except for the direct or indirect investments in Concordia, none of Orient Town, Best Profit, Giant Energy or XLM has any other business.

Set out below is the audited consolidated financial information of Orient Town since 1st June, 2005 (date of incorporation) to 31st December, 2005 prepared in accordance with the HK GAAP as extracted from the Circular:

	For the period from 1st June, 2005 to 31st December, 2005 <i>HK\$'000</i> (Audited)
Turnover	–
Profit before taxation (<i>Note</i>)	36,913
Profit after taxation	36,913
	As at 31st December, 2005 <i>HK\$'000</i> (Audited)
Total assets	791,901
Net assets	36,914

Note: Such profit was primarily attributable to the gain on disposals of an 30% interest in Best Profit by Orient Town to two independent third parties.

REASONS FOR THE CANCELLATION

As disclosed in the Circular, the Group has been actively seeking property investment opportunities in Hong Kong, Macau and the PRC and has recently completed its acquisitions of Everight Investment Limited and interests in Orient Town, which are engaged in property development in the PRC and property investment in Macau respectively. The Company intends to continue diversifying its property investment portfolio.

Pacific Wish has been seeking other investors in order to strengthen the shareholder base of Orient Town. Given that without exercise of the Call Option in full, Million Orient would still be the single largest shareholder of Orient Town, the Board therefore agreed to the Cancellation with the view to attract international sales of Concordia's development project. In view of the above, the Directors consider that the Cancellation is in the interest of the Company and the Shareholders as a whole.

EFFECTS ON THE GROUP

As disclosed in the Circular, upon Million Orient having exercised the Call Option in full, Million Orient will be interested in 350 Orient Town Shares, representing 50% of the issued share capital of Orient Town.

LETTER FROM THE BOARD

After completion of the Disposal and the Purchaser having exercised the Purchaser Option in full, upon Million Orient having exercised the Call Option to acquire the remaining 35 Option Shares, Million Orient will only be interested in 315 Orient Town Shares, representing 45% of the issued share capital of Orient Town.

FINANCIAL EFFECTS OF THE CANCELLATION

No impact is expected on earnings, assets or liabilities of the Group upon completion of the Disposal.

Upon the Purchaser having exercised the Purchaser Option to acquire the additional 70 Orient Town Shares, the Group is entitled to the Disposal Compensation of approximately HK\$32.3 million after netting off all expenses reasonably incurred by Pacific Wish in connection with the Disposal. It is expected that the Group will record a gain of the same amount and an increase in net asset value as a result.

GENERAL

The Company is an investment holding company, and its subsidiaries are principally engaged in property development and investment in Hong Kong, trading of motorcycles and spare parts, the sale and manufacturing of “Tung Fong Hung” branded Chinese pharmaceutical and health products, the production and distribution of western pharmaceutical products and securities investment. The Group recently acquired Everight Investment Limited, which through its subsidiaries is principally engaged in operation of golf club, hotel, resorts and development and management of luxurious residential properties.

Pacific Wish is an investment holding company. Save for being a party to the agreement in respect of the Acquisition, to the best of the Directors’ knowledge, information and belief and after having made all reasonable enquiry, Pacific Wish and its beneficial owner, Mr. Ma Chi Un, Fred, are independent of the Group and its connected persons and are not connected persons. Mr. Ma Chi Un, Fred is also not a connected person of the ultimate owners of any of the holders of any convertible notes of the Company.

FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Macau Prime Properties Holdings Limited
Mr. Cheung Hon Kit
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Shares and underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of Director	Long position/ Short position	Capacity	Number of Shares held	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interest	Approximate percentage of the issued share capital of the Company
Mr. Ho Hau Chong, Norman ("Mr. Ho")	Long position	Interest of controlled corporation	102,272,726 (Note)	113,636,363 (Note)	215,909,089	9.15

Note: Each of Mr. Ho, a non-executive Director, and his brother, Mr. Ho Hau Hay, Hamilton, owns 50% interest in Kopola Investment Company Limited (“**Kopola**”) which beneficially owns 102,272,726 Shares and HK\$50 million 2005 August Note.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

(b) Competing interest

As at the Latest Practicable Date, interests of the Directors and their respective associates in competing businesses were as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung Hon Kit ("Mr. Cheung")	Wing On Travel (Holdings) Limited and its subsidiaries	Property business and hotel operation in Hong Kong and the PRC	As the managing director
	Manwide Holdings Limited (A non wholly-owned subsidiary of Hanny Holdings Limited)	Property business in the PRC	As a director
	China Development Limited	Property investment in Hong Kong	As a director and shareholder
	Artnos Limited	Property investment in Hong Kong	As a director and shareholder
	Co-Forward Development Ltd	Property investment in Hong Kong	As a director and shareholder
	Orient Centre Limited	Property investment in Hong Kong	As a shareholder
	Super Time Limited	Property investment in Hong Kong	As a director and shareholder
	Asia City Holdings Ltd	Property investment in Hong Kong	As a director and shareholder
Mr. Ho	Supreme Best Ltd	Property investment in Hong Kong	As a shareholder
	Miramar Hotel and Investment Company, Limited and its subsidiaries	Property investment, property development and sales, and hotel operation	As a director
Mr. Lo Lin Shing, Simon ("Mr. Lo")	The Kwong Sang Hong International Limited and its subsidiaries	Property development, sales of properties and property leasing	As a director
	Besteam Limited and its subsidiaries	Property development and property investment	As a director
	New World CyberBase Limited and its subsidiaries	Property investment	As the chairman and an executive director

Mr. Cheung is the chairman of the Company who is principally responsible for the Group's strategic planning and management of the operations of the Board. His role is clearly separated from that of the managing Director, Mr. Chan Fut Yan, who is principally responsible for the Group's operation and business development. Mr. Ho and Mr. Lo, being non-executive Directors, do not participate in the daily management of the Group.

In addition, any significant business decision of the Group is to be determined by the Board. A Director who has interest in the subject matter being resolved will abstain from voting. In view of the above, the Board considers that the interests of Mr. Cheung, Mr. Ho and Mr. Lo in other companies will not prejudice their capacity as Directors nor compromise the interest of the Company and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

3. INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

(i) *Interest in Shares*

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company
Loyal Concept Limited ("Loyal Concept")	Long position	Beneficial owner	356,137,272 (Note 1)	15.09
Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.09
Hanny Holdings Limited ("Hanny Holdings")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.09
Kopola	Long position	Beneficial owner	102,272,726 (Note 2)	4.33
Mr. Ho	Long position	Interest of controlled corporation	102,272,726 (Note 2)	4.33
Ho Hau Hay, Hamilton	Long position	Interest of controlled corporation	102,272,726 (Note 2)	4.33
Shepherd Investments International, Ltd. ("Shepherd")	Long position	Beneficial owner	96,418,727 (Note 3)	4.09
Stark Asia Master Fund, Ltd. ("Stark Asia")	Long position	Beneficial owner	57,847,636 (Note 3)	2.45

APPENDIX	GENERAL INFORMATION			
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Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company
Stark Investments (Hong Kong) Limited (“ Stark HK ”)	Long position	Investment manager	214,252,725 (Note 3)	9.08
OZ Master Fund, Ltd. (“ OZ Master ”)	Long position	Beneficial owner	84,771,827 (Note 4)	3.59
OZ Management, L.L.C. (“ OZ Management ”)	Long position	Investment manager	142,687,727 (Note 4)	6.05
Highbridge Capital Management LLC (“ Highbridge Capital ”)	Long position	Investment manager	88,546,817 (Note 5)	3.75
Highbridge GP, Ltd. (“ Highbridge GP ”)	Long position	Interest of controlled corporation	88,546,817 (Notes 5 and 6)	3.75
Clive Harris	Long position	Interest of controlled corporation	88,546,817 (Note 6)	3.75
Michael Austin	Long position	Interest of controlled corporation	88,546,817 (Note 6)	3.75
Gandhara Master Fund Limited (“ Gandhara ”)	Long position	Investment manager	195,000,000	8.26
Lone Cypress, Ltd.	Long position	Beneficial owner	211,573,908	8.96
Lone Pine Capital LLC	Long position	Investment manager	258,332,000	10.95
PMA Capital Management Limited (“ PMA Capital ”)	Long position	Investment manager	90,000,000	3.81

(ii) *Interest in the underlying Shares under equity derivatives (as defined in Part XV of the SFO)*

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company
Loyal Concept	Long position	Beneficial owner	1,135,714,285 (Note 1)	48.12
Hanny Magnetics	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	48.12
Hanny Holdings	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	48.12
Kopola	Long position	Beneficial owner	113,636,363 (Note 2)	4.82
Mr. Ho	Long position	Interest of controlled corporation	113,636,363 (Note 2)	4.82
Ho Hau Hay, Hamilton	Long position	Interest of controlled corporation	113,636,363 (Note 2)	4.82
Shepherd	Long position	Beneficial owner	200,016,234 (Note 3)	8.47
Stark Asia	Long position	Beneficial owner	76,152,597 (Note 3)	3.23
Stark HK	Long position	Investment manager	391,623,377 (Note 3)	16.59
OZ Master	Long position	Beneficial owner	122,875,000 (Note 4)	5.21
OZ Management	Long position	Investment manager	152,386,364 (Note 4)	6.46

Name of Shareholder	Long position/ Short position	Capacity	Number of underlying Shares (under equity derivatives of the Company)	Approximate percentage of the issued share capital of the Company
Highbridge Capital	Long position	Investment manager	147,012,987 (Note 5)	6.23
Highbridge GP	Long position	Interest of controlled corporation	147,012,987 (Notes 5 and 6)	6.23
Clive Harris	Long position	Interest of controlled corporation	147,012,987 (Note 6)	6.23
Michael Austin	Long position	Interest of controlled corporation	147,012,987 (Note 6)	6.23
Gandhara	Long position	Investment manager	357,142,857	15.13
PMA Capital	Long position	Investment manager	100,000,000	4.24

Notes:

1. Hanny Holdings and Hanny Magnetics were taken to have an interest in 356,137,272 Shares, HK\$330 million 2005 August Note and HK\$270 million 2006 June Note held by Loyal Concept since Loyal Concept is a wholly-owned subsidiary of Hanny Magnetics which, in turn, is a wholly-owned subsidiary of Hanny Holdings, the shares of which are listed on the Stock Exchange.
2. Each of Mr. Ho, a non-executive director of the Company, and his brother, Mr. Ho Hau Hay, Hamilton owns 50% interest in Kopola which beneficially owns 102,272,726 Shares and HK\$50 million 2005 August Note.
3. Stark HK was taken to have an interest in 214,252,725 Shares, HK\$95 million 2005 August Note and HK\$123 million 2006 June Note held by Centar Investments (Asia) Ltd., Shepherd, Stark Asia and Stark International.
4. OZ Management was taken to have an interest in 142,687,727 Shares and HK\$67,050,000 2005 August Note which are held by OZ Asia Master Fund, Ltd. and OZ Master.
5. Highbridge GP was taken to have an interest in 88,546,817 Shares, HK\$10 million 2005 August Note and HK\$87 million 2006 June Note held by Highbridge Master L.P. (“**Highbridge Master**”) and Highbridge Asia Opportunities Master L.P. (“**Highbridge Asia**”) since Highbridge Master and Highbridge Asia are the wholly-owned subsidiaries of Highbridge GP. Highbridge Capital is an investment manager of Highbridge Master and Highbridge Asia.
6. Each of Mr. Clive Harris and Mr. Michael Austin owns 50% interest in Highbridge GP.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had any interest or short positions in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

4. CLAIMS AND LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. MISCELLANEOUS

- The qualified accountant of the Company is Mr. Cheung Chi Kit, *CPA, A.C.S., A.C.I.S.*.
- The company secretary of the Company is Ms. Yan Ha Hung, *Loucia, MBA, A.C.S., A.C.I.S.*.
- The registered office of the Company is at Clarendon House, Church Street, Hamilton HM 11, Bermuda.
- The Company's principal place of business in Hong Kong is situated at 29/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.
- The branch share registrar and transfer office of the Company is Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- The English text of this circular prevails over the Chinese text.