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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  
IN RELATION TO  
AN ACQUISITION OF PROPERTY IN MACAU**

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\* 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”	the acquisition of the Property by the Purchaser from the Vendor
“Agreement”	the sale and purchase agreement dated 11th December, 2006 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Property
“Board”	the board of Directors
“Company”	Macau Prime Properties 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
“Completion”	completion of the Acquisition pursuant to the Agreement
“Completion Date”	on or before 30th April, 2007
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition, being HK\$88,519,600, which shall be satisfied by cash pursuant to the terms of the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	14th December, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Offering Letter”	the offering letter dated 20th November, 2006 received from the Vendor and accepted by the Company in relation to the sale and purchase of the Property
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“Property”	44 residential units in Avenida Xian Xing Hai nos. 81–121, Rua de Londres nos. 148–254, Avenida do Governador Jaime Silvério Marques nos. 80–120 and Rua de Madrid nos. 147–255, EDIFÍCIO COMERCIAL ZHU KUAN MANSION, registered with the Real Estate Registry of Macau under no. 21941
“Purchaser”	Hayton Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	The First International Property Planning & Management Company Limited, a company incorporated in Macau
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*For ease of reference, the name of Macau established company and entity has been included in this circular in English language and the English name of this company and entity is its respective official English name.*

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)  
Mr. Wong Kam Cheong, Stanley  
(Deputy Managing Director)  
Mr. Cheung Chi Kit  
Mr. Lai Tsan Tung, David

*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

18th December, 2006

*To the Shareholders and for information only,  
holders of convertible notes of the Company*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
AN ACQUISITION OF PROPERTY IN MACAU**

**INTRODUCTION**

By an announcement dated 21st November, 2006, the Board announced that the Company has accepted the Offering Letter received from the Vendor in relation to the acquisition of the Property on 20th November, 2006 at a consideration of HK\$88,519,600.

Pursuant to the terms of the Offering Letter, Hayton Limited, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the Acquisition on 11th December, 2006.

\* For identification purpose only

## LETTER FROM THE BOARD

The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. The purpose of this circular is to provide Shareholders with further details on the Acquisition and other information as required under the Listing Rules.

### THE AGREEMENT

1. **Date:** 11th December, 2006

2. **Parties**

**Vendor:** The First International Property Planning & Management Company Limited, a company incorporated in Macau, which was introduced to the Company through an estate agent. The shareholders of the Vendor are Mr. Wu Ka I, Mr. Choy Wang Kong and Mr. Yong Wing Tai William. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the shareholders of the Vendor and the estate agent are third parties independent of and not connected with the Company or its connected persons and are not connected persons of the Company. The Vendor is principally engaged in property holding and investment.

**Purchaser:** Hayton Limited, an indirect wholly-owned subsidiary of the Company.

3. **Assets to be acquired**

The Property, being 44 residential units in Avenida Xian Xing Hai nos. 81–121, Rua de Londres nos. 148–254, Avenida do Governador Jaime Silvério Marques nos. 80–120 and Rua de Madrid nos. 147–255, EDIFÍCIO COMERCIAL ZHU KUAN MANSION, registered with the Real Estate Registry of Macau under no. 21941, with a total gross floor area of approximately 57,432 square feet. The Property has been completed in 1997 and is part of a residential/office/commercial complex situated in Macau peninsula, which is next to the "Macau Cultural Centre" and at the back of the "Venetian Macau" (Sands). The complex mainly comprises a 13-storey residential tower with approximately 160 residential units in aggregate and another 19-storey office tower. Based on the enquiry with the estate agent, the Property has been vacant since its completion in 1997.

## LETTER FROM THE BOARD

#### 4. Consideration and payment terms

The Consideration, being HK\$88,519,600, is payable as follows:

- (a) HK\$5,000,000 (the "Initial Deposit"), has already been paid by the Purchaser as Initial Deposit and part payment upon the acceptance of the Offering Letter;
- (b) HK\$21,555,880 (the "Further Deposit"), which together with the Initial Deposit representing 30% of the Consideration, has been paid by the Purchaser as Further Deposit upon signing of the Agreement; and
- (c) the balance of the Consideration in the sum of HK\$61,963,720 shall be paid by the Purchaser upon Completion.

The Consideration was arrived at after arms' length negotiation with the Vendor. No valuation report has been obtained in respect of the Property and the Directors consider that the Consideration is fair and reasonable since it was negotiated through an independent estate agent by reference to the market prices of similar properties in the surrounding areas of the Property. In view of the above, the Directors consider the Consideration fair and reasonable.

The Consideration will be financed by internal resources of the Group.

#### 5. Completion

Completion shall take place on or before the Completion Date, which is on or before 30th April, 2007.

#### 6. Undertakings and warranties

The Vendor undertakes to procure the mortgage on the Property to be discharged prior to Completion and warrants not to create any encumbrances on the Property.

In addition, the Vendor undertakes to be fully responsible for all property tax, land rent, utility charges and management fee on the Property incurred before the date of the Agreement. The Vendor also undertakes to be fully responsible for any liabilities of the Property, particularly bank borrowing or any liabilities other than the aforesaid, incurred before Completion.

#### 7. Work-in-progress

The Vendor will be responsible for the maintenance work on the roof and the external wall of the Property in accordance with a contract entered into by the Vendor with a contractor on 17th November, 2006 and will settle all charges in relation to such maintenance work 5 days before Completion. The aforesaid maintenance work shall be completed before 28th February, 2007.

## LETTER FROM THE BOARD

### 8. Non-completion

In the event that the Purchaser fails to settle the remaining balance of the Consideration according to the terms of the Agreement, the Initial Deposit and the Further Deposit will be forfeited. In addition, the Vendor shall have the right to sell the Property to other parties.

In the event that the Vendor fails to complete the sale of the Property, the Vendor shall compensate the Purchaser by a sum equal to two times of the Initial Deposit and the Further Deposit in aggregate, which shall be paid within 3 days after the Vendor notifies the Purchaser of such failure.

### FINANCIAL EFFECTS OF THE ACQUISITION

It is not expected that the Acquisition will have any significant impact on the Group's net asset value as any increase in assets will be offset by a corresponding decrease in bank balances and cash of the Group.

### REASONS FOR THE ACQUISITION

The Company is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. The Group is also engaged in securities investment, the trading of motorcycles, the sale and manufacturing of western pharmaceutical products, Chinese pharmaceutical and health products.

The Board has been actively seeking property investment opportunities in Macau. The recent change of the name of the Company is reflective of the Group's business strategy. The Acquisition provides a good opportunity for the Company to invest in the Property in view of current market conditions. It is intended that the Property will be held for rental purpose and is expected to provide the Company with an ongoing income stream. In view of the above, the Directors consider the Acquisition is in the interest of the Company and the Shareholders as a whole.

### GENERAL

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**  
**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 Group. 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. DISCLOSURE OF INTERESTS

### (a) Interests of Directors or 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 and/or their associates in the Shares, underlying Shares 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:

#### (i) Interests 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 issued Shares	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interest	Approximate percentage of the issued share capital of the Company
Mr. Cheung Hon Kit ("Mr. Cheung")	Long position	Beneficial owner	2,000,000	-	2,000,000	0.09
Mr. Ho Hau Chong, Norman ("Mr. Ho")	Long position	Interest of controlled corporation	102,272,726 (Note 1)	113,636,363 (Note 1)	215,909,089	9.34
Mr. Lai Tsan Tung, David ("Mr. Lai")	Long position	Interest of controlled corporation	-	89,255,243 (Note 2)	89,255,243	3.86

*Notes:*

1. Each of Mr. Ho, the deputy chairman of the Company and 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.
2. Mr. Lai, an executive Director, is interested in the 89,255,243 underlying Shares of HK\$39,272,307 zero coupon convertible notes due 2010 issued by the Company on 8th June, 2006 at the initial conversion price of HK\$0.44 per Share held by Green Label Investments Limited ("Green Label") by virtue of his 100% beneficial interest in the issued share capital of Green Label.

*(ii) Interests in the share options*

Name of Director	Date of grant	Exercisable period	Exercise price per Share HK\$	Number of share options	Approximate percentage of the issued share capital of the Company
Mr. Cheung	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	10,000,000	0.43
Mr. Chan Fut Yan ("Mr. Chan")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	6,000,000	0.26
Mr. Wong Kam Cheong, Stanley	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	2,000,000	0.09
Mr. Cheung Chi Kit	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	2,000,000	0.09
Mr. Ho	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	3,000,000	0.13
Mr. Lo Lin Shing, Simon ("Mr. Lo")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.06
Mr. Wong Chi Keung, Alvin ("Mr. Wong")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.06
Mr. Chui Sai Cheong	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.06

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 or underlying Shares 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) Interests of Shareholders discloseable pursuant to the SFO**

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) Interests in the 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)	15.40
Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.40
Hanny Holdings Limited ("Hanny Holdings")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.40
Famex Investment Limited ("Famex")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.40
Mankar Assets Limited ("Mankar")	Long position	Interest of controlled corporation	356,137,272 (Note 1)	15.40

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company
ITC Investment Holdings Limited ("ITC Investment")	Long position	Interest of controlled corporations	356,137,272 (Note 1)	15.40
ITC Corporation Limited ("ITC")	Long position	Interest of controlled corporations	356,137,272 (Note 1)	15.40
Galaxyway Investments Limited ("Galaxyway")	Long position	Interest of controlled corporations	356,137,272 (Note 1)	15.40
Chinaview International Limited ("Chinaview")	Long position	Interest of controlled corporations	356,137,272 (Note 1)	15.40
Dr. Chan Kwok Keung, Charles (" Dr. Chan")	Long position	Interest of controlled corporations	356,137,272 (Note 1)	15.40
Ms. Ng Yuen Lan, Macy ("Ms. Ng")	Long position	Interest of spouse	356,137,272 (Note 1)	15.40
Kopola	Long position	Beneficial owner	102,272,726 (Note 2)	4.42
Mr. Ho	Long position	Interest of controlled corporation	102,272,726 (Note 2)	4.42
Mr. Ho Hau Hay, Hamilton	Long position	Interest of controlled corporation	102,272,726 (Note 2)	4.42
Shepherd Investments International, Ltd. ("Shepherd")	Long position	Beneficial owner	96,418,727 (Note 3)	4.17
Stark Asia Master Fund, Ltd. ("Stark Asia")	Long position	Beneficial owner	57,847,636 (Note 3)	2.50
Stark Master Fund, Ltd. ("Stark Master")	Long position	Beneficial owner	134,978,817	5.84

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)	9.27
OZ Master Fund, Ltd. ("OZ Master")	Long position	Beneficial owner	1,267,527 (Note 4)	0.05
OZ Management, L.L.C. ("OZ Management")	Long position	Investment manager	2,727,727 (Note 4)	0.12
Highbridge Capital Management LLC ("Highbridge Capital")	Long position	Investment manager	88,546,817 (Note 5)	3.83
Highbridge GP, Ltd. ("Highbridge GP")	Long position	Interest of controlled corporation	88,546,817 (Notes 5 and 6)	3.83
Mr. Clive Harris	Long position	Interest of controlled corporation	88,546,817 (Note 6)	3.83
Mr. Michael Austin	Long position	Interest of controlled corporation	88,546,817 (Note 6)	3.83
Gandhara Master Fund Limited ("Gandhara")	Long position	Investment manager	195,000,000	8.43
Lone Cypress, Ltd.	Long position	Beneficial owner	211,573,908	9.15
Lone Pine Capital LLC	Long position	Investment manager	258,332,000	11.17
PMA Capital Management Limited ("PMA Capital")	Long position	Investment manager	81,750,000 (Note 7)	3.54
Evolution Master Fund, Ltd. SPC, Class "M" Shares ("Evolution Master")	Long position	Beneficial owner	83,335,000	3.60
Evolution Capital Management, LLC ("Evolution Capital")	Long position	Investment manager	83,335,000	3.60

(ii) *Interests 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)	49.12
Hanny Magnetics	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	49.12
Hanny Holdings	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	49.12
Famex	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	49.12
Mankar	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	49.12
ITC Investment	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	50.97
ITC	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	50.97
Galaxyway	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	50.97
Chinaview	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	50.97
Dr. Chan	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	50.97
Ms. Ng	Long position	Interest of spouse	1,178,571,427 (Note 1)	50.97
Kopola	Long position	Beneficial owner	113,636,363 (Note 2)	4.91
Mr. Ho	Long position	Interest of controlled corporation	113,636,363 (Note 2)	4.91

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
Mr. Ho Hau Hay, Hamilton	Long position	Interest of controlled corporation	113,636,363 (Note 2)	4.91
Shepherd	Long position	Beneficial owner	200,016,234 (Note 3)	8.65
Stark Asia	Long position	Beneficial owner	76,152,597 (Note 3)	3.29
Stark Master	Long position	Beneficial owner	264,594,157	11.44
Stark HK	Long position	Investment manager	391,623,377 (Note 3)	16.94
OZ Master	Long position	Beneficial owner	122,875,000 (Note 4)	5.31
OZ Management	Long position	Investment manager	152,386,364 (Note 4)	6.59
Highbridge Capital	Long position	Investment manager	147,012,987 (Note 5)	6.36
Highbridge GP	Long position	Interest of controlled corporation	147,012,987 (Notes 5 and 6)	6.36
Mr. Clive Harris	Long position	Interest of controlled corporation	147,012,987 (Note 6)	6.36
Mr. Michael Austin	Long position	Interest of controlled corporation	147,012,987 (Note 6)	6.36
Gandhara	Long position	Investment manager	357,142,857	15.45
PMA Capital	Long position	Investment manager	100,000,000 (Note 7)	4.32
Evolution Master	Long position	Beneficial owner	48,571,429	2.10
Evolution Capital	Long position	Investment manager	48,571,429	2.10

*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. Selective Choice Investments Limited (“Selective”), a wholly-owned subsidiary of ITC Investment, owns HK\$30 million 2006 June Note. Famex, a wholly-owned subsidiary of Mankar, is the controlling shareholder of Hanny Holdings. Mankar is a wholly-owned subsidiary of ITC Investment, which in turn is a wholly-owned subsidiary of ITC. Galaxyway, a wholly-owned subsidiary of Chinaview, is the controlling shareholder of ITC. Dr. Chan owns the entire issued share capital of Chinaview. Ms. Ng is the spouse of Dr. Chan. Famex and Mankar are deemed to be interested in 356,137,272 Shares and 1,135,714,285 underlying Shares held by Loyal Concept. ITC Investment, ITC, Galaxyway, Chinaview, Dr. Chan and Ms. Ng are deemed to be interested in 356,137,272 Shares and 1,135,714,285 underlying Shares (in respect of the HK\$330 million 2005 August Note and the HK\$270 million 2006 June Note) which are held by Loyal Concept and 42,857,142 underlying Shares (in respect of the HK\$30 million 2006 June Note) held by Selective.
2. Each of Mr. Ho, the deputy chairman of the Company and a non-executive Director, 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 as an investment manager 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 as an investment manager in 2,727,727 Shares and HK\$67,050,000 2005 August Note 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.
7. PMA Capital was taken to have an interest as an investment manager in 81,750,000 Shares and HK\$70 million 2006 June Note held by Diversified Asian Strategies Fund, Asian Diversified Total Return Limited Duration Company and PMA Asian Opportunities Fund.

Save as disclosed above, 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, no other persons (not being a Director or chief executive of the Company) had, or deemed to have, 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.

**(c) Competing interests**

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	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)	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
	Supreme Best Ltd.	Property investment in Hong Kong	As a shareholder
Mr. Ho	Miramar Hotel and Investment Company, Limited and its subsidiaries	Property investment, property development and sales, and hotel operation	As a director
	Shun Tak Holdings Limited	Property investment in Macau	As an independent non-executive director

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Lo	The Kwong Sang Hong International Limited and its subsidiaries	Property development, sales of properties and property leasing	As a director
	New World CyberBase Limited and its subsidiaries	Property investment	As the chairman and an executive director
Mr. Wong	CNT Group Limited and its subsidiaries	Property investment and development in Hong Kong and the PRC	As 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, who is principally responsible for the Group's operation and business development. Mr. Ho and Mr. Lo, being non-executive Directors and Mr. Wong, being an independent non-executive Director, 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, Mr. Lo and Mr. Wong in other companies will not prejudice their capacity as Directors nor compromise the interests of the Company and the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their respective associates was 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. 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.

### 4. 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).

**5. MISCELLANEOUS**

- The qualified accountant of the Company is Mr. Cheung Chi Kit, *CPA, ACS, ACIS*.
- The company secretary of the Company is Ms. Yan Ha Hung, *Loucia, MBA, ACS(PE), ACIS(PE)*.
- 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 in Hong Kong 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.