

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, 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 and the accompanying form of proxy to the purchaser or the 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 the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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 AND CONNECTED TRANSACTION

Financial adviser to Macau Prime Properties Holdings Limited



**SOMERLEY LIMITED**

Independent financial adviser to the Independent Board Committee and the Independent Shareholders



**第一上海**  
FIRST SHANGHAI GROUP

**First Shanghai Capital Limited**

A notice convening the special general meeting of Macau Prime Properties Holdings Limited to be held at Conference Room, 11/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong on Tuesday, 27th February, 2007 at 11:00 a.m. is set out on pages 58 to 59 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of Macau Prime Properties Holdings Limited in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

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## DEFINITIONS

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

“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
“Acquisitions”	the Braniff Acquisition, the Cheerview Acquisition and the Great Honest Acquisition
“Agreements”	the Braniff Agreement, the Cheerview Agreement and the Great Honest Agreement
“AIM”	AIM Pacific Limited, a company incorporated in BVI with limited liability, which is owned as to 65% by Mr. Lai and 35% by Mr. Chan
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Braniff”	Braniff Developments Limited, a company incorporated in BVI with limited liability, which is owned as to 67% by AIM and 33% by Mr. Chang
“Braniff Acquisition”	acquisition of the Braniff Sale Shares and the Loan pursuant to the Braniff Agreement
“Braniff Agreement”	the agreement dated 5th January, 2007 entered into between the Braniff Vendors, Everight and the Braniff Guarantors in relation to the Braniff Acquisition
“Braniff Completion”	completion of the Braniff Agreement
“Braniff Completion Date”	the seventh Business Day immediately after all the conditions precedent contained in the Braniff Agreement have been duly fulfilled (or waived as the case may be), or such other date as the Braniff Vendors and Everight may mutually agree in writing

## DEFINITIONS

“Braniff Consideration”	consideration for the Braniff Acquisition
“Braniff Guarantors”	Mr. Chan and Mr. Lai
“Braniff Long Stop Date”	the date falling three months after the date of the Braniff Agreement or such other date as the relevant parties may agree in writing
“Braniff Sale Shares”	200 shares of US\$1.00 each in Braniff, representing 100% of the issued share capital in Braniff
“Braniff Vendors”	AIM and Mr. Chang
“Business Day”	a day (other than Saturday and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which the banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“Cheerview”	Cheerview Development Limited, a company incorporated in Hong Kong with limited liability
“Cheerview Acquisition”	acquisition of the Cheerview Sale Shares pursuant to the Cheerview Agreement
“Cheerview Agreement”	the agreement dated 5th January, 2007 entered into between Cheerview and Everight in relation to the Cheerview Acquisition
“Cheerview Completion”	completion of the Cheerview Acquisition
“Cheerview Completion Date”	the fourteenth Business Day after the date of the Cheerview Agreement or such other date as Cheerview and Everight may mutually agree in writing
“Cheerview Consideration”	consideration for the Cheerview Acquisition
“Cheerview Sale Shares”	2,800,000 Donson Shares, representing approximately 3.28% of the issued share capital of Donson
“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

## DEFINITIONS

“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Donson”	Donson (International) Development Limited, a company incorporated in Hong Kong with limited liability, in which Everight had an indirect effective interest of approximately 55.57% prior to the Acquisitions and the Further Acquisition
“Donson Group”	Donson and its subsidiaries
“Donson Shares”	shares of HK\$1.00 each in the issued share capital of Donson
“Everight”	Everight Investment Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Everight Acquisition”	acquisition of 100% issued share capital in Everight pursuant to the Everight Agreement
“Everight Agreement”	the agreement dated 2nd February, 2006 entered into between Green Label, Concord Link Development Limited, Magnum Company Limited and Mr. Ku as the vendors, New Smarten as the purchaser and Mr. Lai and Mr. Chan as the guarantors
“First Shanghai”	First Shanghai Capital Limited, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Braniff Agreement
“Further Acquisition”	acquisition of 0.96% of the issued share capital in Donson pursuant to the Instrument of Transfer
“Great Honest”	Great Honest Investment Limited, a company incorporated in BVI with limited liability
“Great Honest Acquisition”	acquisition of the Great Honest Sale Shares pursuant to the Great Honest Agreement
“Great Honest Agreement”	the agreement dated 5th January, 2007 entered into between Great Honest and Everight in relation to the Great Honest Acquisition
“Great Honest Completion”	completion of the Great Honest Acquisition

## DEFINITIONS

“Great Honest Completion Date”	the fourteenth Business Day after the date of the Great Honest Agreement or such other date as Great Honest and Everight may mutually agree in writing
“Great Honest Consideration”	consideration for the Great Honest Acquisition
“Great Honest Sale Shares”	6,477,000 Donson Shares, representing approximately 7.59% of the issued share capital of Donson
“Green Label”	Green Label Investments Limited, a company incorporated in BVI with limited liability, which is wholly and beneficially owned by Mr. Lai
“Group”	the Company and its subsidiaries
“HK GAAP”	generally accepted accounting principles applicable in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong, being three independent non-executive Directors
“Independent Shareholders”	Shareholders other than Mr. Lai, Mr. Chan, Mr. Chang and their respective associates
“Instrument of Transfer”	the instrument of transfer dated 17th January, 2007 entered into between an independent third party as the vendor and Everight as the purchaser
“Latest Practicable Date”	1st February, 2007, being the latest practicable date prior to the printing of this circular for ascertaining information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the aggregate amount of shareholders’ loan owing by Braniff to AIM and Mr. Chang and the interests accrued thereon up to Braniff Completion
“Mr. Chan”	Chan Jink Chou, Eric
“Mr. Chang”	Chang Rong Wu

## DEFINITIONS

“Mr. Ku”	Ku Yuet Kan, Tony
“Mr. Lai”	Lai Tsan Tung, David, an executive Director and the beneficial owner of the entire issued capital of Green Label
“New Smarten”	New Smarten Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Panyu Phase I Land”	several adjoining pieces of land within the boundary of or adjacent to the golf club in Panyu known as “Lotus Hill Golf Club” and having a site area of approximately 80,000 m <sup>2</sup>
“Panyu Phase II Development Project”	the development of the Panyu Phase II Land by the erection thereon of residential premises being villas having a total saleable area of not less than 40,000 m <sup>2</sup> and apartments having a total saleable area of not less than 30,000 m <sup>2</sup>
“Panyu Phase II Land”	several adjoining pieces of land within the boundary of or adjacent to the Lotus Hill Golf Club and having a site area of approximately 106,000 m <sup>2</sup>
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, by way of poll, the Braniff Agreement and the transactions contemplated thereunder, the notice of which is set out on pages 58 and 59 of this circular, or any adjournment thereof
“Share(s)”	share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Smart Sharp”	Smart Sharp Investment Limited, a company incorporated in Hong Kong with limited liability, which is owned as to approximately 63.03% by Everight and approximately 36.97% by Braniff

## DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yalong Bayview Development Project”	the development of the Yalong Bayview Land by the erection thereon of residential premises being villas having a total saleable area of not less than 15,000 m <sup>2</sup> and condominiums/apartments having a total saleable area of not less than 14,000 m <sup>2</sup>
“Yalong Bayview Land”	several adjoining pieces of land within the boundary of or adjacent to the golf club in Yalong Bay known as “Sun Valley Golf Resort” and having a site area of approximately 120,000 m <sup>2</sup>
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.
“m <sup>2</sup> ”	square metre

*For ease of reference, the names of PRC established companies and entities have been included in this circular in both Chinese and English languages and the English names of these companies and entities are either English translation of their respective official Chinese names or English tradenames used by them. In the event of any inconsistency between the English names and their respective official Chinese names, the Chinese names shall prevail.*



## 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

5th February, 2007

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

Dear Sir or Madam,

### DISCLOSEABLE AND CONNECTED TRANSACTION

#### INTRODUCTION

The Company announced on 7th February, 2006 that New Smarten, an indirect wholly-owned subsidiary of the Company, entered into an agreement with various independent third parties to acquire their respective interests in Everight which was effectively interested in 55.57% of the issued share capital of Donson. Donson Group is principally engaged in golf resort and hotel operations, and property development, investment and management in the PRC. Information on the Everight Acquisition is set out in the circular of the Company dated 26th April, 2006. Completion of the Everight Acquisition took place on 8th June, 2006.

On 5th January, 2007, Everight, an indirect wholly-owned subsidiary of the Company, entered into the Braniff Agreement, the Cheerview Agreement and the Great Honest Agreement in relation to the acquisition of interests in Braniff and Donson and the Loan owing by Braniff to AIM and Mr. Chang for an aggregate consideration of approximately HK\$114 million in cash plus interests accrued on the Loan up to Braniff Completion. Details of the Agreements are set out below.

\* For identification purpose only

## LETTER FROM THE BOARD

On 17th January, 2007, Everright signed the Instrument of Transfer in relation to the acquisition of interest in Donson for a consideration of HK\$2.2 million. Details of the Instrument of Transfer are set out below.

The Acquisitions and the Further Acquisition, in aggregate, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Braniff Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules by virtue of the interests of Mr. Lai, Mr. Chan and Mr. Chang in Braniff. The Braniff Acquisition therefore requires the approval by the Independent Shareholders by way of poll at the SGM to be convened and held for the Independent Shareholders to consider and, if thought fit, to vote for the Braniff Agreement and the transactions contemplated thereunder. Mr. Lai, Mr. Chan, Mr. Chang and their respective associates will abstain from voting at the SGM on the relevant resolution in respect of the Braniff Acquisition.

The Independent Board Committee, comprising all three independent non-executive Directors, Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong, has been constituted to advise the Independent Shareholders, and First Shanghai has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as regards the terms of the Braniff Agreement.

The purpose of this circular is to provide you with, among other things, further information on the Agreements, the Instrument of Transfer, the notice of the SGM and other information as required under the Listing Rules.

### A. BRANIFF AGREEMENT DATED 5TH JANUARY, 2007

#### 1. Parties

Vendors: (i) AIM, a company incorporated in BVI with limited liability, is an investment holding company beneficially owned as to 65% by Mr. Lai, an executive Director, and as to 35% by Mr. Chan, a director of certain subsidiaries of the Company; and

(ii) Mr. Chang, a director of certain subsidiaries of the Company.

Purchaser: Everright, an indirect wholly-owned subsidiary of the Company.

Guarantors: Mr. Lai and Mr. Chan.

#### 2. Assets to be acquired

(i) The Braniff Sale Shares, representing 100% of the issued share capital of Braniff, is owned as to 67% and 33% by AIM and Mr. Chang respectively. Braniff is an investment holding company with its principal asset being

## LETTER FROM THE BOARD

its indirect holding of 32.6% effective interest in the issued share capital of Donson. Further information on Donson is set out in the paragraph below titled “Information on Donson Group”; and

- (ii) the Loan, being the aggregate of the shareholders’ loan due from Braniff to AIM and Mr. Chang and interests accrued thereon up to Braniff Completion. The principal sums of the shareholders’ loan due to AIM and Mr. Chang amounted to approximately HK\$20.9 million and HK\$10.3 million respectively as at the Latest Practicable Date.

### **3. Consideration and payment terms**

The consideration for the Braniff Sale Shares shall be approximately HK\$65.2 million; and the consideration for the Loan shall be the face value of the Loan, which as at the Latest Practicable Date amounted to approximately HK\$32.9 million.

An initial deposit of HK\$20 million has been paid to the Braniff Vendors’ solicitor as escrow agent, which will be applied as part payment of the Braniff Consideration upon Braniff Completion. The remaining portion of the Braniff Consideration will be payable on Braniff Completion. The total Braniff Consideration will be paid to each of the Braniff Vendors in accordance with their respective shareholdings in Braniff.

In the event that Everight fails to complete the Braniff Acquisition after fulfillment or waiver of the conditions precedent to the Braniff Agreement, the Braniff Vendors have the right to forfeit the deposit and all interests accrued thereon without prejudice to the rights of the Braniff Vendors to claim further damages arising therefrom. In the event that the Braniff Vendors fail to complete the Braniff Acquisition after fulfillment or waiver of the conditions precedent to the Braniff Agreement, the Braniff Vendors’ solicitor shall release the deposit and all interests accrued thereon to Everight without prejudice to the rights of Everight to claim further damages arising therefrom.

The Braniff Consideration was determined after arms’ length negotiations with AIM and Mr. Chang and having taken into account principally the aggregate consideration of approximately HK\$140 million paid by the Group for 55.57% effective interest in Donson in the Everight Acquisition, the business potential and growth prospects of Donson Group. The Board considers the Braniff Consideration, together with its payment terms, fair and reasonable.

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

### **4. Conditions precedent**

Braniff Completion is conditional on:

- (a) Everight being satisfied with the results of the due diligence review on Braniff;

## LETTER FROM THE BOARD

- (b) the warranties and undertakings given by the Braniff Vendors remaining true and accurate and not misleading in any material respect as if repeated at Braniff Completion and at all times between the date of the Braniff Agreement and Braniff Completion;
- (c) the delivery by the Braniff Vendors to Everight of a legal opinion issued by a BVI law firm acceptable to Everight and addressed to Everight confirming that (i) AIM has been duly incorporated and is in good standing and certifying that the Braniff Guarantors are the only shareholders and directors of AIM; (ii) Braniff has been duly incorporated and is in good standing and certifying that the Braniff Vendors are the only shareholders of Braniff and names of directors of Braniff; and (iii) the Braniff Agreement has been duly executed by AIM and is valid, binding and enforceable against it in accordance with the terms thereof, such legal opinion to be in form and substance to the satisfaction of Everight;
- (d) approval by the Shareholders (or Independent Shareholders, if required) of the Company of the acquisition of the Braniff Sale Shares and the Loan by Everight and all other transactions contemplated under the Braniff Agreement, (if required) at a general meeting of the Company, in compliance with the requirements of the Listing Rules; and
- (e) the compliance of any other requirements under the Listing Rules or otherwise of the Stock Exchange or other regulatory authorities which requires compliance at any time prior to Braniff Completion in relation to the transactions contemplated under the Braniff Agreement.

The Braniff Vendors shall use all reasonable endeavours to procure the fulfillment of all the above conditions (other than conditions (d) and (e)). Everight shall use all reasonable endeavours to procure the fulfillment of conditions (d) and (e). If any of the conditions is not fulfilled or waived on or before the Braniff Long Stop Date and/or condition (b) above does not remain fulfilled and is not waived by Everight on the Braniff Completion Date, the rights and obligations of the parties under the Braniff Agreement shall lapse and be of no further effect except for antecedent breach.

As at the Latest Practicable Date, conditions (a) and (e) above have been fulfilled.

### **5. Completion**

Braniff Completion shall take place on the seventh Business Day immediately after all the conditions precedent contained in the Braniff Agreement have been fulfilled, or as the case may be, waived or such other date as Everight and the Braniff Vendors may mutually agree in writing.

Braniff Completion is not conditional on Cheerview Completion or Great Honest Completion and vice versa.

## LETTER FROM THE BOARD

### 6. Other terms of the Braniff Agreement

Everight shall, immediately after Braniff Completion, repay on behalf of Donson or procure Donson to repay to Mr. Lai and L.F. Sam (HK) Ltd., loans due to them of approximately HK\$1.3 million and HK\$1.6 million respectively and interest accrued thereon.

## B. CHEERVIEW AGREEMENT DATED 5TH JANUARY, 2007

### 1. Parties

Vendor: Cheerview, a company incorporated in Hong Kong with limited liability, is an investment holding company beneficially owned by Lee Yiu Pui, Liu Kwai Fong and Ho Man Chun.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Cheerview and its beneficial shareholders are independent from and not connected with the Company or its connected persons and are not connected persons of the Company.

Purchaser: Everight.

### 2. Assets to be acquired

Cheerview Sale Shares, being 2,800,000 Donson Shares, representing approximately 3.28% of the issued share capital of Donson.

### 3. Consideration and completion

The consideration for the Cheerview Sale Shares is HK\$4.92 million.

A deposit of HK\$1.5 million was paid to Cheerview's solicitor as escrow agent upon signing of the Cheerview Agreement and has been applied as part payment of the Cheerview Consideration on Cheerview Completion. The balance of the Cheerview Consideration has been paid on Cheerview Completion which took place on 25th January 2007.

The Cheerview Consideration was determined after arms' length negotiations between the Group and Cheerview and having taken into account principally the aggregate consideration of approximately HK\$140 million paid by the Group for 55.57% effective interest in Donson in the Everight Acquisition, the business potential and growth prospects of Donson Group. The Board considers the Cheerview Consideration, together with its payment terms, fair and reasonable.

The Cheerview Consideration was financed by internal resources of the Group.

## LETTER FROM THE BOARD

### C. GREAT HONEST AGREEMENT DATED 5TH JANUARY, 2007

#### 1. Parties

Vendor: Great Honest, a company incorporated in BVI with limited liability, is an investment holding company beneficially and wholly owned by Mr. Ku.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Great Honest and its beneficial shareholder are independent from and not connected with the Company or its connected persons and are not connected persons of the Company.

Purchaser: Everight.

#### 2. Assets to be acquired

Great Honest Sale Shares, being 6,477,000 Donson Shares, representing approximately 7.59% of the issued share capital of Donson.

#### 3. Consideration and completion

The consideration for the Great Honest Sale Shares is approximately HK\$12.1 million.

A deposit of HK\$4 million was paid to Great Honest's solicitor as escrow agent upon signing of the Great Honest Agreement and has been applied as part payment of the Great Honest Consideration on Great Honest Completion. The balance of the Great Honest Consideration has been paid on Great Honest Completion which took place on 25th January, 2007.

The Great Honest Consideration was determined after arms' length negotiations between the Group and Great Honest and having taken into account principally the aggregate consideration of approximately HK\$140 million paid by the Group for 55.57% effective interest in Donson in the Everight Acquisition, the business potential and growth prospects of Donson Group. The Board considers the Great Honest Consideration, together with its payment terms, fair and reasonable.

The Great Honest Consideration was financed by internal resources of the Group.

## LETTER FROM THE BOARD

### 4. Other terms of the Great Honest Agreement

Everight shall, immediately after Great Honest Completion, repay on behalf of Donson or procure Donson to repay approximately HK\$250,000 of shareholders' loan due by Donson to Mr. Ku.

## D. INSTRUMENT OF TRANSFER DATED 17TH JANUARY, 2007

### 1. Parties

Vendor: An independent third party.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, such individual (i) is independent from and not connected with the Company or its connected persons; (ii) is not a connected person of the Company; and (iii) is not a connected person of any of the vendors under the Braniff Acquisition, the Cheerview Acquisition and the Great Honest Acquisition.

Purchaser: Everight.

### 2. Assets to be acquired

818,000 Donson Shares, representing approximately 0.96% of the issued share capital of Donson.

### 3. Consideration and payment terms

The consideration for the Further Acquisition of HK\$2.2 million was paid from internal resources of the Group upon signing of the Instrument of Transfer.

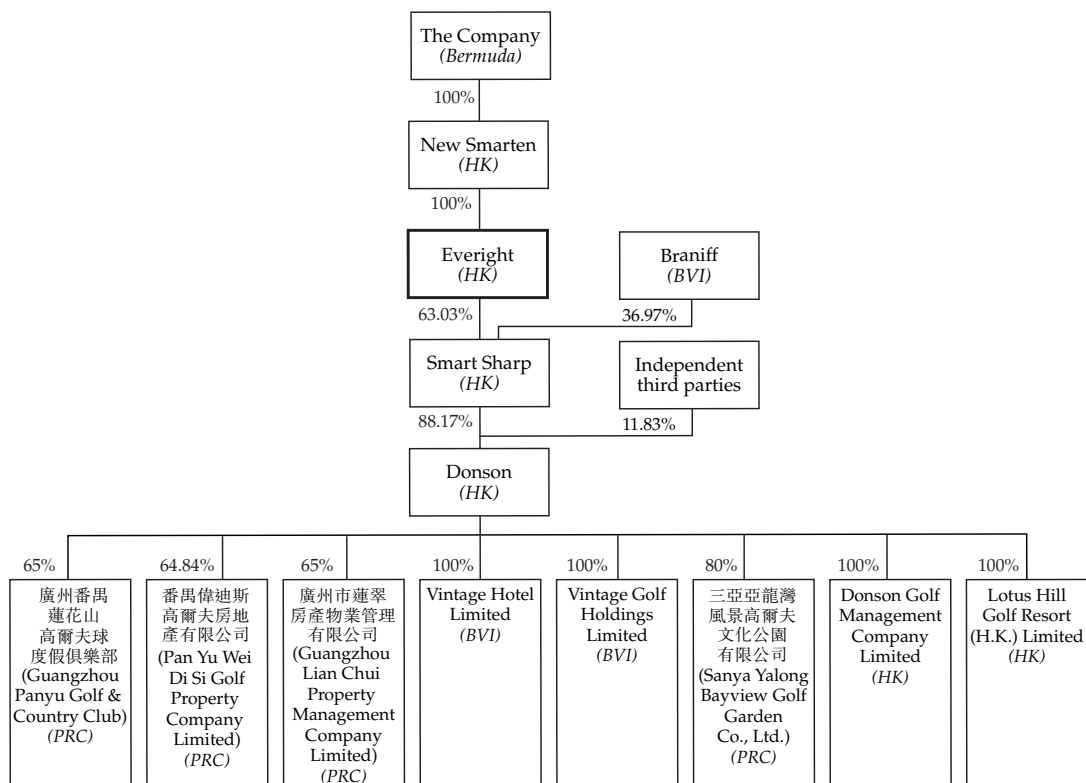
The consideration for the Further Acquisition was determined after arms' length negotiations with such independent third party having taken into account principally the aggregate consideration of approximately HK\$140 million paid by the Group for 55.57% effective interest in Donson in the Everight Acquisition, the aggregate consideration of approximately HK\$82 million paid by the Group for 43.47% effective interest in Donson in the Acquisitions, the business potential and growth of Donson Group. The Board considers the consideration for the Further Acquisition fair and reasonable.

# LETTER FROM THE BOARD

## INFORMATION ON DONSON GROUP

The following illustrates the change of shareholding structure of Donson Group after the Further Acquisition and completion of the Acquisitions:

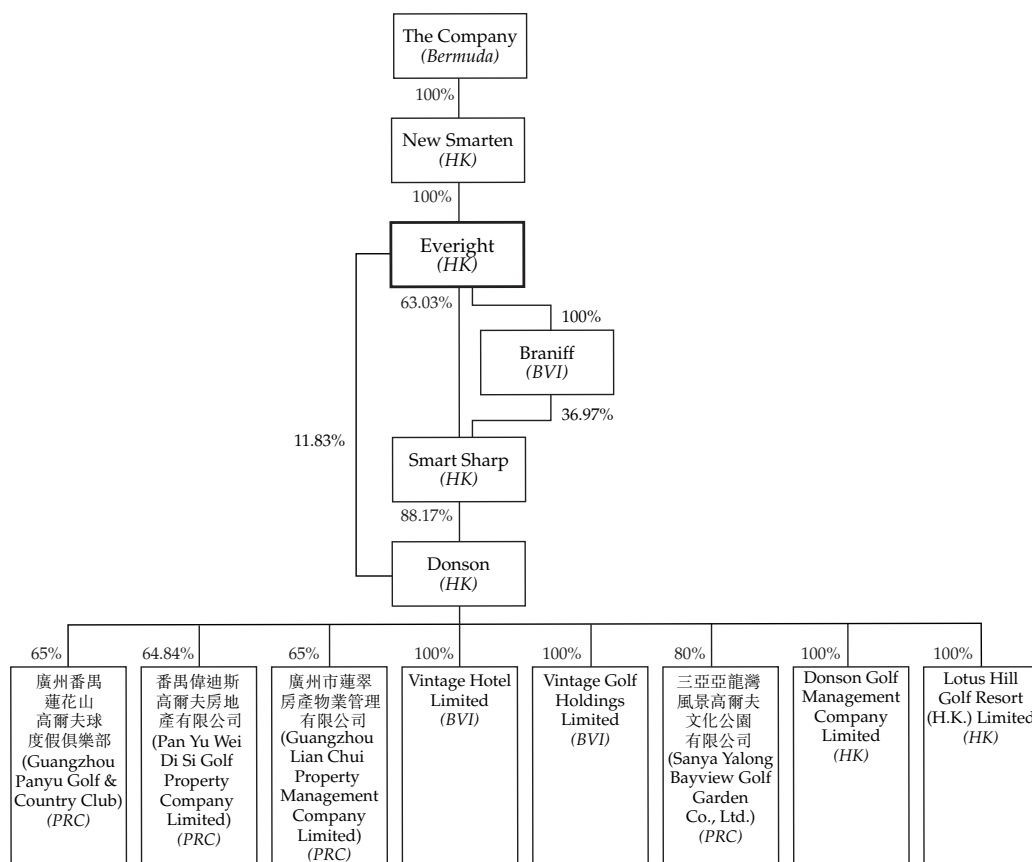
### Before the Further Acquisition and completion of the Acquisitions





# LETTER FROM THE BOARD

## After the Further Acquisition and completion of the Acquisitions



Donson is an investment holding company which at present operates two golf clubs in the PRC, one in Lotus Hill, Panyu, Guangdong and one in Yalong Bay, Sanya, Hainan. In addition, 95 units of villas and 76 units of apartments have been constructed on Panyu Phase I Land for sale with 9 units of villas remain unsold. Donson is carrying out the Panyu Phase II Development Project for sale and the Yalong Bayview Development Project for rental and/or time share and/or resort facilities, subject to all governmental and regulatory approvals having been obtained.

The golf club in Panyu commenced business in 1995. The golf club has a golf course and a club-house equipped with resort facilities including guest rooms, food and beverage outlets, fitness centre and sauna. The application for the development of villas of the Panyu Phase II Development Project has been approved by relevant government authorities and luxurious residential properties of total gross floor area of about 23,000 m<sup>2</sup> will be built thereon.

## LETTER FROM THE BOARD

The golf club in Sanya partially commenced business in 2004 and the club-house opened in December 2006. Currently, a golf course with 18 holes is in operation with additional 9 holes being constructed. Upon full operation which is expected in mid 2007, it will operate with a 27-hole golf course, a club-house with resort facilities including food and beverage outlets, fitness centre and sauna. Application for the development of bungalow-type resort hotel with about 60 units on Yalong Bayview Land has been submitted to the relevant government authorities.

Set out below is the audited consolidated financial information of Donson Group for each of the two years ended 31st December, 2004 and 2005 prepared in accordance with the HK GAAP:

	<b>Year ended 31st December,</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	61.3	46.8
Loss before taxation	9.9	0.8
Loss after taxation and minority interest	5.1	6.5
	<b>As at 31st December,</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Total assets	341.4	361.0
Net assets	179.7	182.7
Net assets after minority interest	127.9	128.8

### REASONS FOR THE FURTHER ACQUISITION AND THE ACQUISITIONS

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, golf resort and hotel, trading of motorcycles, sale and manufacturing of western pharmaceutical products, Chinese pharmaceutical and health products.

The Company acquired 55.57% effective interest in Donson through the Everight Acquisition. Information on the Everight Acquisition is set out in the circular of the Company dated 26th April, 2006. Completion of the Everight Acquisition took place on 8th June, 2006.

After completion of the Acquisitions and the Further Acquisition, the Group will be effectively interested in 100% in Donson. The consolidation of control in Donson enables the Group to better implement its strategy and planning in respect of the operation and development of Donson Group in the future, which the Board considers is in the interests of the Company and the Shareholders as a whole. The Board also considers that the terms of the Acquisitions and the Further Acquisition are fair and reasonable.

## LETTER FROM THE BOARD

### FINANCIAL EFFECTS OF THE FURTHER ACQUISITION AND THE ACQUISITIONS

#### Earnings

After the Further Acquisition and upon completion of the Acquisitions, there is no immediate material impact on earnings of the Group, while (i) the Group's effective interest in Donson Group will be increased from approximately 55.57% to 100%; and (ii) additional share of the financial results of Donson Group are expected to be consolidated into the Group after the Further Acquisition and the completion of the Acquisitions. The Directors consider that the Acquisitions and the Further Acquisition will further contribute to the earnings base of the Group in the long run, but the quantification of such impact will depend on the future performance of Donson Group since it had not yet recorded profits for the year ended 31st December, 2005.

#### Working capital

The consideration for the Acquisitions and the Further Acquisition will be fully financed by the internal resources of the Group. No debt-financing, equity financing or asset disposal arrangement is required for the Acquisitions and the Further Acquisition. Therefore, there will be a net cash outflow in total of approximately HK\$121 million (assuming the face value of the Loan amounted to approximately HK\$32.9 million in aggregate as at the Latest Practicable Date) after the Further Acquisition and upon the completion of the Acquisitions. Based on the Company's interim report for the six months ended 30th September, 2006, the working capital (i.e. current assets less current liabilities) and bank balances and cash (i.e. excluding pledged bank deposits) of the Group as at 30th September, 2006 amounted to approximately HK\$1,631.6 million and HK\$1,195.6 million respectively. As such, the payment of the consideration for the Acquisitions and the Further Acquisition of approximately HK\$121 million would not exert considerable pressure on the working capital of the Group.

#### Assets and liabilities

According to the Company's interim report for the six months ended 30th September, 2006, the unaudited net asset value of the Group attributable to the Shareholders was approximately HK\$1,542 million as at 30th September, 2006. Since the Company intends to finance the entire amount of the consideration for the Acquisitions and the Further Acquisition of approximately HK\$121 million in cash by internal resources, after the Further Acquisition and upon completion of the Acquisitions, the assets of the Group immediately following the Further Acquisition and the Acquisitions will be reduced by approximately HK\$121 million which will be offset by the corresponding elimination of minority interests of the Group immediately following completion of the Further Acquisition and the Acquisitions.

#### SGM

The Acquisitions together with the Further Acquisition, in aggregate, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. By virtue of the respective interests of Mr. Lai, Mr. Chan and Mr. Chang in Braniff, the Braniff

## LETTER FROM THE BOARD

Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is therefore subject to approval of the Independent Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholders other than Mr. Lai, Mr. Chan and Mr. Chang will be required to abstain from voting at the SGM.

An Independent Board Committee has been constituted by the Company to advise the Independent Shareholders, and First Shanghai has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as regards the terms of the Braniff Agreement.

Set out on pages 58 to 59 of this circular is a notice of the SGM to be held at Conference Room, 11/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong, on Tuesday, 27th February, 2007 at 11:00 a.m., at which an ordinary resolution will be proposed and, if consider appropriate, passed to approve the Braniff Agreement and the transactions contemplated thereunder.

Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar and transfer office of the Company in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

### **PROCEDURE FOR DEMANDING A POLL**

In accordance with Chapter 14A of the Listing Rules, the Braniff Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders by way of poll at the SGM.

Pursuant to bye-law 66 of the bye-laws of the Company, a resolution put to vote at a general meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of the meeting; or
- (b) by at least three members present in person or, in case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any member or members present in person or, in case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

## LETTER FROM THE BOARD

- (d) by any member or members present in person or, in case of a member being a corporation, by its duly authorised representative or by proxy and holding Shares conferring a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting, and if on a show of hand a meeting votes in the opposite manner to that instructed in those proxies, provided that if it is apparent from the total proxies held that a vote taken on a poll shall not reverse the vote taken on a show of hands, then the Director or Directors shall not be required to demand a poll.

The results of the poll at the SGM will be published by way of an announcement in the local newspapers on the Business Day following the meeting in accordance with the requirements of the Listing Rules.

### RECOMMENDATION

The Directors consider that the terms and conditions of the Braniff Agreement are fair and reasonable and the entering into of the Braniff Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Braniff Agreement and the transactions contemplated thereunder.

Your attention is drawn to the recommendation of the Independent Board Committee (as set out on page 20 of this circular) and the advice of First Shanghai (as set out on pages 21 to 30 of this circular) regarding the terms of the Braniff Agreement.

The Independent Board Committee, having taken into account the advice of First Shanghai, considers that the terms of the Braniff Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Braniff Agreement and the transactions contemplated thereunder.

### FURTHER INFORMATION

Your attention is drawn to the letter from the Independent Board Committee, the letter of advice from First Shanghai, the valuation report on properties of Donson Group set out in Appendix I to this circular, the general information set out in Appendix II to this circular and the notice convening the SGM.

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

# LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

5th February, 2007

*To the Independent Shareholders*

Dear Sir or Madam,

## DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 5th February, 2007 (the "Circular"), of which this letter forms part. Capitalised terms used herein have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Braniff Agreement and to advise you as to whether, in our opinion, such terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the Braniff Agreement is in the interests of the Company and the Shareholders as a whole.

First Shanghai has been appointed as the independent financial adviser to advise us and you regarding the terms of the Braniff Agreement. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 21 to 30 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

Having considered the terms of the Braniff Agreement and the independent advice of First Shanghai, we consider that the terms of the Braniff Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and the entering into of the Braniff Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Braniff Agreement and the transactions contemplated thereunder.

**Wong Chi Keung, Alvin**

Yours faithfully,  
**Kwok Ka Lap, Alva**  
*Independent Board Committee*

**Chui Sai Cheong**

\* For identification purpose only

## LETTER OF ADVICE FROM FIRST SHANGHAI

*The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from First Shanghai dated 5th February, 2007 setting out their opinion regarding the proposed Braniff Acquisition for the purpose of inclusion in this circular.*



### **First Shanghai Capital Limited**

19th Floor  
Wing On House  
71 Des Voeux Road Central  
Hong Kong

5th February, 2007

*The Independent Board Committee and  
the Independent Shareholders*

Macau Prime Properties Holdings Limited  
29th Floor  
Paul Y. Centre  
51 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

Dear Sirs,

### **CONNECTED TRANSACTION PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF BRANIFF DEVELOPMENTS LIMITED**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed acquisition of the entire issued share capital of Braniff and the Loan, details of which are set out in a circular dated 5th February, 2007 (the "Circular") to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

## LETTER OF ADVICE FROM FIRST SHANGHAI

On 5th January, 2007, Everight, an indirect wholly-owned subsidiary of the Company, entered into, among others, the Braniff Agreement, the Cheerview Agreement and the Great Honest Agreement in relation to the acquisition of interest in Braniff and Donson and the Loan owed by Braniff to AIM and Mr. Chang for an aggregate consideration of approximately HK\$114 million in cash plus interests accrued on the Loan up to Braniff Completion. The Acquisitions, in aggregate, constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The Braniff Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules by virtue of the interests of Mr. Lai, Mr. Chan and Mr. Chang in Braniff. The Braniff Acquisition therefore requires the approval by the Independent Shareholders by way of poll at the SGM to be convened and held for the Independent Shareholders to consider and, if thought fit, to vote for the Braniff Agreement and the transactions contemplated thereunder. Mr. Lai, Mr. Chan, Mr. Chang and their respective associates will abstain from voting at the SGM on the relevant resolution in respect of the Braniff Acquisition.

### **BASIS OF OUR ADVICE**

In formulating our opinion, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, the Company and its management. We have assumed that all statements, information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular.

We consider that we have (i) obtained all information and documents of the Group and the Donson Group relevant to an assessment of the fairness and reasonableness of the terms of the Braniff Acquisition; (ii) researched the relevant market and other conditions and trends relevant to the pricing of the Braniff Acquisition; (iii) reviewed the fairness, reasonableness and completeness of any assumptions or projections relevant to the Braniff Acquisition; and (iv) reviewed the opinion and valuation relevant to the Braniff Acquisition provided by the expert, including reviewing the terms of engagement (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the experts' report, opinion or statement). Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Braniff Acquisition, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

We consider that we have reviewed sufficient information, including financial information of the Donson Group that is to be ultimately acquired by the Group, to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reason to doubt the truth, accuracy and completeness of the statements, information, facts, opinions and representations provided to us by the Directors, the Company and its management. The Directors have confirmed to us that no material facts have been omitted



## LETTER OF ADVICE FROM FIRST SHANGHAI

from the information supplied and opinions expressed and we have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular, or the reasonableness of the opinions and representations provided to us by the Group. All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that, to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and that there are no other facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We have relied on such information and opinions and have not however, conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Group and the Donson Group.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our recommendation in relation to the Braniff Acquisition, we have considered the following principal factors and reasons:

#### **Background of the Group**

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, golf resort and hotel operations, trading of motorcycles, sale and manufacturing of western pharmaceutical products, Chinese pharmaceutical and health products.

Leveraging on (i) the Group's experience in the property development and investments in Macau and the PRC and (ii) the proceeds from a series of fund raising exercises over the recent years, the Group has been actively and cautiously looking for further investment opportunities in Macau and surrounding area in the PRC, with a view to expanding its investments in quality properties.

#### **Reasons for and benefits of the Braniff Acquisition**

Reference is made to the circular of the Company dated 26th April, 2006, whereby it was said that the Everight Acquisition had provided an attractive opportunity to the Group as it enabled the Group to diversify into the PRC property market and to develop luxurious residential properties in Guangzhou, Guangdong Province, the PRC, an affluent city with increasing demand for quality residential units.

Based on our understanding, the upward trend in the China property industry is evidenced by the growth of revenues from the sale of properties in the PRC. According to the statistical information published by the Bureau of Statistics of Guangdong Province, Guangdong Province had a population of approximately 91.9 million as at 31st December, 2005 and had experienced a substantial economic growth in the past ten years. The real gross domestic products (the "GDP") growth rate of

## LETTER OF ADVICE FROM FIRST SHANGHAI

Guangdong Province exceeded the average national growth rate for each of the past ten years and the per capita GDP of Guangdong Province was significantly higher than the national average. Guangzhou is the largest city and commercial centre in Southern China and the capital of Guangdong Province, and it serves as a transportation hub for the Southern China region. According to the same source of information, Guangzhou had a population of approximately 7.4 million as at 31st December, 2004. Guangzhou had experienced a high GDP growth rate for the five years from 2000 to 2004. In 2004, Guangzhou's GDP reached approximately RMB411.6 billion, representing a per capita GDP of approximately RMB56,271.0. Based on the information published by Guangzhou Municipal Government, Guangzhou's GDP and per capita disposable income of urban residents would further be increased by approximately 12% and 6% respectively in 2005 when compared with that in 2004. Based on our discussion with the management of the Company, we understand that the PRC government imposed a series of austerity measures targeted at rectifying overheating of the property market. Because of these measures, the pace of growth in the PRC property market is expected to slow down in the short term. However, having considered the continuous growth on the economy in Guangzhou as reflected by the growth of GDP and per capita disposable income as stated above, we share with the Directors' view that future demand in the luxurious residential property market in Guangzhou, Guangdong Province, the PRC will continue to grow at a steady and healthy pace.

The Everight Acquisition also enabled the Group to further expand its investment portfolio into hotel and resort facility through the Yalong Bayview Development Project in Sanya, Hainan Province, the PRC, which is one of the most preferred spots for leisure travelling in the PRC. Furthermore, with golfing becoming a popular activity, the operations of golf club, hotel and resort facilities will provide the Group with an additional growing source of revenue.

According to the statistical information published by The National Bureau of Statistics of China, tourism in Hainan Province had been rapidly growing over the past five years, which represented an average increase of approximately 9.7% per annum. It recorded over 15.1 million tourists visiting Hainan Province and bringing gross revenue of approximately RMB12.5 billion in 2005, which represented respective increases of approximately 8.1% and 12.6% over that in 2004. Of the total number of tourists in 2005, the number of overseas tourists accounted for approximately 431,900 persons, representing a significant increase of approximately 40.0% over that of approximately 308,600 persons in 2004. In view of such circumstances, we share with the Directors' view that the development of bungalow-type resort hotel on Yalong Bayview Land, Hainan Province, the PRC shall potentially benefit and broaden the earning base of the Group in the future.

According to the Company's interim report for the six months ended 30th September, 2006, the property development of Everight Group has been progressing well as planned following the completion of the Everight Acquisition which has taken place on 8th June, 2006.

## LETTER OF ADVICE FROM FIRST SHANGHAI

As at the date of the Agreements on 5th January, 2007, the Group has effective interest in the Donson Group of approximately 55.57%. On 17th January, 2007, the Group signed an instrument of transfer with an individual independent third party to acquire 0.96% of the issued share capital of Donson. Upon the Braniff Completion, the effective interest to be held by the Group will be increased by approximately 32.6%, while the aggregate effective interests in the Donson Group will increase to 100% upon completion of all the Agreements. The consolidation of control in Donson will enable the Group to better implement its strategy and planning in respect of the operation and development of the Donson Group in the future, which the Board considers is in the interest of the Company and the Shareholders as a whole and that the terms of the Acquisitions are fair and reasonable.

In view of the above, we are of the view that the Braniff Acquisition is in line with the business development strategy of the Group and is in the interests of the Group and the Shareholders as a whole.

### **Background of the Donson Group**

As mentioned in the "Letter from the Board" of the Circular, Donson is an investment holding company which at present operates two golf clubs, one in Lotus Hill, Panyu, Guangdong Province and one in Yalong Bay, Sanya, Hainan Province, the PRC. In addition, 95 units of villas and 76 units of apartments have been constructed on Panyu Phase I Land for sale with 9 units of villas remain unsold. Donson is carrying out the Panyu Phase II Development Project for sale and the Yalong Bayview Development Project for rental and/or time share and/or resort facilities, subject to all governmental and regulatory approvals having been obtained. The golf club in Panyu commenced business in 1995. The golf club has a golf course and a club-house equipped with resort facilities including guest rooms, food and beverage outlets, fitness centre and sauna. The application for the development of villas of the Panyu Phase II Development Project has been approved by relevant government authorities and luxurious residential properties of total gross floor area of about 23,000 m<sup>2</sup> will be built thereon.

The golf club in Sanya partially commenced business in 2004 and the club-house opened in December 2006. Currently, a golf course with 18 holes is in operation with additional 9 holes being constructed. Upon full operation which is expected in mid 2007, it will operate with a 27-hole golf course, a club-house with resort facilities including food and beverage outlets, fitness centre and sauna. Application for the development of bungalow-type resort hotel with about 60 units on Yalong Bayview Land has been submitted to the relevant government authorities.

As mentioned in the "Letter from the Board" of the Circular, the consolidated loss after taxation and minority interest of the Donson Group was approximately HK\$6.5 million and HK\$5.1 million for each of the two years ended 31st December, 2005. Since the various property development projects are currently under development, the Donson Group has not generated profit over the two years ended

## LETTER OF ADVICE FROM FIRST SHANGHAI

31st December, 2005. However, there will be potential future gains to be generated from the property development projects in view of the upward trend in the property market and the expected continuous economic growth in the PRC. Accordingly, we are of the view that the potential effect on earnings of the Group in the long-term would be positive.

### **Principal terms of the Braniff Agreement**

#### *Assets to be acquired*

Pursuant to the Braniff Agreement dated 5th January, 2007, Everight, an indirect wholly-owned subsidiary of the Company, has conditionally agreed to acquire from the vendors, namely AIM and Mr. Chang, (i) the Braniff Sale Shares, representing an approximately 32.6% effective interest in the issued share capital of Donson; and (ii) the Loan, being the aggregate of the shareholders' loan due from Braniff to AIM and to Mr. Chang and interests accrued thereon up to Braniff Completion. The principal sums of the shareholders' loan due to AIM and Mr. Chang amounted to approximately HK\$20.9 million and HK\$10.3 million respectively as at the Latest Practicable Date.

#### *Basis for determination of the Braniff Consideration*

The consideration for the Braniff Sale Shares shall be approximately HK\$65.2 million; and the consideration for the Loan shall be the face value of the Loan plus interest accrued thereon up to Braniff Completion, which as at the Latest Practicable Date amounted to approximately HK\$32.9 million in aggregate.

The Braniff Consideration was determined after arms' length negotiations with AIM and Mr. Chang and having taken into account principally the aggregate consideration of approximately HK\$140 million paid by the Group for acquiring the 55.57% effective interest in Donson in the Everight Acquisition (further details of which had been set out in the circular of the Company dated 26th April, 2006), the business potential and growth prospects of the Donson Group with further reference to, among others, the fair value of the golf resort operations in Lotus Hill, Panyu, Guangdong Province and Yalong Bay, Sanya, Hainan Province, the PRC of RMB443 million in aggregate (approximately HK\$436.5 million) valued by RHL Appraisal Ltd., a firm of independent professional valuers, on 31st January, 2006 (as disclosed in the circular of the Company dated 26th April, 2006). The fair value had been revalued by the same valuers as at 30th November, 2006 with valuation amount of approximately RMB448.5 million (approximately HK\$444.1 million) as set out in Appendix I to the Circular (the "Valuation"). The Board considers that the Braniff Consideration, together with the payment terms, are fair and reasonable. The Braniff Consideration will be financed by internal resources of the Group.

In assessing the fairness and reasonableness of the basis for determining the Braniff Consideration, we have compared with the consideration paid by the Group to the independent vendors for the Everight Acquisition (the "Everight

## LETTER OF ADVICE FROM FIRST SHANGHAI

Consideration”) in April 2006, whereby the Group paid approximately HK\$137.9 million (net of the shareholders’ loan of approximately HK\$2.1 million thereunder) for acquiring the 55.57% effective interests in Donson, representing approximately HK\$2.48 million for each 1% effective interest thereof. The Group, through Everight, will pay approximately HK\$65.2 million for the Braniff Sale Shares under the Braniff Acquisition for acquiring 32.60% effective interest in Donson, representing approximately HK\$2.0 million for each 1% effective interest thereof and a considerable discount of approximately 19.4% to the Everight Acquisition.

We further analysed the net asset value of the Donson Group by adjusting the amount of the Valuation of approximately HK\$444.1 million as mentioned above in order to fairly reflect the net asset value of the Donson Group as at 31st December, 2005. Based on the audited consolidated financial statements of the Donson Group for the year ended 31st December, 2005, the consolidated net asset value of the Donson Group as at 31st December, 2005 was approximately HK\$127.9 million. Taking into account of the Valuation of approximately HK\$444.1 million and the net book value of the properties held by the Donson Group of approximately HK\$303.3 million as at 31st December, 2005, there would be a revaluation surplus of approximately HK\$140.8 million. As a result, the adjusted net asset value of the Donson Group would be approximately HK\$206.1 million (i.e. which is calculated by net asset value of HK\$127.9 million plus revaluation surplus of approximately HK\$140.8 million  $\times$  55.57%) after adjusting the Valuation. The Braniff Consideration to be paid for the Braniff Sale Shares per 1% effective interest is approximately HK\$2.0 million, which represented a slight discount of approximately 2.9% to the adjusted net asset value of approximately HK\$2.06 million for each 1% effective interest thereof.

We have further made comparison among the Braniff Consideration, the Cheerview Consideration and the Great Honest Consideration and noted that the unit consideration of the Cheerview Acquisition and the Great Honest Acquisition were approximately HK\$1.50 million and HK\$1.59 million respectively, both of which are lower than that of approximately HK\$2.0 million to be paid for under the Braniff Acquisition. Based on our discussion with the management of the Group, we understand that Braniff is the second largest shareholder with effective interests of approximately 32.60% in Donson Group and hence has stronger bargaining power, whereas Cheerview and Great Honest are merely passive investors and hold approximately 3.28% and 7.59% interests therein respectively. Mr. Lai and Mr. Chan are the founders of the Donson Group, who have board seats at Donson and therefore are able to exercise significant influence over the management and daily operations of the Donson Group. Accordingly, the Group has to pay a higher unit consideration under the Braniff Acquisition than the Cheerview Acquisition and the Great Honest Acquisition because of Braniff’s stronger bargaining power. In addition, pursuant to the shareholders’ agreement dated 8th June, 2006 entered into among the Company, Everight, Braniff, Smart Sharp, Mr. Chan and Mr. Lai, most of the significant commercial decisions of Smart Sharp and hence its subsidiaries including Donson would be subject to consent of all the shareholders of Smart Sharp. The acquisition of the entire interests in Braniff by the Group would terminate the said shareholders’

## LETTER OF ADVICE FROM FIRST SHANGHAI

agreement, and as a result the Group will have absolute control over the financial and operating policies of the Donson Group, so that the Braniff Acquisition would bring to the Group much greater flexibility to deal with its investment in Smart Sharp and ultimately the Donson Group. In view of such consideration, we concur with the Directors' view that payment of a higher unit consideration under the Braniff Acquisition when compared with the Cheerview Acquisition and the Great Honest Acquisition is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Based on our discussion with the management of the Group, we understand that the unit consideration of the Everight Consideration was higher than that of the Braniff Consideration because the Group had to pay a premium to obtain a majority stake in the Donson Group pursuant to the Everight Acquisition.

Since the Donson Group has been loss-making so far, comparison in terms of price-earnings ratio with other similar business is not practicable. As the Donson Group's assets substantially consist of land and properties to be developed, we consider that it would be more meaningful for us to consider the net asset value rather than to make reference to the past financial and operating performance of the Donson Group. As such, the adjusted net asset value is an appropriate valuation of the Donson Group.

Since the Braniff Consideration represents discounts of (i) approximately 19.4% to the Everight Acquisition and (ii) approximately 2.9% to the adjusted net asset value of the Donson Group as at 31st December, 2005, we consider that the basis for determining the Braniff Consideration is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

### *Payment terms of the Braniff Consideration*

An initial deposit of HK\$20.0 million has been paid to the Braniff Vendors' solicitor as escrow agent, which will be applied as part payment of the Braniff Consideration upon Braniff Completion. The remaining portion of the Braniff Consideration will be payable on Braniff Completion. The total Braniff Consideration will be paid to each of the Braniff Vendors in accordance with their respective shareholdings in Braniff. In the event that the Braniff Vendors fail to complete the Braniff Acquisition after fulfillment or waiver of the conditions precedent to the Braniff Agreement, the Braniff Vendors' solicitor shall release the deposit and all interests accrued thereon to Everight without prejudice to the rights of Everight to claim further damages arising therefrom.

In view of the above, we consider that the payment schedule is reasonable since (i) the HK\$20.0 million deposit is refundable if the Braniff Agreement is lapsed; and (ii) the remaining balance of the Braniff Consideration will only be paid upon the Braniff Completion Date.

## LETTER OF ADVICE FROM FIRST SHANGHAI

Having considered the above factors, we are of the view that the Braniff Consideration (including its payment terms) is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

### **Possible financial effects**

#### *Earnings*

Upon the Braniff Completion, there is no immediate material impact on the earnings of the Group, while (i) the Group's effective interest in the Donson Group will be increased from approximately 55.57% to 100% of the issued share capital of Donson and (ii) additional share of the financial results of the Donson Group are expected to be consolidated into the Group after the Braniff Completion. The Directors consider that the Braniff Acquisition will further contribute to the earnings base of the Group in the long run, but the quantification of such impact will depend on the future performance of the Donson Group since it had not yet recorded profits for the year ended 31st December, 2005.

#### *Working capital*

The Braniff Consideration will be fully financed by the internal resources of the Group. No debt-financing, equity financing or asset disposal arrangement is required for the Braniff Acquisition. Therefore, there will be a net cash outflow in total of approximately HK\$98.1 million (assuming the face value of the Loan amounted to approximately HK\$32.9 million in aggregate as at the Latest Practicable Date) upon the Braniff Completion. Based on the Company's interim report for the six months ended 30th September, 2006, the working capital (i.e. current assets less current liabilities) and bank balances and cash (i.e. excluding pledged bank deposits) of the Group as at 30th September, 2006 amounted to approximately HK\$1,631.6 million and HK\$1,195.6 million respectively. As such, the payment of the Braniff Consideration of approximately HK\$98.1 million would not exert considerable pressure on the working capital of the Group.

#### *Assets and liabilities*

According to the Company's interim report for the six months ended 30th September, 2006, the unaudited net asset value of the Group was approximately HK\$1,542.0 million as at 30th September, 2006. Since the Company intends to finance the entire amount of the Braniff Consideration in cash by internal resources, upon Braniff Completion, the assets of the Group immediately following the Braniff Acquisition will be reduced by the payment of the Braniff Consideration which will be offset by the corresponding elimination of minority interests of the Group immediately following the Braniff Completion as a result of the Braniff Acquisition.

## LETTER OF ADVICE FROM FIRST SHANGHAI

In light of the foregoing minimal effect of the Braniff Acquisition on the earnings, working capital as well as assets and liabilities of the Group, we are of the view that the Braniff Acquisition would have no significant adverse impact on the Group's financial position save and except for the reduction in working capital which is inevitable as the Group intends to finance the entire amount of the Braniff Consideration by internal resources in cash. Therefore, we are of the view that while the Group's cash resources would be reduced, the Braniff Acquisition is an effective utilisation of its cash resources which is aimed at positioning the Group for better growth in the future which, in the long run, is expected to benefit the Company and the Shareholders as a whole.

### RECOMMENDATION

Having taken into account the above principal factors, in particular, (i) the long-term benefits of the Braniff Acquisition to the Group; (ii) the basis for determination of the Braniff Consideration; and (iii) the minimal financial effects of the Braniff Acquisition to the Group and that the terms of the Braniff Agreement are fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the Braniff Acquisition is in the interest of the Group and the Shareholders as a whole. We therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to approve the Braniff Acquisition and the transactions contemplated under or in connection with the Braniff Agreement at the SGM.

Yours faithfully,

For and on behalf of

**First Shanghai Capital Limited**

**Helen Zee**

*Managing Director*

**Eric Lee**

*Director*



*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation of the property interests held by the Group as at 30th November, 2006.*

**永利竹 評值顧問有限公司 | RHL Appraisal Ltd**

Surveying Practices – Corporate Valuation and Property Consultancy  
License No.: C-015672

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5th February, 2007

The Board of Directors  
Macau Prime Properties Holdings Limited  
29th Floor, Paul Y. Centre  
No. 51 Hung To Road  
Kwun Tong  
Kowloon  
Hong Kong

Dear Sirs,

**Re: Valuation of three properties located in the People's Republic of China**

**INSTRUCTIONS**

In accordance with your instructions to value the captioned properties in which Macau Prime Properties Holdings Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30th November, 2006 (the "date of valuation").

**BASIS OF VALUATION**

Our valuations of the property interests represent their "Market Value" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

**PROPERTY INTERESTS CATEGORISATION**

The property interests held by the Group are categorised as follows:

Group I – Property interests held by the Group for operation in the PRC

Group II – Property interest held by the Group for future development in the PRC

**METHOD OF VALUATION**

We have valued the property interests in Group I by the direct comparison approach assuming sale of the property interests in their existing state with the benefit of vacant possession and by making reference to comparable sales transactions available in the relevant market.

In valuing the property interest in Group II which is held by the Group for future development, we have also adopted the direct comparison approach by making reference to comparable land sales transactions as available in the subject locality as well as the relevant benchmark land prices.

**VALUATION ASSUMPTIONS**

As the property interests are held under long term land use rights, we have assumed that the owner(s) has free and uninterrupted rights to use the property interests for the whole of the unexpired term of their respective land use rights without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale with vacant possession.

Our valuations have been made on the assumption that the seller sells the property interests on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

**VALUATION CONSIDERATIONS**

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Appraisal and Valuation Standards (5th Edition) published by the Royal Institution of Chartered Surveyors and effective from May 2003; and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1st January, 2005.

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the property interests but have assumed that the site areas shown on the documents and official site plan handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property interests. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property interests are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

**TITLE INVESTIGATION**

We have been shown copies of various title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrances that might be attached to the property interests or any lease amendments. We have relied considerably on the advice given by the Company's PRC legal adviser – D&S Law Firm, concerning the validity of Group's titles to the property interests.

## EXCHANGE RATE

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB). The exchange rate used in our valuation is HK\$1 to RMB1.01 which is prevailing as at the date of valuation.

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,  
For and on behalf of  
**RHL Appraisal Ltd.**

**Serena S. W. Lau**  
FHKIS AAPI RPS(GP)  
Managing Director

**Shirley Y. F. Yeung**  
B.Sc. MHKIS MRICS  
Associate Director

*Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 16 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as an eligible real estate appraiser in the PRC.*

*Ms. Shirley Y. F. Yeung is a Chartered Surveyor with over 8 years' experience in valuation of properties in Hong Kong, the PRC and the Asia Pacific Region. Ms. Yeung is a member of The Royal Institution of Chartered Surveyors as well as a member of The Hong Kong Institute of Surveyors.*

## SUMMARY OF VALUES

GROUP I – PROPERTY INTERESTS HELD BY THE GROUP FOR OPERATION IN  
THE PRC

No.	Property	Market Value in existing state as at 30th November, 2006 RMB	Interest attributable to the Group (%)	Value attributable to the Group as at 30th November, 2006 RMB
1.	Sanya Yalong Bay Sun Valley Golf Club Bohou Village Yalong Bay National Resort Area Sanya City Hainan Province The PRC	No commercial value	44.46%	Nil
2.	Golf Course and Golf Clubhouse within Guangzhou Lotus Hill Golf Resort Panyu District Guangzhou City Guangdong Province The PRC	100,000,000	36.12%	36,120,000
SUB-TOTAL:		100,000,000		36,120,000

GROUP II – PROPERTY INTEREST HELD BY THE GROUP FOR FUTURE  
DEVELOPMENT IN THE PRC

No.	Property	RMB	(%)	RMB
3.	Undeveloped land for villas and apartments within Guangzhou Lotus Hill Golf Resort Panyu District Guangzhou City Guangdong Province The PRC	104,000,000	36.12%	37,564,800
SUB-TOTAL:		104,000,000		37,564,800
TOTAL:		204,000,000		73,684,800

## VALUATION CERTIFICATE

GROUP I – PROPERTY INTERESTS HELD BY THE GROUP FOR OPERATION IN  
THE PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30th November, 2006 RMB
1. Sanya Yalong Bay Sun Valley Golf Club Bohou Village Yalong Bay National Resort Area Sanya City Hainan Province The PRC	Sanya Yalong Bay Sun Valley Golf Club covers a total site area of approximately 2,476,399 square meters which has been partially developed into a 18-hole golf course, a 2-storey golf clubhouse, a reservoir and some back-of-house facilities. The decoration works for the 2-storey golf clubhouse have just been completed.  According to the development scheme provided by the Club Operator, a portion of the undeveloped land within the property with a site area of approximately 166,668 square meters is planned for the development of bungalow villas and golfer lodge with a total planned gross floor area of not less than 251,200 square meters.	The property is currently operated by 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) as a golf and country club.	No commercial value  (44.46% interest attributable to the Group: Nil)

## Notes:

- Pursuant to a Land Use Rights Certificate issued by the Building and Land Administration Bureau of the Guangzhou Military Area (中國人民解放軍廣州軍區房地產管理局) dated 5th July, 2000, the land use rights of a portion of the subject land ("Land Parcel 1") with a site area of 192,270.45 square meters were held by 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) for a term of 50 years commencing on 1st February, 2000 and expiring on 31st January, 2050 for recreational, cultural and commercial uses.

2. Pursuant to various agreements entered into between 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) and various parties, 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) has been granted with operating rights in certain portion of the subject land with a total site area of 1,395,772.71 square meters for a common term of 50 years with details as follows:

Agreement No.	Party Name	Date of Agreement	Site Area (mu)	Term
Agreement 1	博後新坡第一、三合作經濟社、三亞市田獨鎮博後村民委員會	18-May-2000	168.0	From 10-May-2000 to 10-May-2050
Agreement 2	博後新坡第一、三合作經濟社、三亞市田獨鎮博後村民委員會	30-Oct-2003	2.0	From 31-Oct-2003 to 31-Oct-2053
Agreement 3	博後村委會紅光三隊、三亞市田獨鎮博後村民委員會	12-Jul-2000	10.2	From 12-Jul-2000 to 12-Jul-2050
Agreement 4	博後村委會新坡一隊、二隊、三亞市田獨鎮博後村民委員會	1-Mar-2001	10.2	50 years
Agreement 5	博後紅旗合作經濟社、三亞市田獨鎮博後村民委員會	27-May-2003	250.0	50 years from 27-Sep-1999
Agreement 6	三亞市田獨鎮六盤村民委員會、六盤紅色村	5-Mar-2001	N/A	50 years
TOTAL:			<u>440.4</u>	

Subject to payment of annual land use fee of approximately RMB280,000 to the above parties, the agreements are deemed to be valid and enforceable.

3. Pursuant to a Real Estate Title Certificate, San Tu Fang 2003 Zi Di No. 1309, the collectively-owned land use rights of the remaining portion of the subject land with a site area of 441,667.04 square meters ("Land Parcel 2") were administratively allocated to 三亞博後經濟開發有限公司 for a term of 50 years commencing on 1st March, 2001 and expiring on 1st March, 2051 for cultural and sport uses.
4. Pursuant to the two documents, San Fu 2000 No. 185 and Qiong Tu Huan Zi Han 2001 No. 52 issued by the Municipal Government of Sanya City and the Land and Environmental Resources Bureau of Hainan Province respectively, Land Parcel 2 is permitted to be used for Golf and Cultural Park subject to a land use rights term of 50 years; in addition, a portion of Land Parcel 2 with a site area of approximately 205,543 square meters is permitted for real estate development.
5. By virtue of a Joint Venture Agreement entered into between 三亞博後經濟開發有限公司 (Party A) and 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) (Party B), Party A agreed to contribute the land use rights of Land Parcel 2 which are held by Party A to the joint venture. Party B may pay the necessary fees and government charges to acquire the land use rights; meanwhile, the ownership of the land use rights is remained with Party A.
6. The major certificates and relevant agreements of the property are summarized as follows:
- |      |  |     |
|------|--|-----|
| i.   | Land Use Rights Certificate                          | Yes |
| ii.  | Real Estate Title Certificate                        | Yes |
| iii. | Various agreements for the grant of operation rights | Yes |
| iv.  | Joint Venture Agreements                             | Yes |

7. In the course of our valuation, we have attributed no commercial value to the property as the land use rights of the property are prohibited from being assigned, leased, charged or otherwise disposed of in the market. For reference purposes, we are of the opinion that the market value of the property in its existing state as at the date of valuation, assuming all land premium, taxes and expenses have been fully settled and are entitled to be freely disposed of in the market, would be RMB244,500,000 (interest attributable to the Group: RMB108,704,700).
8. 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) is a 44.46% interest-owned subsidiary of the Company.
9. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal advisers, which contains, inter alia, the following:
  - (i) The land use rights of Land Parcel 1 are borrowed from the Land Administration Bureau of the Guangzhou Military Area (中國人民解放軍廣州軍區房地產管理局) and are therefore prohibited from being assigned, leased, charged or otherwise disposed of in the market;
  - (ii) The land use rights held by 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) pursuant to various agreements in Note 2 are prohibited from being assigned, leased, charged or otherwise disposed of in the market; and
  - (iii) 三亞亞龍灣風景高爾夫文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.) has the rights to use the Land Parcel 2 pursuant to the Joint Venture Agreement as mentioned in Note 5; yet it does not possess legal title to Land Parcel 2. Relevant land acquisition and land grant procedures should be completed before the real estate development can be commenced on Land Parcel 2.



## VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30th November, 2006 RMB								
2. Golf Course and Golf Clubhouse within Guangzhou Lotus Hill Golf Resort Panyu District Guangzhou City Guangdong Province The PRC	Guangzhou Lotus Hill Golf Resort covers a total site area of approximately 740,268.9 square meters which has been partially developed into an 18-hole golf course, a driving range and a golf clubhouse and hotel complex.  The total gross floor area of the property is approximately 11,306.95 square meters with breakdown as follows:  <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Users</th> <th style="text-align: right;">GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Golf clubhouse &amp; hotel complex:</td> <td style="text-align: right;">10,716.00</td> </tr> <tr> <td>Driving range:</td> <td style="text-align: right;"><u>590.95</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>11,306.95</u></u></td> </tr> </tbody> </table> The land use rights of the property were granted for various terms with expiry dates ranging from 30th May, 2043 to 1st January, 2053.	Users	GFA (sq.m.)	Golf clubhouse & hotel complex:	10,716.00	Driving range:	<u>590.95</u>	Total:	<u><u>11,306.95</u></u>	The property is currently operated by 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) as a golf and country club.	100,000,000  (36.12% interest attributable to the Group: RMB36,120,000)
Users	GFA (sq.m.)										
Golf clubhouse & hotel complex:	10,716.00										
Driving range:	<u>590.95</u>										
Total:	<u><u>11,306.95</u></u>										

## Notes:

1. Pursuant to four State-owned Land Use Rights Certificates all issued by the Land Administration Bureau of Panyu District, the land use rights of the property with a total site area of 740,268.9 square meters were granted to 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) for various terms and users with details as follows:

Land Parcel No.	Certificate No.	Date of Issue	Site Area (sq.m.)	Term
Land Parcel 1	Pan Fu Guo Yong (2002) Zi Di No. G09-000118	25-Jun-2002	255,053.0	Expiring on 30-May-2043
Land Parcel 2	Pan Fu Guo Yong (2002) Zi Di No. G09-000579	18-Mar-2005	41,334.8	Expiring on 22-Apr-2052

Land Parcel No.	Certificate No.	Date of Issue	Site Area (sq.m.)	Term
Land Parcel 3	Pan Fu Guo Yong (2002) Zi Di No. G09-000581	18-Mar-2005	230,591.1	Expiring on 22-Apr-2052
Land Parcel 4	Pan Fu Guo Yong (2003) Zi Di No. G09-000196	25-Feb-2003	213,290.0	Expiring on 1-Jan-2053
TOTAL:			<u>740,268.9</u>	

The user of various land parcels are listed below:

Land Parcel No.	Permitted User
Land Parcel 1	Tourism
Land Parcel 2	Cultural, Sport and Recreational
Land Parcel 3	Tourism
Land Parcel 4	Composite

2. Pursuant to a Real Estate Title Certificate, No. 1333981 issued by the Municipal Government of Panyu District dated 24th March, 2003, the building ownership rights of the golf clubhouse of the property with a gross floor area of 10,716 square meters were legally vested in 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club).
3. The major certificates and relevant approvals of the property are summarized as follows:
  - i. State-owned Land Use Rights Certificates Yes
  - ii. Real Estate Title Certificate Yes
4. As advised by the Company, the property is subject to the following encumbrances:
  - (i) The land use rights of Land Parcel 1 with a site area of 255,053 square meters are subject to two mortgages both in favour of the Industrial and Commercial Bank of China, Guangzhou Panyu Branch at a total consideration of RMB12,000,000; and a mortgage in favour of the Bank of China, Guangzhou Panyu Branch at a consideration of RMB20,000,000;
  - (ii) The land use rights of Land Parcel 3 with a site area of 230,591.1 square meters are subject to a mortgage in favour of the Bank of China, Guangzhou Panyu Branch at a consideration of RMB17,000,000;
  - (iii) The land use rights of Land Parcel 4 with a site area of 213,290 square meters are subject to a mortgage in favour of Guangzhou Pan Cheng Village Credit Union (廣州市番城農村信用合作社) at a consideration of RMB6,000,000; and
  - (iv) The building ownership rights of the golf clubhouse of the property are subject to a mortgage in favour of the Industrial and Commercial Bank of China, Sanya Branch at a consideration of RMB20,000,000.
5. 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) is a 36.12% interest-owned subsidiary of the Company.

6. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal advisers, which contains, *inter alia*, the following:
- (i) 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) legally owns the land use rights of the subject land as mentioned in Note 1 and the building ownership rights of the golf club as mentioned in Note 2;
  - (ii) All land premium and taxes for the subject land have been fully settled;
  - (iii) The mortgages as mentioned in Note 3 have been registered and are therefore legally binding between the mortgagor and the mortgagees; and
  - (iv) There is no other encumbrances attached to the property interest which requires registration.

## VALUATION CERTIFICATE

GROUP II – PROPERTY INTEREST HELD BY THE GROUP FOR FUTURE  
DEVELOPMENT IN THE PRC

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30th November, 2006 RMB										
3. Undeveloped land for villas and apartments within Guangzhou Lotus Hill Golf Resort Panyu District Guangzhou City Guangdong Province The PRC	<p>The property comprises undeveloped land parcels with a total site area of approximately 117,692.6 square meters located adjacent to the golf club of Guangzhou Lotus Hill Golf Resort.</p> <p>As advised by 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf &amp; Country Club), the total permissible gross floor area of the golf club is 134,000 square meters of which a total gross floor area of 50,871.76 square meters has been built and used as the golf club.</p> <p>The total permissible gross floor area on the subject land will be therefore become 83,128.24 square meters and is proposed to be allocated for the following uses:</p> <table style="margin-left: 20px; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Users</th> <th style="text-align: right;">GFA (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Hotel:</td> <td style="text-align: right;">13,128.24</td> </tr> <tr> <td>Villa:</td> <td style="text-align: right;">40,000.00</td> </tr> <tr> <td>Apartment:</td> <td style="text-align: right;"><u>30,000.00</u></td> </tr> <tr> <td>Total:</td> <td style="text-align: right;"><u><u>83,128.24</u></u></td> </tr> </tbody> </table> <p>The land use rights of the property were granted for a common term expiring on 22nd April, 2052.</p>	Users	GFA (sq.m.)	Hotel:	13,128.24	Villa:	40,000.00	Apartment:	<u>30,000.00</u>	Total:	<u><u>83,128.24</u></u>	<p>The property is currently mostly vacant and erected with temporary structures such as dormitories and repair workshops.</p>	<p>104,000,000</p> <p><i>(36.12% interest attributable to the Group: RMB37,564,800)</i></p>
Users	GFA (sq.m.)												
Hotel:	13,128.24												
Villa:	40,000.00												
Apartment:	<u>30,000.00</u>												
Total:	<u><u>83,128.24</u></u>												

## Notes:

1. Pursuant to two State-owned Land Use Rights Certificates all issued by the Land Administration Bureau of Panyu District, the land use rights of the property with a total site area of 117,692.6 square meters were granted to 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) for a common term expiring on 22nd April, 2052 with details as follows:

Land Parcel No.	Certificate No.	Date of Issue	Site Area (sq.m.)	Term
Land Parcel 1	Pan Fu Guo Yong (2002) Zi Di No. G09-000580	18-Mar-2005	48,084.1	Expiring on 22-Apr-2052
Land Parcel 2	Pan Fu Guo Yong (2003) Zi Di No. G09-000253	12-Jun-2003	69,608.5	Expiring on 22-Apr-2052
TOTAL:			<u>117,692.6</u>	

The user of various land parcels are listed below:

Land Parcel No.	Permitted User
Land Parcel 1	Cultural, Sport and Recreational
Land Parcel 2	Tourism

2. Our valuation has been arrived at on the basis that:
- The owner of the property shall have no legal impediment for obtaining approval and consent for the aforesaid proposed uses (including hotel, villas and apartments) in due course; and
  - All the permissible gross floor area for the proposed development is utilized and will be developed based on the outlying scheme.
3. The major certificates of the property are summarized as follows:
- State-owned Land Use Rights Certificates Yes
4. 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) is a 36.12% interest-owned subsidiary of the Company.
5. We have been provided with a legal opinion regarding the property interests by the Group's PRC legal advisers, which contains, *inter alia*, the following:
- 廣州番禺蓮花山高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club) legally owns the land use rights of the subject land as mentioned in Note 1 and the building ownership rights of the golf club as mentioned in Note 2;
  - All land premium and taxes for the subject land have been fully settled; and
  - There is no other encumbrances attached to the property interest which requires registration.

## 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	Long position	Beneficial owner	2,500,000	-	2,500,000	0.11
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	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 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 Hon Kit	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")	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
Stark Investments (Hong Kong) Limited ("Stark HK")	Long position	Investment manager	214,252,725 (Note 3)	9.27

Name of Shareholder	Long position/ Short position	Capacity	Number of issued Shares	Approximate percentage of the issued share capital of the Company (%)
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	61,100,000 (Note 7)	2.64
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
Harmony Investment Fund Limited ("Harmony")	Long position	Beneficial owner	2,880,000	0.12

(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	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
Harmony	Long position	Beneficial owner	114,285,714	4.94

*Notes:*

1. Hanny 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, 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. 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 61,100,000 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.

*(iii) Other members of the Group*

As at the Latest Practicable Date, so far as was known to the Directors and the chief executive of the Company, the following persons (not being a Director or chief executive of the Company) 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:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share/ registered capital (%)
Smart Sharp	Braniff	36.97
廣州番禺蓮花山 高爾夫球度假俱樂部 (Guangzhou Panyu Golf & Country Club)	廣州市番禺旅遊總公司	35
廣州市蓮翠房產 物業管理有限公司 (Guangzhou Lian Chui Property Management Company Limited)	廣州市番禺旅遊總公司	35
番禺偉迪斯高爾夫房 地產有限公司 (Pan Yu Wei Di Si Golf Property Company Limited)	廣州市番禺旅遊總公司	34.91
三亞亞龍灣風景高爾夫 文化公園有限公司 (Sanya Yalong Bayview Golf Garden Co., Ltd.)	三亞博後經濟開發有限公司	20

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 Hon Kit	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)	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 Hon Kit 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 Hon Kit, 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.

**(d) Other interests**

On 2nd February, 2006, the Group entered into the Everight Agreement to acquire the entire issued share capital of Everight and certain loans for an aggregate consideration of HK\$140 million. Before completion of the Everight Acquisition, Mr. Lai was the controlling shareholder and chairman of Everight and an executive director of certain subsidiaries of Everight. After completion of the Everight Acquisition on 8th June, 2006, Mr. Lai has resigned as an executive director of Everight and remains as an executive director of all subsidiaries of Everight including Donson, an indirect 55.57% owned subsidiary of Everight prior to the Acquisitions and the Further Acquisition.



As at the Latest Practicable Date, Mr. Lai had an effective interest of approximately 14.20% in Donson through his shareholding in Braniff, a company holding 36.97% interest in Smart Sharp, which in turn held 88.17% interest in Donson.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been since 31st March, 2006 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

Save as disclosed above, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business 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. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
First Shanghai	Licensed corporation under the SFO to conduct type 6 (advising on corporate finance) regulated activity as set out in the SFO
RHL Appraisal Ltd.	Professional valuers
廣東南國德賽律師事務所 (D&S Law Firm)	PRC lawyers

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of the above experts had any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of the above experts had any direct or indirect interests in any assets which had been, since 31st March, 2006 (being the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

## 6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial and trading position of the Group since 31st March, 2006, being the date to which the latest published audited financial statements of the Group were made up.

## 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 29/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong, from the date of this circular and up to and including 27th February, 2007:

- the Braniff Agreement;
- the Cheerview Agreement;
- the Great Honest Agreement;
- the Instrument of Transfer;
- the letter from the Independent Board Committee, the text of which is set out on page 20 of this circular;
- the letter of advice from First Shanghai, the text of which is set out on pages 21 to 30 of this circular;
- the valuation report on properties of Donson Group, the text of which is set out in Appendix I to this circular;
- the legal opinion issued by 廣東南國德賽律師事務所 (D&S Law Firm) in respect of the properties of Donson Group in the PRC; and
- the letters of consent referred to in the section headed "Experts and consents" in this appendix.

**8. 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.

## NOTICE OF THE SGM



# 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)**

**NOTICE IS HEREBY GIVEN** that a special general meeting of Macau Prime Properties Holdings Limited (the “Company”) will be held on Tuesday, 27th February, 2007 at 11:00 a.m. at Conference Room, 11/F., Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong, for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

### ORDINARY RESOLUTION

“**THAT:**

- (i) the sale and purchase agreement dated 5th January, 2007 (the “Braniff Agreement”, a copy of which has been produced to this meeting and marked “A” and signed by the chairman of the meeting for the purpose of identification) entered into between Everight Investment Limited (“Everight”), an indirect wholly-owned subsidiary of the Company, as purchaser and AIM Pacific Limited (“AIM”) and Mr. Chang Rong Wu (“Mr. Chang”) as vendors (the “Vendors”) and Mr. Lai Tsan Tung, David (“Mr. Lai”) and Mr. Chan Jink Chou, Eric (“Mr. Chan”) as guarantors in relation to an acquisition by Everight from the Vendors of the entire share capital of and in Braniff Developments Limited (“Braniff”) and the shareholders’ loans due by Braniff to AIM and Mr. Chang on completion of the Braniff Agreement and all the transactions contemplated thereunder be and are hereby approved; and
- (ii) the directors of the Company be and are hereby authorised to execute any documents and instruments as may be necessary or incidental to completion of the Braniff Agreement and to do all such acts and things they consider necessary, desirable or expedient for the implementation of the Braniff Agreement and any of the transactions contemplated thereunder.”

Yours faithfully,

By order of the Board

**Macau Prime Properties Holdings Limited**

**Yan Ha Hung, Loucia**

*Company Secretary*

Hong Kong, 5th February, 2007

\* For identification purpose only

## NOTICE OF THE SGM

*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

*Notes:*

- (1) A member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed.
- (2) In order to be valid, the form of proxy, together with any power of attorney or authority under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
- (4) In case of joint holders of any share, if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (5) The resolution shall be voted by way of poll. Mr. Lai, Mr. Chan and Mr. Chang and their respective associates shall abstain from voting the resolution.

As at the date of this notice, the directors of the Company are as follows:

*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