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**澳門祥泰地產集團有限公司\***

**MACAU PRIME PROPERTIES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 199)**

**APPOINTMENT OF EXECUTIVE DIRECTORS  
AND  
CONTINUING CONNECTED TRANSACTION  
RELATING TO PROVISION OF FINANCIAL ASSISTANCE**

**APPOINTMENT OF EXECUTIVE DIRECTORS**

The Board is pleased to announce that Mr. Cheung Chi Kit and Mr. Lai Tsan Tung, David have been appointed as executive Directors with effect from 17th August, 2006.

**THE FACILITY**

On 8th June, 2006, Everight and Donson entered into the Facility Agreement, pursuant to which Everight has agreed to provide the Facility, which is revolving in nature, to Donson.

By virtue of Mr. Lai's 14.20% effective interest in Donson, upon his appointment as an executive Director, the provision of the Facility has become a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting and announcement requirements of Chapter 14A of the Listing Rules in respect of the provision of the Facility. The provision of the Facility is not subject to independent Shareholders' approval requirements.

**APPOINTMENT OF EXECUTIVE DIRECTORS**

The Board is pleased to announce that Mr. Cheung Chi Kit and Mr. Lai Tsan Tung, David have been appointed as executive Directors with effect from 17th August, 2006.

Mr. Cheung, aged 40, is the Qualified Accountant of the Company. He is also a director of various subsidiaries of the Group. Mr. Cheung has over 17 years of experience in auditing, accounting and financial management. He holds a bachelor's degree in accounting. He is a member of The Hong Kong Institute of Certified Public Accountants, The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He joined the Group in 2005 and is responsible for its finance and accounting functions. Save as disclosed herein, Mr. Cheung did not hold any directorship in other publicly listed companies in the last three years.

As at the date of this announcement, Mr. Cheung holds options entitling him to subscribe for 2,000,000 shares of the Company, which represents approximately 0.09% of the existing issued share capital of the Company. Save as aforesaid, he does not have any other interests in the shares of the Company within the meaning of Part XV of the SFO. Mr. Cheung does not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company. There is no proposed length of his service, but he is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company and the Code on Corporate Governance Practices in the Listing Rules. Mr. Cheung is entitled to an annual remuneration of HK\$1.32 million and an annual director's fee of HK\$10,000 as determined by both the remuneration committee of the Company and the Board with regard to his relevant duties and responsibilities and time spent on the affairs of the Company.

Mr. Lai, aged 52, graduated from the University of Birmingham with a bachelor's degree in civil engineering. He has over 28 years of experience in the construction field and has worked for several international construction companies at a senior managerial position. Before completion of the Everight

\* For identification purpose only

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.

On 8th June, 2006, Mr. Lai entered into the Service Agreement with Donson with a view to formalise his existing terms of directorship in Donson. Pursuant to the Service Agreement, Mr. Lai shall remain as an executive director and the chairman of Donson for a period of three years commencing from the date of the Service Agreement and shall continue thereafter unless and until terminated in accordance with terms of the Service Agreement. In consideration for the performance of his duties, Mr. Lai is entitled to a fixed monthly fee of HK\$80,000.

Save as disclosed above, Mr. Lai does not hold, and has not held, any other position within the Group and is not connected with any Directors, senior management, substantial or controlling shareholders of the Company.

Before completion of the Everight Acquisition, the Company had not entered into any arrangements with Mr. Lai to appoint him as an executive Director after the Everight Acquisition. Being an executive director and the chairman of Donson, Mr. Lai is actively involved in the operations and management of Donson Group. Given the golfing and related business of Donson Group have become one of the principal businesses of the Group after completion of the Everight Acquisition and the Board is optimistic about the business and prospect of Donson Group, the Board considers that the appointment of Mr. Lai as an executive Director will enable him to be directly accountable to the Board for the business operations and future development of Donson Group.

Mr. Lai has not entered into any service contract with the Company in respect of his directorship in the Company and there is no proposed length of his service. Mr. Lai, being an executive Director, is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the bye-laws of the Company and the Code on Corporate Governance Practices in the Listing Rules. He is entitled to a monthly director's fee of HK\$20,000 as determined by both the remuneration committee of the Company and the Board with regard to his duties and responsibilities and time spent on the affairs of the Company.

Save as disclosed above, Mr. Lai did not hold any directorship in other publicly listed companies in the last three years.

As at the date of this announcement, Mr. Lai is holding the Note, which is convertible into 89,255,243 shares of the Company (subject to adjustments), representing approximately 3.83% of the existing issued share capital of the Company. The Note has been deposited by Mr. Lai with the Group's solicitors for securing due observance and performance by the vendors in respect of the Everight Acquisition including Green Label of all their agreements, obligations, commitments and undertakings contained in the Everight Agreement. For more details of the Note, please refer to the Everight Circular. In addition, Mr. Lai has an effective interest of approximately 14.20% in Donson through his shareholding in Braniff. Save as aforesaid, Mr. Lai does not have any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO as at the date of this announcement.

In relation to the appointments of Mr. Cheung and Mr. Lai as executive Directors, there are no information to be disclosed pursuant to any of the requirement of the provisions under Rules 13.51(2)(h) to (v) of the Listing Rules. Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders.

The Company would like to express its warm welcome to Mr. Cheung and Mr. Lai for joining the Board.

#### **THE FACILITY**

On 2nd February, 2006, the Group entered the Everight Agreement, pursuant to which the Shareholders' Agreement was to be entered between Everight, Smart Sharp, the Company, Braniff, Mr. Lai and Mr. Chan on completion of the Everight Acquisition in respect of the operation of Smart Sharp and its subsidiaries. The Shareholders' Agreement provided that Everight shall provide financing to Smart Sharp or its subsidiaries for working capital requirements for a period of two years commencing from the date of the Shareholders' Agreement up to a maximum amount of HK\$80 million.

The Everight Agreement and the transactions contemplated thereunder (including the entering of the Shareholders' Agreement) were duly approved by the Shareholders at the special general meeting of the Company duly convened and held on 23rd May, 2006. On 8th June, 2006, the Shareholders' Agreement was entered into between the relevant parties. On the same date, Everight entered into the Facility Agreement with Donson, a subsidiary of Smart Sharp.

### **Terms of the Facility Agreement dated 8th June, 2006**

Pursuant to the Facility Agreement, Everight has agreed to provide the Facility to Donson on the following terms:

- (i) Facility Limit: A revolving facility up to a maximum of HK\$80 million at any time during the Drawdown Period.
- (ii) Repayment: Repayable on demand. Everight may require Donson to repay forthwith or on a date specified by Everight the whole or part of the amount drawn under the Facility with interest accrued thereon by giving Donson a written demand.
- (iii) Drawdown Period: Commencing from the date of the Facility Agreement and ending on 8th June, 2008.
- (iv) Interest: Prime rate for Hong Kong dollars per annum from time to time as quoted by The Hongkong and Shanghai Banking Corporation Limited.  
Interest will be calculated from the date of drawdown to the date of repayment and on a 365-day year and shall be paid in arrears quarterly.
- (v) Prepayment: Donson may on any Business Day prepay the whole or any part of the amount drawn under the Facility in instalments of whole multiples of HK\$500,000 or, if less, the then outstanding principal amount, each together with interest accrued thereon by giving Everight not less than one Business Day's prior notice specifying the amount to be prepaid.
- (vi) Security: None.
- (vii) Use of the Facility: The Facility shall be used only for financing of the working capital requirement of Donson and/or its subsidiaries.
- (viii) Other terms: Donson may draw under the Facility provided that (a) no Events of Default and no event which will constitute an Event of Default shall have occurred or be continuing that has not, prior to the date of intended drawing, been waived or remedied; and (b) the amount of such drawing shall, when aggregated with the principal amount of then outstanding, not exceed HK\$80 million.  
Events of Default include, among others, (a) failure of Donson to repay any principal, interest or any other sum payable under the Facility Agreement on due date; (b) failure of Donson to perform or observe any of its obligations under the Facility Agreement; (c) declaration of bankruptcy, liquidation, winding up or dissolution of Donson; (d) redemption of issued share capital, reduction of share capital by Donson, distribution of assets or other capital distribution to shareholders by Donson; and (e) any material change in the management and/or control of Donson.

### **REASON FOR THE FACILITY**

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, trading of motorcycles, manufacture and retailing of "Tung Fong Hung" branded Chinese pharmaceutical and health food, production and distribution of western pharmaceutical food and securities investment. After completion of the Everight Acquisition, the Group, through Everight, is also engaged in operation of golf club, hotel, resorts and development and management of luxurious residential properties in the PRC.

As stated in the Everight Circular, Everight intends to develop the adjoining pieces of land within the boundary of or adjacent to Lotus Hill Golf Club and Sun Valley Golf Resort by construction thereon residential premises. The Facility aims to provide Donson Group with an additional source of funding for such developments. The Facility is to be funded by internal resources of the Group. The terms of the Facility have been agreed after arm's length negotiations between the parties thereto with reference to the terms of similar facilities being offered by independent financial institutions to the Group.

The Directors are of the view that in light of the growing property market in the PRC and the increasing popularity of golfing, the provision of the Facility to make available additional funding for Donson Group to carry out the development projects in Lotus Hill Golf Club and Sun Valley Golf Resort as described above will enable the Group to further expand its property investment portfolio.

The Directors (including the independent non-executive Directors) are of the view that the provision of the Facility is on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATION**

The Everight Acquisition was completed on 8th June, 2006. By virtue of Mr. Lai's 14.20% effective interest in Donson, upon his appointment as an executive Director, the provision of the Facility from Everight to Donson has become a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.41 of the Listing Rules, the Company is required to comply with all applicable reporting and announcement requirements of Chapter 14A of the Listing Rules in respect of the provision of the Facility. The provision of the Facility is not subject to independent Shareholders' approval requirements.

#### **REPORTING REQUIREMENTS OF THE LISTING RULES**

The Company will comply with the relevant reporting requirements of the Listing Rules in relation to the provision of the Facility as follows:

- (i) the independent non-executive Directors shall review annually the amount drawn under the Facility and confirm in the Company's corresponding annual report that such amount has been drawn:
  - (a) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether it is on normal commercial terms, on terms no less favourable to the Group than those available to independent third parties; and
  - (b) in accordance with the Facility Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole;
- (ii) the auditors of the Company shall review annually the amount drawn under the Facility and provide a letter to the Board (a copy of which shall be provided to the Stock Exchange) confirming whether:
  - (a) the provision of such amount has received the approval of the Board;
  - (b) has been drawn in accordance with the Facility Agreement; and
  - (c) such amount has not exceeded the Facility Limit;
- (iii) the Company shall promptly notify the Stock Exchange and publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in sub-paragraphs (i) and (ii) above; and
- (iv) the Company shall allow the auditors sufficient access to their records for the purpose of reporting on the Facility as referred to in sub-paragraph (ii) above.

#### **FUTURE MONITORING OF THE FACILITY**

The Company shall closely monitor the provision of the Facility during the Drawdown Period and re-comply with Rules 14A.35(3) and (4) of the Listing Rules in the following circumstances:

- (a) if the Facility Limit is exceeded; or
- (b) when the Facility is renewed or there is a material change to the terms thereto.

#### **TERMS USED IN THIS ANNOUNCEMENT**

"Board"	the board of Directors
"Braniff"	Braniff Developments Limited, a company incorporated in the British Virgin Islands with limited liability which is currently effectively and beneficially owned as to 43.55% by Mr. Lai, 23.45% by Mr. Chan and 33% by an independent third party
"Business Day"	a day (other than Saturday) on which banks in Hong Kong is open for business

“Company”	Macau Prime Properties Holdings Limited (formerly known as Cheung Tai Hong Holdings Limited), a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Donson”	Donson (International) Development Limited, a company incorporated in Hong Kong with limited liability in which Everight, through Smart Sharp, holds an 55.57% effective interest
“Donson Group”	Donson and its subsidiaries
“Drawdown Period”	the period commencing from the date of the Facility Agreement and ending on 8th June, 2008
“Event(s) of Default”	event(s) of default as set out in the Facility Agreement
“Everight”	Everight Investment Limited, a company incorporated in Hong Kong with limited liability which is a wholly-owned subsidiary of the Company
“Everight Agreement”	the agreement dated 2nd February, 2006 entered into by the Company in respect of the Everight Acquisition
“Everight Acquisition”	the acquisition of Everight
“Everight Circular”	the circular of the Company dated 26th April, 2006 in respect of the Everight Acquisition
“Facility”	the revolving loan facility of up to the Facility Limit granted by Everight to Donson pursuant to the Facility Agreement
“Facility Agreement”	the facility agreement dated 8th June, 2006 entered into between Everight and Donson
“Facility Limit”	the maximum amount drawn under the Facility at any time during the Drawdown Period of the Facility, being HK\$80 million
“Green Label”	Green Label Investments Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Mr. Lai
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chan”	Chan Jink Chou, Eric, being the holder of 23.45% beneficial interest in Braniff, which in turn is holding 32.60% effective interest in Donson
“Mr. Cheung”	Cheung Chi Kit
“Mr. Lai”	Lai Tsan Tung, David, being an executive Director and the holder of 43.55% beneficial interest in Braniff, which in turn is holding 32.60% effective interest in Donson
“Note”	the zero coupon convertible note due on 11th August, 2010 in the principal amount of HK\$39,272,307 issued by the Company to Green Label on completion of the Everight Acquisition as part of the consideration
“PRC”	the People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this announcement
“Service Agreement”	the service agreement entered into between Mr. Lai and Donson dated 8th June, 2006 for the purpose of formalising the terms of Mr. Lai’s directorship in Donson
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)

“Shareholder(s)”	holder(s) of shares of the Company
“Shareholders’ Agreement”	the shareholders’ agreement dated 8th June, 2006 entered into between Everight, Braniff, Mr. Lai, Mr. Chan, Smart Sharp and the Company
“Smart Sharp”	Smart Sharp Investment Limited, a company incorporated in Hong Kong with limited liability which is owned as to 63.03% by Everight and 36.97% by Braniff
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

On behalf of the Board  
**Macau Prime Properties Holdings Limited**  
**Cheung Hon Kit**  
*Chairman*

Hong Kong, 17th August, 2006

*As at the date of this announcement, the Board comprises Mr. Cheung Hon Kit (Chairman), Mr. Chan Fut Yan (Managing Director), Mr. Cheung Chi Kit and Mr. Lai Tsan Tung, David as executive Directors, Mr. Ho Hau Chong, Norman (Deputy Chairman) and Mr. Lo Lin Shing, Simon as non-executive Directors, and Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong as independent non-executive Directors.*

“Please also refer to the published version of this announcement in The Standard.”