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# 澳門祥泰地產集團有限公司\*

## MACAU PRIME PROPERTIES HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 199)

### DISCLOSEABLE AND CONNECTED TRANSACTION

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 interest in Braniff and Donson and the Loan owed by Smart Sharp and Donson to Braniff 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.

The Acquisitions, in aggregate, constitute 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.

A circular containing, among other things, further details of the Agreements, the notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

#### BACKGROUND

The Company announced on 7th February, 2006 that New Smarten, an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with various independent third parties to acquire their respective interests in Everight which is 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.

#### 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: Everight, 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 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 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 date of this announcement.

##### 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 plus interest accrued thereon up to Braniff Completion, which as at the date of this announcement amounted to approximately HK\$32.8 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.

\* For identification purpose only

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 the 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;
- (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.

#### **5. Completion**

Braniff Completion shall take place on the seventh Business Day immediately after the Braniff Long Stop Date or such other date as Everight and the Braniff Vendors may mutually agree in writing.

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

#### **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 enquiry, 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, an indirect wholly-owned subsidiary of the Company.

#### **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 payment terms**

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

A deposit of HK\$1.5 million has been paid to the Cheerview's solicitor as escrow agent, which will be applied as part payment of the Cheerview Consideration. The balance of the Cheerview Consideration will be payable on Cheerview Completion.

In the event that Everight fails to complete the Cheerview Acquisition on the Cheerview Completion Date, Cheerview has the right to forfeit the deposit and all interests accrued thereon without prejudice to the rights of Cheerview to claim further damages arising therefrom. In the event that Cheerview fails to complete the Cheerview Acquisition on the Cheerview Completion Date, Cheerview's 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 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 the payment terms, fair and reasonable.

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

**4. Completion**

Cheerview Completion is not conditional on Braniff Completion and Great Honest Completion and vice versa. Cheerview Completion shall take place on the fourteenth Business Day after the date of the Cheerview Agreement or such other date as Everight and Cheerview may mutually agree in writing.

**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 enquiry, 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, an indirect wholly-owned subsidiary of the Company.

**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 payment terms**

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

A deposit of HK\$4 million has been paid to the Great Honest's solicitor as escrow agent, which will be applied as part payment of the Great Honest Consideration. The balance of the Great Honest Consideration will be payable on Great Honest Completion.

In the event that Everight fails to complete the Great Honest Acquisition on the Great Honest Completion Date, Great Honest has the right to forfeit the deposit and all interests accrued thereon without prejudice to the rights of Great Honest to claim further damages arising therefrom. In the event that Great Honest fails to complete the Great Honest Acquisition on the Great Honest Completion Date, the Great Honest's 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 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 the payment terms, fair and reasonable.

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

**4. Completion**

Great Honest Completion is not conditional on Braniff Completion and Cheerview Completion and vice versa. Great Honest Completion shall take place on the fourteenth Business Day after the date of the Great Honest Agreement or such other date as Everight and Great Honest may mutually agree in writing.

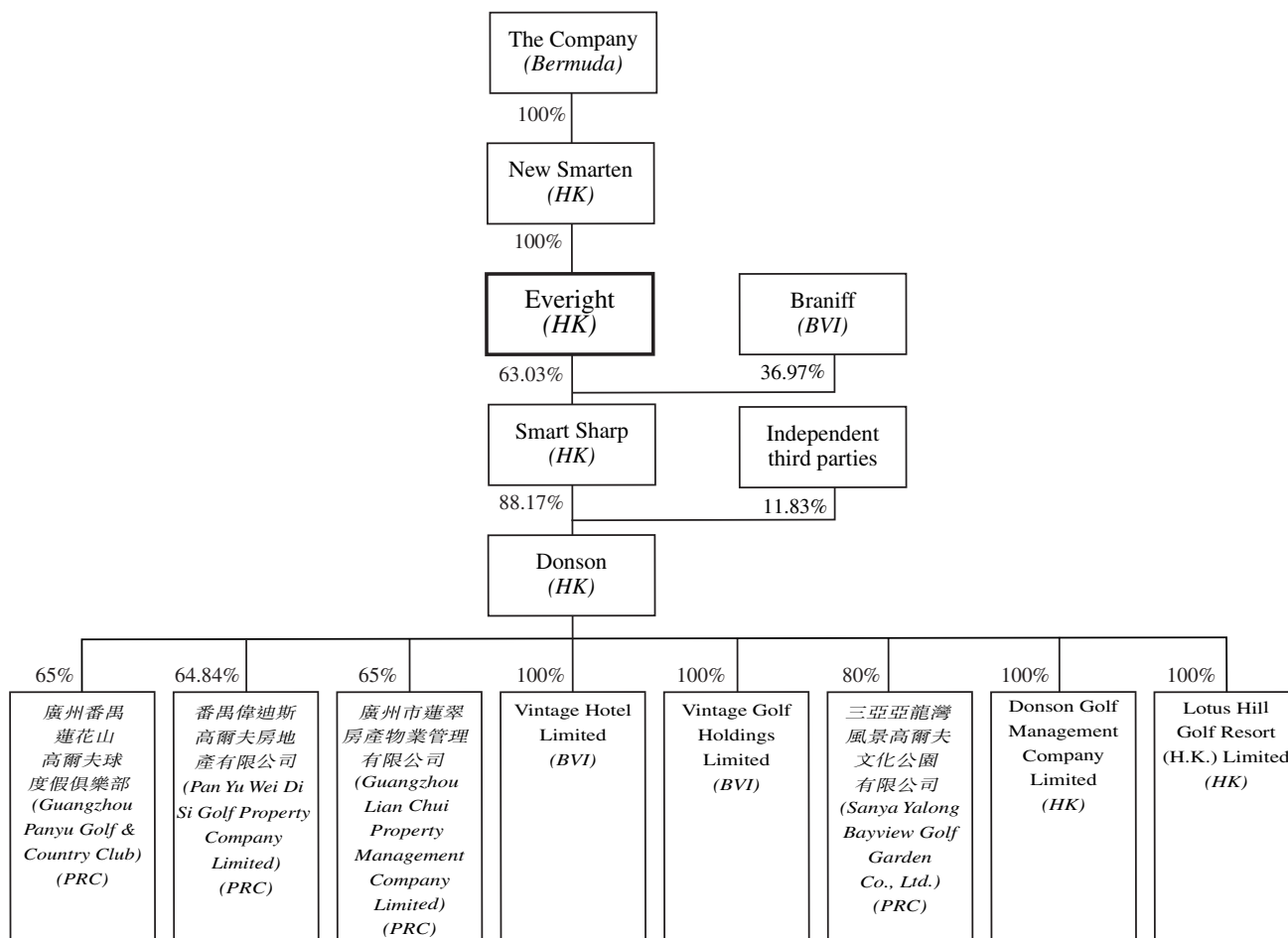
**5. Other terms of the Great Honest Agreement**

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

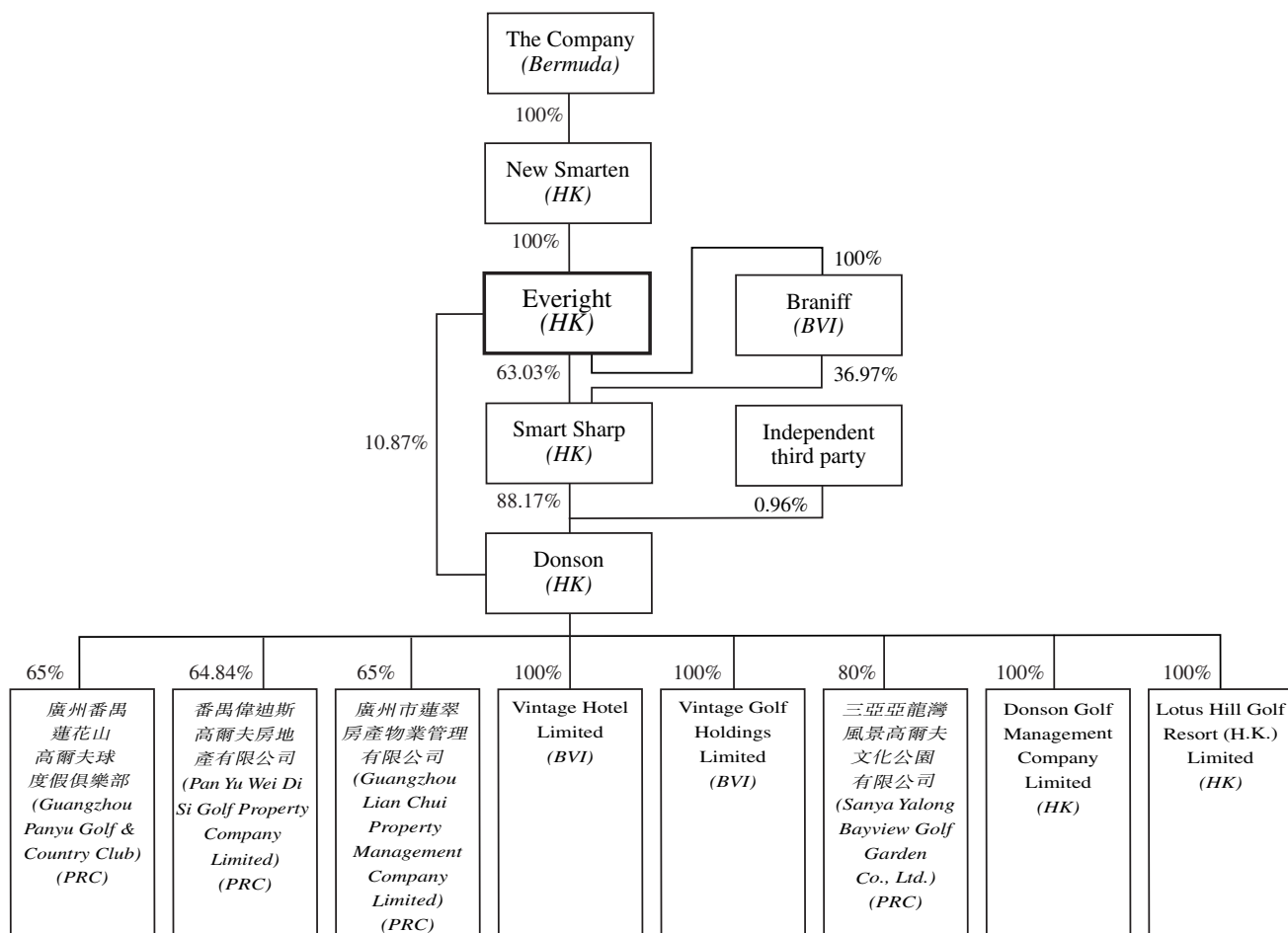
## INFORMATION ON DONSON GROUP

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

Before completion of the Acquisitions



## After completion of the Acquisitions



Donson is an investment holding company which at present operates two golf clubs, 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.

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 ACQUISITION**

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.

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 interest of the Company and the Shareholders as a whole and that the terms of the Acquisitions are fair and reasonable.

## **SGM**

The Acquisitions, in aggregate, constitute 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 Acquisition also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to approval of the Shareholders other than Mr. Lai, Mr. Chan and Mr. Chang and their respective associates. An independent committee of the Board will be constituted to advise the Independent Shareholders on the terms of the Braniff Agreement. An independent financial adviser will be appointed to advise the independent committee of the Board in this regard. A circular containing information on the Acquisitions, the letter of advice from the independent committee of the Board to the Independent Shareholders and the letter of advice from the independent financial adviser to the independent committee of the Board, the notice of the SGM and other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable.

## **GENERAL**

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, the trading of motorcycles, the sale and manufacturing of western pharmaceutical products, Chinese pharmaceutical and health products.

## **TERMS USED IN THIS ANNOUNCEMENT**

“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 acquisition 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 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
“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 acquisition 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
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Donson”	Donson (International) Development Limited, a company incorporated in Hong Kong with limited liability, which is owned as to approximately 55.57% effectively and indirectly by Everight
“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 acquisition 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
“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 acquisition 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
“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 Shareholders”	Shareholders other than Mr. Lai, Mr. Chan, Mr. Chang and their respective associates
“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 to Mr. Chang and the interests accrued thereon up to Braniff Completion
“Mr. Chan”	Chan Jink Chou, Eric
“Mr. Chang”	Chang Rong Wu
“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 announcement
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Braniff Agreement and the transactions contemplated thereunder
“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
“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 announcement in both the 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.

By order of the Board  
**Macau Prime Properties Holdings Limited**  
**Yan Ha Hung, Loucia**  
*Company Secretary*

Hong Kong, 5th January, 2007

As at the date of this announcement, the Directors 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

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