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

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**澳門祥泰地產集團有限公司\***  
**MACAU PRIME PROPERTIES HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 199)**

**DISCLOSEABLE TRANSACTION**  
**– An acquisition of an effective 25% interest**  
**of Shanghai Tianma Country Club Co., Ltd.**

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\* For identification purpose only

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## DEFINITIONS

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

“2005 August Note”	the zero coupon convertible notes due 2010 in the aggregate principal amount of HK\$1,000 million issued by the Company on 11th August, 2005, of which an aggregate principal amount of HK\$487,050,000 remained outstanding as at the Latest Practicable Date
“2006 June Note”	the 1% convertible notes due 2011 in the aggregate principal amount of HK\$1,000 million issued by the Company on 15th June, 2006, of which an aggregate principal amount of HK\$906,000,000 remained outstanding as at the Latest Practicable Date
“Acquisition”	acquisition of the Sale Shares by Chain Key pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 17th July, 2007 entered into between the Vendor and Chain Key in relation to the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which banks in Hong Kong are open for normal business
“BVI”	the British Virgin Islands
“Chain Key”	Chain Key Limited, a company incorporated in BVI with limited liability, an indirect wholly-owned subsidiary of the Company
“Company”	Macau Prime Properties Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Acquisition
“Completion Accounts”	the financial statements of the UCDC Group at the Completion Date, prepared in accordance with HK GAAP

## DEFINITIONS

“Completion Date”	the seventh Business Day immediately after all the conditions contained in the Acquisition Agreement have been duly fulfilled (or waived as the case may be), or such other date as the Vendor and Chain Key may mutually agree in writing
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration for the Acquisition of US\$17 million (equivalent to approximately HK\$132.6 million)
“Director(s)”	the director(s) of the Company
“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
“Latest Practicable Date”	2nd August, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4th September, 2007 or such other date as the Vendor and Chain Key may agree in writing
“Mar Group”	Mr. Mar and other shareholders of UCDC which are his designates
“Mr. Mar” or “Vendor”	Gilbert Bing Mar (馬賓農), the Vendor under the Acquisition Agreement
“Phase III Development Project”	the construction of 128 units of villas with aggregate gross floor area of approximately 68,637 m <sup>2</sup> on a parcel of land of site area not less than 175,029 m <sup>2</sup> situated in Shanghai Tianma Country Club
“PRC”	The People’s Republic of China, excluding Hong Kong, Macau and Taiwan for the purpose of this circular
“Sale Shares”	the 7,499,550 shares of UCDC held by the Mar Group, representing approximately 29.41% of the entire issued share capital of UCDC

## DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tianma”	Shanghai Tianma Country Club Co., Ltd. (上海天馬鄉村俱樂部有限公司), a company incorporated in the PRC with limited liability which is owned as to approximately 85% indirectly by UCDC
“UCDC”	UCDC International Limited, a company incorporated in BVI with limited liability which is currently owned as to approximately 49.38% by the Mar Group
“UCDC Group”	UCDC and its subsidiaries
“UCDC Pte”	UCDC International Private Limited, a company incorporated in Singapore with limited liability which is wholly-owned by UCDC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.
“m <sup>2</sup> ”	square metre(s)

*In this circular, RMB are converted into HK\$ on the basis of RMB0.985 = HK\$1 and US\$ are converted into HK\$ on the basis of US\$1 = HK\$7.8 for illustrative purpose.*

For ease of reference, the names of PRC established companies and entities have been included in this circular 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.

## 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  
Mr. Ma Chi Kong, Karl

*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

6th August, 2007

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

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION** **– An acquisition of an effective 25% interest** **of Shanghai Tianma Country Club Co., Ltd.**

#### **INTRODUCTION**

The Company announced on 17th July, 2007 that Chain Key, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement on 17th July, 2007 with Mr. Mar for the acquisition of 29.41% interest in UCDC for a cash consideration of US\$17 million (equivalent to approximately HK\$132.6 million). UCDC has an effective 85% interest in the issued share capital of Tianma, which is principally engaged in golf clubs operation, food and beverage facilities and property development and management in the PRC. The Sale Shares represent an effective 25% indirect interest in Tianma.

\* For identification purpose only

## LETTER FROM THE BOARD

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

### THE ACQUISITION AGREEMENT DATED 17TH JULY, 2007

#### 1) Parties

Vendor: Mr. Mar, being a member of the Mar Group which holds in aggregate 12,593,119 shares or approximately 49.38% interest in UCDC.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Mr. Mar and each member of the Mar Group and their respective ultimate beneficial owners, are all independent of the Company and its connected persons.

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

#### 2) Assets to be acquired

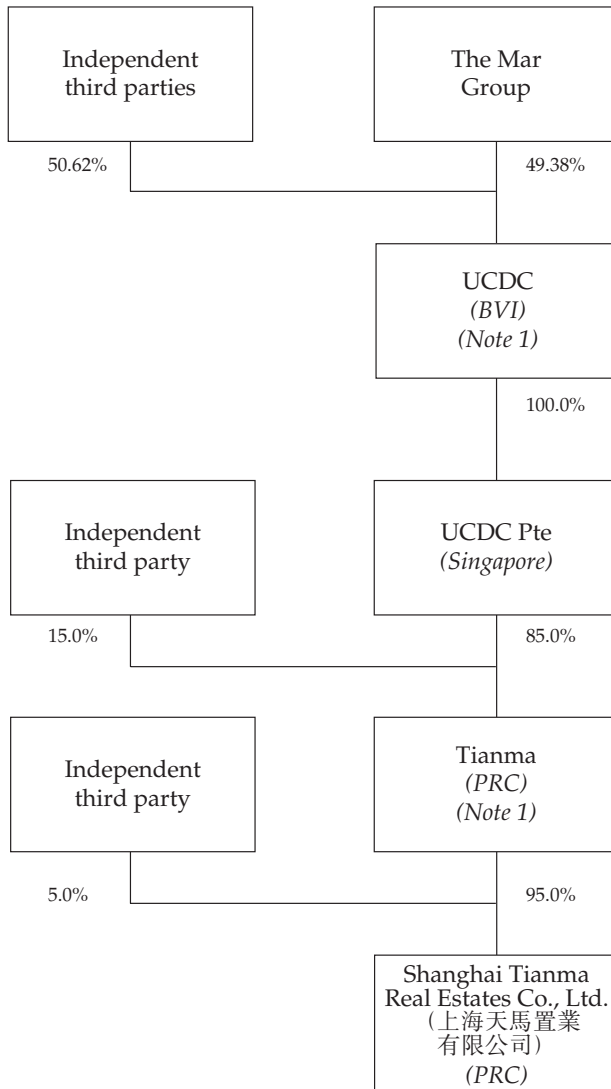
The Sale Shares, being 7,499,550 shares in, representing 29.41% of the issued share capital of UCDC.

As at the Latest Practicable Date, UCDC has an effective 85% interest in the issued share capital of Tianma, which is principally engaged in golf clubs operation, food and beverage facilities and property development and management in the PRC.

## LETTER FROM THE BOARD

The following illustrates the structure of the UCDC Group:

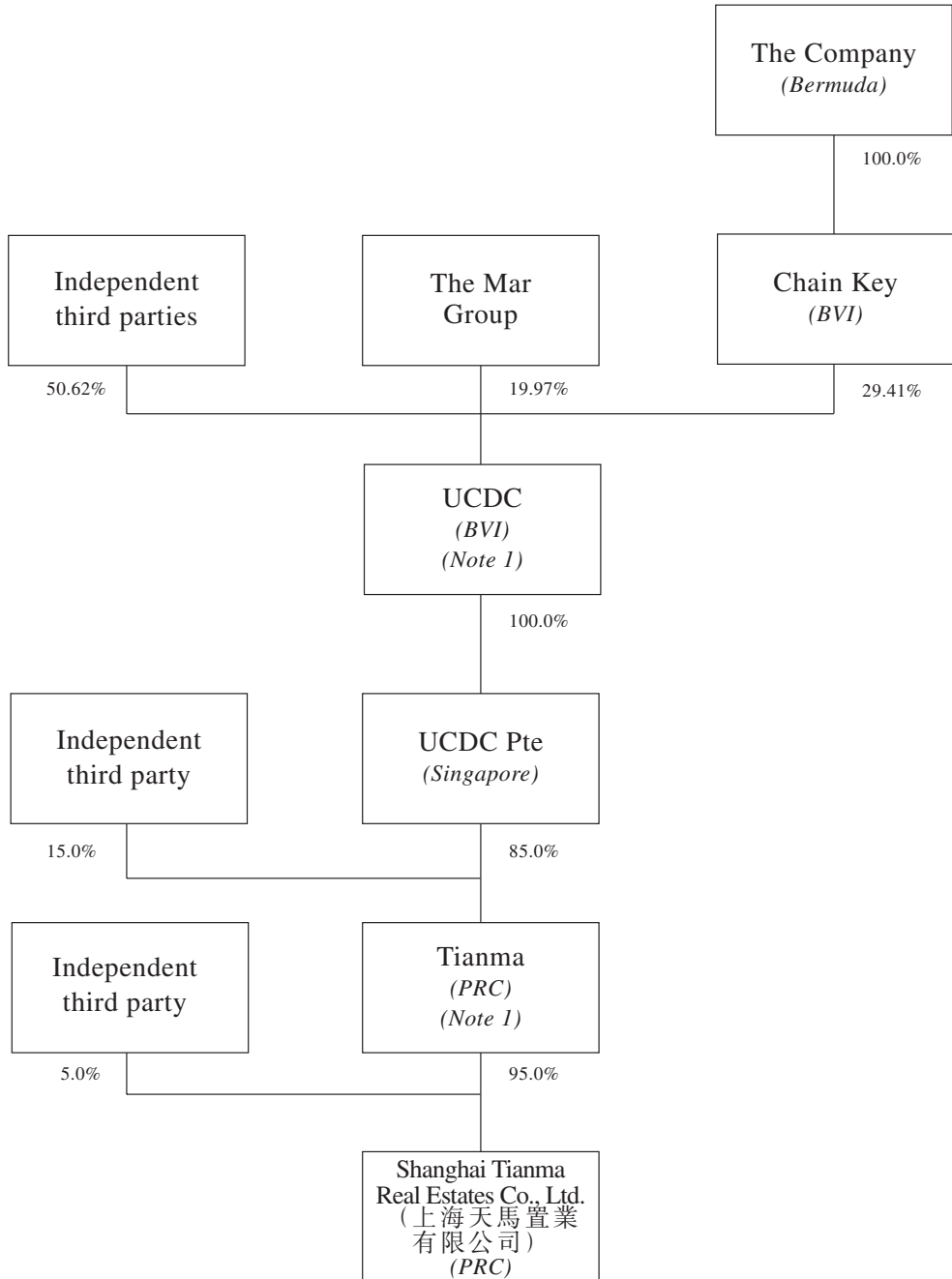
*Before the Acquisition*





# LETTER FROM THE BOARD

## *After the Acquisition*



*Notes:*

1. The boards of UCDC and Tianma consist of not more than eight and thirteen directors respectively, of which five and nine are nominated by the Mar Group and UCDC respectively. According to the Acquisition Agreement, upon Completion, the Mar Group shall nominate two nominees of Chain Key as directors, in place of two of the existing representatives nominated by the Mar Group, to each of the boards of UCDC and Tianma.
2. Places in parentheses represent places of incorporation.

## LETTER FROM THE BOARD

Upon Completion, UCDC will become an associate of the Company. The results and net assets of UCDC will be equity accounted for by the Group. Further details of UCDC are set out in the paragraph headed "Information on the UCDC Group" below.

### 3) Consideration and payment terms

The Consideration for the Acquisition shall be US\$17 million (equivalent to approximately HK\$132.6 million and subject to adjustment as described below).

A cash deposit of US\$3.4 million (equivalent to approximately HK\$26.5 million) has been paid to the Vendor upon signing of the Acquisition Agreement.

The balance of the Consideration has been/shall be paid to the Vendor in the following manner:

- (a) a further cash deposit of US\$2.6 million (equivalent to approximately HK\$20.3 million) has been paid within 7 days upon signing of the Acquisition Agreement. The total cash deposits of US\$6.0 million (equivalent to approximately HK\$46.8 million) referred to above will upon Completion represent part payment of the Consideration, but shall be refundable (with accrued interest) to Chain Key if the conditions precedent to the Acquisition Agreement are not fulfilled or waived by Chain Key in accordance with the Acquisition Agreement; and
- (b) the balance of US\$11 million (equivalent to approximately HK\$85.8 million) shall be paid in cash on Completion.

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

The Vendor shall within one month from the date of Completion deliver to Chain Key the Completion Accounts, which will be subject to audit by a firm of independent accountants in Hong Kong to be appointed by Chain Key. If the net assets value or liabilities of the UCDC Group in the audited Completion Accounts differ from those in the Completion Accounts by more than 5% of the Consideration, the Consideration shall be adjusted upwards or downwards on a dollar-for-dollar basis accordingly. If either party does not agree to the adjustment to the Consideration, the Completion shall be rescinded such that the Consideration paid shall be refunded to Chain Key without interest and the Sale Shares shall be transferred back to a party as designated by the Vendor.

The Consideration was determined after arms' length negotiations between the Vendor and the Company having taken into account the business potential and growth prospects of the UCDC Group and with reference to, among others, the unaudited consolidated net assets value of the UCDC Group of approximately HK\$240.6 million as at 31st December, 2006 and an attributable revaluation surplus of approximately HK\$215 million which based on an indication of the fair value of the property interests of Tianma of RMB870 million (approximately HK\$883 million) by RHL Appraisal Ltd., a firm of independent professional valuers, as at 30th April, 2007. The above preliminary valuation

## LETTER FROM THE BOARD

indication is prepared by the direct comparison method assuming sale with the benefit of vacant possession and by reference to comparable sales evidence as available in the relevant market. Details of property interests held by Tianma are set out in the section headed "Information on the UCDC Group" below.

The Directors noted that the UCDC Group recorded losses in the past two years. However, taking into account the aforesaid basis of consideration and the business potential of the UCDC Group and the property and tourism market in the PRC, the Directors consider that the Consideration is fair and reasonable and in the interests in the Company and the Shareholders as a whole.

#### 4) Conditions precedent

Completion is conditional upon fulfilment of the following conditions:

- (i) Chain Key being satisfied with the results of the due diligence review on the UCDC Group;
- (ii) all necessary statutory governmental and regulatory (including under the Listing Rules) obligations and approvals on the part of Chain Key and the Company to be complied and obtained in relation to the Acquisition having been obtained, and (if required) approval by the Shareholders of the Acquisition having been obtained at the special general meeting of the Company;
- (iii) if the transferor of the Sale Shares is not the Vendor personally but another member of the Mar Group, Huston Developments Limited ("Huston"), the delivery by the Vendor to Chain Key of a certificate of incumbency issued by the BVI registered agent of Huston confirming the shareholding and directorship of Huston and to be dated no earlier than seven Business Days prior to the Completion Date;
- (iv) the delivery by the Vendor to Chain Key of a certificate of incumbency issued by the BVI registered agent of UCDC confirming the shareholding and directorship of UCDC and to be dated no earlier than seven Business Days prior to the Completion Date;
- (v) the delivery by the Vendor to Chain Key of a legal opinion issued by a Singaporean law firm confirming the shareholding and directorship of UCDC Pte and to be dated no earlier than seven Business Days prior to the Completion Date;
- (vi) the delivery by the Vendor to Chain Key of a legal opinion issued by a PRC law firm acceptable to Chain Key in respect of Tianma and its business, shareholding structure and assets to the satisfaction to Chain Key; and
- (vii) no event or circumstance having occurred which would reasonably be expected to result in material adverse change to UCDC or the UCDC Group.

## LETTER FROM THE BOARD

The Vendor shall use its best endeavours to procure the fulfilment of all the above conditions (other than condition (ii)) and Chain Key shall use its best endeavours to procure the fulfilment of condition (ii). Save for condition (ii), all the above conditions are capable of being waived. As at the Latest Practicable Date, none of the above conditions has been fulfilled or waived.

If any of the above conditions has not been fulfilled or waived by Chain Key by notice in writing to the Vendor (save for condition (ii) which cannot be waived) on or before the Long Stop Date, the rights and obligations of the parties under the Acquisition Agreement shall lapse and be of no further effect except for antecedent breach.

If after fulfilment (or waiver, as the case may be) of the above conditions, Chain Key shall fail to complete the Acquisition in accordance with the terms and conditions of the Acquisition Agreement, any deposit(s) paid shall be forfeited by the Vendor and the Vendor shall be entitled to claim against Chain Key all losses suffered under the Acquisition Agreement.

If the Vendor shall fail to complete the Acquisition in accordance with the terms and conditions of the Acquisition Agreement notwithstanding fulfilment (or waiver, as the case may be) of the above conditions, the deposit shall be refunded to Chain Key together with all interest accrued thereon forthwith and Chain Key shall be entitled to claim against the Vendor for all losses suffered arising therefrom.

### **5) Completion**

Completion shall take place on the seventh Business Day immediately after all of the above conditions precedent have been duly fulfilled or waived (as the case may be) or such other date as the Vendor and Chain Key may mutually agree in writing.

### **INFORMATION ON THE UCDC GROUP**

UCDC is an investment holding company which has an effective interest of 85% in the entire issued share capital of Tianma, which operates a golf club, namely Shanghai Tianma Country Club located at Zhaokun Road, Sheshan Town, Songjiang District, Shanghai, the PRC. The Shanghai Tianma Country Club commenced business in 1999. The property comprises a 27-hole golf course and 2 club-houses equipped with resort facilities including food and beverage outlets, swimming pool, fitness and recreational centres.

In addition, villas in total number of 135 units had been developed in 2 phases inside the Shanghai Tianma Country Club and had already been sold out. At present, Tianma has property interests in Phase III Development Project, which is intended for sale and/or rental and is in the process of construction, completion of which is expected to be around June 2008. The Phase III Development Project is a large-scale residential development known as "Tianma Garden". The total planned gross floor area of the property is approximately 68,637 m<sup>2</sup> comprising 128 units of 2-story villas.

## LETTER FROM THE BOARD

The major sources of turnover of the UCDC Group include property sale, green fee, membership subscription, food and beverage sale and service income. Set out below is the unaudited consolidated financial information of the UCDC Group for each of the two years ended 31st December, 2005 and 2006 prepared in accordance with the HK GAAP:

	<b>Year ended 31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Turnover	66.7	87.2
Loss before taxation	(22.9)	(20.8)
Loss after taxation and minority interest	(9.9)	(4.4)
	<b>As at 31st December,</b>	
	<b>2006</b>	<b>2005</b>
	<i>HK\$ million</i>	<i>HK\$ million</i>
Total assets	709.2	460.9
Net assets	240.6	238.8

### FINANCIAL EFFECTS OF THE ACQUISITION

#### *Assets and liabilities*

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

#### *Earnings*

Upon Completion, the Group shall be entitled to equity account for the profit or loss after taxation of the UCDC Group as associated companies.

#### *Gearing*

The gearing ratio of the Group is expected to increase slightly.

## LETTER FROM THE BOARD

### REASONS FOR THE ACQUISITION

The Group is 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, loan financing, trading of motorcycles. The Acquisition represents an attractive opportunity to the Group as this enables the Group to extend its golf resort business currently operating in the southern provinces, namely Guangzhou and Hainan, to the northern part of the PRC and to strengthen the Group's recurring source of revenue. In addition, the Group will further diversify into the PRC property market to develop luxurious residential villas in Shanghai, an affluent city with strong demand for quality residential units.

In view of the above, the Board considers that the entering into of the Acquisition Agreement (including the transactions contemplated thereunder) is in the interests of the Company and the Shareholders as a whole and that the terms of the Acquisition Agreement are fair and reasonable.

### GENERAL

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

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors or chief executive of the Company

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

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

Name of Director	Long position/ Short position	Capacity	Number of issued Shares	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interest	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Hon Kit ("Mr. Cheung")	Long position	Beneficial owner	4,000,000	-	4,000,000	0.13
Mr. Ho Hau Chong, Norman ("Mr. Ho")	Long position	Interest of controlled corporation	75,080,000 (Note 1)	-	75,080,000	2.45
Mr. Lai Tsan Tung, David ("Mr. Lai")	Long position	Interest of controlled corporation	-	39,718,584 (Note 2)	39,718,584	1.30

*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, owned 50% interest in Kopola Investment Company Limited which beneficially owned 75,080,000 Shares.
2. Mr. Lai, an executive Director, was interested in the 39,718,584 underlying Shares of HK\$17,476,177 zero coupon convertible notes due 2010 issued by the Company on 8th June, 2006 at the initial conversion price of HK\$0.44 per Share held by Green Label Investments Limited ("Green Label") by virtue of his beneficial interest in the entire issued share capital of Green Label.

*(ii) Interests in the share options of the Company*

Name of Director	Date of grant	Option period	Exercise price per Share HK\$	Number of share options	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	10,000,000	0.33
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	12,000,000	0.39
				22,000,000	0.72
Mr. Chan Fut Yan ("Mr. Chan")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	6,000,000	0.20
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	7,000,000	0.23
				13,000,000	0.43
Mr. Wong Kam Cheong, Stanley	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	2,000,000	0.07
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	3,000,000	0.10
				5,000,000	0.17



Name of Director	Date of grant	Option period	Exercise price per Share HK\$	Number of share options	Approximate percentage of the issued share capital of the Company (%)
Mr. Cheung Chi Kit	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	2,000,000	0.07
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	5,000,000	0.16
				7,000,000	0.23
Mr. Lai	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	3,000,000	0.10
Mr. Ma Chi Kong, Karl	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	9,000,000	0.29
Mr. Ho	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	3,000,000	0.10
Mr. Lo Lin Shing, Simon ("Mr. Lo")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.05
Mr. Wong Chi Keung, Alvin ("Mr. Wong")	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.05
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	1,500,000	0.05
				3,000,000	0.10
Mr. Kwok Ka Lap, Alva	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	1,500,000	0.05
Mr. Chui Sai Cheong	15th August, 2006	15th August, 2006 – 14th August, 2008	0.50	1,500,000	0.05
	27th July, 2007	27th July, 2007 – 26th July, 2011	0.67	1,500,000	0.05
				3,000,000	0.10

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	451,457,272 (Note 1)	14.76
Hanny Magnetics (B.V.I.) Limited ("Hanny Magnetics")	Long position	Interest of controlled corporation	491,457,272 (Note 1)	16.07
Hanny Holdings Limited ("Hanny")	Long position	Interest of controlled corporation	491,457,272 (Note 1)	16.07
Famex Investment Limited ("Famex")	Long position	Interest of controlled corporation	491,457,272 (Note 1)	16.07
Mankar Assets Limited ("Mankar")	Long position	Interest of controlled corporation	491,457,272 (Note 1)	16.07

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	491,457,272 (Note 1)	16.07
ITC Corporation Limited ("ITC")	Long position	Interest of controlled corporations	491,457,272 (Note 1)	16.07
Shepherd Investments International, Ltd. ("Shepherd")	Long position	Beneficial owner	96,418,727 (Note 2)	3.15
Stark Master Fund, Ltd. ("Stark Master")	Long position	Beneficial owner	134,978,817	4.41
Stark Investments (Hong Kong) Limited ("Stark HK")	Long position	Investment manager	214,252,725 (Note 2)	7.00
Harmony Investment Fund Limited ("Harmony")	Long position	Beneficial owner	52,135,000	1.70

(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)	37.12
Hanny Magnetics	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	37.12
Hanny	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	37.12
Famex	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	37.12
Mankar	Long position	Interest of controlled corporation	1,135,714,285 (Note 1)	37.12
ITC Investment	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	38.52
ITC	Long position	Interest of controlled corporations	1,178,571,427 (Note 1)	38.52
Shepherd	Long position	Beneficial owner	200,016,234 (Note 2)	6.54
Stark Master	Long position	Beneficial owner	264,594,155	8.65
Stark HK	Long position	Investment manager	391,623,375 (Note 2)	12.80
Gandhara Master Fund Limited	Long position	Investment manager	334,285,715	10.93
Harmony	Long position	Beneficial owner	114,285,714	3.74

*Notes:*

1. As at the Latest Practicable Date, Hanny and Hanny Magnetics were taken to have an interest in 491,457,272 Shares (in which 451,457,272 Shares were held by Loyal Concept and 40,000,000 Shares were held by Cyber Generation Limited (“Cyber”)); and a principal amount of HK\$330 million under the 2005 August Note and a principal amount of HK\$270 million under the 2006 June Note held by Loyal Concept since Loyal Concept and Cyber were wholly-owned subsidiaries of Hanny Magnetics which, in turn, was a wholly-owned subsidiary of Hanny, the issued shares of which are listed on the Stock Exchange. Selective Choice Investments Limited (“Selective”), a wholly-owned subsidiary of ITC Investment, owned a principal amount of HK\$30 million under the 2006 June Note. Famex, a wholly-owned subsidiary of Mankar, was the controlling shareholder of Hanny. Mankar was a wholly-owned subsidiary of ITC Investment, which in turn was a wholly-owned subsidiary of ITC. Famex and Mankar were deemed to be interested in 491,457,272 Shares held by Loyal Concept and Cyber; and 1,135,714,285 underlying Shares held by Loyal Concept. ITC Investment and ITC were deemed to be interested in 491,457,272 Shares which were held by Loyal Concept and Cyber; and 1,135,714,285 underlying Shares (in respect of a principal amount of HK\$330 million under the 2005 August Note and a principal amount of HK\$270 million under the 2006 June Note) which were held by Loyal Concept and 42,857,142 underlying Shares (in respect of a principal amount of HK\$30 million under the 2006 June Note) held by Selective.
2. As at the Latest Practicable Date, Stark HK was taken to have an interest as an investment manager in 214,252,725 Shares, a principal amount of HK\$95 million under the 2005 August Note and a principal amount of HK\$123 million under the 2006 June Note held by Centar Investments (Asia) Ltd., Shepherd, Stark Asia Master Fund, Ltd. and Stark International.

*(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 members of the Group:

Name of subsidiary	Name of shareholder	Approximate percentage of the existing issued share/ registered capital (%)
廣州番禺蓮花山 高爾夫球度假俱樂部 有限公司 (Guangzhou Panyu Golf & Country Club Co., Ltd.)	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
廣州市番禺偉迪斯高爾夫房 地產有限公司 (Guangzhou 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 were 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 members of the Group or held any option in respect of such capital.

## (c) Competing interests

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

Name of Director	Name of company	Nature of competing business	Nature of interest
Mr. Cheung	Wing On Travel (Holdings) Limited and its subsidiaries	Property business and hotel operation in Hong Kong and the PRC	As the managing director
	Manwide Holdings Limited (a non wholly-owned subsidiary of Hanny)	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
	Orient Holdings Limited	Property investment in Hong Kong	As a director and 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
	Mongolia Energy Corporation Limited and its subsidiaries	Property investment	As the chairman and an executive director
Mr. Wong	CNT Group Limited and its subsidiaries	Property investment and development in Hong Kong and the PRC	As an executive director

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

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

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

### 3. CLAIMS AND LITIGATION

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

### 4. SERVICE CONTRACTS

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



**5. MISCELLANEOUS**

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