



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)

FINAL RESULTS
FOR THE YEAR ENDED 31ST MARCH, 2007

RESULTS

The board of directors (the “**Board**”) of Macau Prime Properties Holdings Limited (the “**Company**”) announces the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31st March, 2007, together with the comparative figures for the previous year are as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Turnover	3	881,621	842,256
Property sale and rental income		5,251	2,198
Golf and leisure income		52,367	–
Sales of motorcycles		13,125	11,756
Sales of medicine and health products		400,638	324,800
		471,381	338,754
Cost of sales		(302,381)	(220,788)
Gross profit		169,000	117,966
Net income from loan financing		80,219	–
Net increase (decrease) in fair value of financial assets at fair value through profit or loss		28,623	(2,597)
Other income		51,448	21,787
Distribution costs		(85,270)	(72,630)
Administrative expenses		(121,756)	(50,363)
Other expenses		(3,550)	(39)
Compensation for cancellation of call options for acquisition of additional interest in an associate		23,370	–
Impairment loss recognised in respect of goodwill arising from acquisition of subsidiaries		–	(21,885)
Impairment loss of property, plant and equipment		–	(25,851)
Share of results of associates		40,916	(5)
Finance costs	4	(98,844)	(36,818)
Profit (loss) before taxation		84,156	(70,435)
Taxation	5	(10,055)	(2,657)
Profit (loss) for the year	6	74,101	(73,092)
Attributable to:			
Equity holders of the Company		79,091	(72,960)
Minority interests		(4,990)	(132)
		74,101	(73,092)
Earnings (loss) per share	7		
– Basic		3.7 cents	(17.2) cents
– Diluted		3.6 cents	N/A

* For identification purpose only

CONSOLIDATED BALANCE SHEET

AT 31ST MARCH, 2007

	NOTE	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment		279,956	38,627
Prepaid lease payments of leasehold land		96,772	1,375
Premium on prepaid lease payments of leasehold land		131,527	–
Intangible assets		430	2,986
Available-for-sale investments		130,036	–
Interests in associates		93,879	–
Unsecured loans and interest due from associates		1,234,443	–
Deposits and expenses paid for acquisition of a land use right		41,466	–
Deposits and expenses paid for acquisition of subsidiaries and associates		90,675	253,964
Deposits and expenses paid for acquisition of investment properties		27,125	–
Other loan receivables		9,634	4,635
		<u>2,135,943</u>	<u>301,587</u>
Current assets			
Inventories		76,919	70,859
Properties held for sale		58,536	58,536
Properties under development		11,296	–
Financial assets at fair value through profit or loss		66,725	9,043
Debtors, deposits and prepayments	8	476,727	193,365
Other loan receivables		256,495	59,314
Prepaid lease payments of leasehold land		2,480	30
Amounts due from associates		68	–
Tax recoverable		1,506	–
Pledged bank deposits		40,783	3,000
Bank balances and cash		254,622	705,480
		<u>1,246,157</u>	<u>1,099,627</u>

	<i>NOTE</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current liabilities			
Creditors, deposits and accrued charges	9	158,947	70,237
Tax payable		12,340	1,273
Obligations under finance leases – due within one year		24	143
Convertible note payables		7,945	221
Amounts due to minority shareholders of subsidiaries		1,884	–
Dividend payable to a minority shareholder of a subsidiary		2,354	–
Bank borrowings – due within one year		111,439	45,170
Unsecured loans from minority shareholders of subsidiaries		4,515	–
Unsecured loan from a related company		1,616	–
		301,064	117,044
Net current assets		945,093	982,583
Total assets less current liabilities		3,081,036	1,284,170
Non-current liabilities			
Obligations under finance leases – due after one year		71	96
Bank borrowings – due after one year		8,081	–
Convertible note payables		1,360,455	838,241
Deferred tax liabilities		40,609	–
		1,409,216	838,337
		1,671,820	445,833
Capital and reserves			
Share capital		23,123	6,314
Reserves		1,598,516	438,703
Equity attributable to the equity holders of the Company		1,621,639	445,017
Minority interests		50,181	816
		1,671,820	445,833

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”), Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (“**INTs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

In the current year, the Group has applied, for the first time, a number of new standards, amendment and interpretations (“**new HKFRSs**”) issued by the HKICPA, which are effective for accounting periods beginning on or after 1st December, 2005, 1st January, 2006 or 1st March, 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – INT 8	Scope of HKFRS 2 ³
HK(IFRIC) – INT 9	Reassessment of Embedded Derivatives ⁴
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC) – INT 11	HKFRS 2: Group and Treasury Share Transactions ⁶
HK(IFRIC) – INT 12	Service Concession Arrangements ⁷

¹ Effective for annual periods beginning on or after 1st January, 2007

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st May, 2006

⁴ Effective for annual periods beginning on or after 1st June, 2006

⁵ Effective for annual periods beginning on or after 1st November, 2006

⁶ Effective for annual periods beginning on or after 1st March, 2007

⁷ Effective for annual periods beginning on or after 1st January, 2008

3. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into six (2006: four) operating divisions – property development and investment, development and operation of golf resort and hotel, trading of securities, trading of motorcycles and spare parts, loan financing services and manufacturing and trading of medicine and health food. These divisions are the basis on which the Group reports its primary segment information.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

	Property HK\$'000	Golf and leisure HK\$'000	Securities investment HK\$'000	Motorcycles HK\$'000	Finance HK\$'000	Medicine and health food HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
TURNOVER								
External sales	5,251	52,367	329,155	13,125	81,085	400,638	-	881,621
Inter-segment sales*	-	-	-	-	37,702	-	(37,702)	-
Total	<u>5,251</u>	<u>52,367</u>	<u>329,155</u>	<u>13,125</u>	<u>118,787</u>	<u>400,638</u>	<u>(37,702)</u>	<u>881,621</u>
SEGMENT RESULTS	<u>3,003</u>	<u>3,428</u>	<u>26,837</u>	<u>215</u>	<u>7,270</u>	<u>(95)</u>	<u>72,950</u>	<u>113,608</u>
Unallocated corporate income								42,439
Unallocated corporate expenses								(41,540)
Discount on acquisition of subsidiaries	-	4,207	-	-	-	-	-	4,207
Compensation for cancellation of call options for acquisition of additional interest in an associate								23,370
Share of results of associates	40,916	-	-	-	-	-	-	40,916
Finance costs								(98,844)
Profit before taxation								84,156
Taxation								(10,055)
Profit for the year								<u>74,101</u>

* Inter-segment sales were charged at terms determined and agreed between group companies.

3. **SEGMENT INFORMATION – continued**

Business segments – continued

CONSOLIDATED BALANCE SHEET
AT 31ST MARCH, 2007

	Property HK\$'000	Golf and leisure HK\$'000	Securities investment HK\$'000	Motorcycles HK\$'000	Finance HK\$'000	Medicine and health food HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
ASSETS								
Segment assets	71,662	509,581	194,265	1,859	1,518,647	164,145	-	2,460,159
Interests in associates	93,879	-	-	-	-	-	-	93,879
Unallocated corporate assets								828,062
Consolidated total assets								<u>3,382,100</u>
LIABILITIES								
Segment liabilities	13,600	41,248	720	50	1,318,822	94,874	(1,318,822)	150,492
Unallocated corporate liabilities								<u>1,559,788</u>
Consolidated total liabilities								<u>1,710,280</u>

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2006

	Property HK\$'000	Securities investment HK\$'000	Motorcycles HK\$'000	Medicine and health food HK\$'000	Consolidated HK\$'000
TURNOVER	<u>2,198</u>	<u>503,502</u>	<u>11,756</u>	<u>324,800</u>	<u>842,256</u>
SEGMENT RESULTS	<u>1,545</u>	<u>(3,440)</u>	<u>471</u>	<u>(30,527)</u>	(31,951)
Unallocated corporate income					19,323
Unallocated corporate expenses					(20,984)
Share of results of associates		-	-	-	(5)
Finance costs					<u>(36,818)</u>
Loss before taxation					(70,435)
Taxation					<u>(2,657)</u>
Loss for the year					<u>(73,092)</u>

3. SEGMENT INFORMATION – *continued*

Business segments – *continued*

CONSOLIDATED BALANCE SHEET

AT 31ST MARCH, 2006

	Property HK\$'000	Securities investment HK\$'000	Motorcycles HK\$'000	Medicine and health food HK\$'000	Consolidated HK\$'000
ASSETS					
Segment assets	210,264	9,043	1,750	144,202	365,259
Unallocated corporate assets					1,035,955
Consolidated total assets					<u>1,401,214</u>
LIABILITIES					
Segment liabilities	3,109	–	312	61,789	65,210
Unallocated corporate liabilities					890,171
Consolidated total liabilities					<u>955,381</u>

Geographical segments

The Group's operations are principally located in Macau, Hong Kong, the PRC and other countries including Canada, Taiwan and Singapore. The Group's administrative functions are carried out in Macau, Hong Kong and the PRC.

The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods:

	Sales revenue by geographical market	
	2007 HK\$'000	2006 HK\$'000
Hong Kong	653,789	754,026
PRC	136,306	59,818
Other countries	91,526	28,412
	<u>881,621</u>	<u>842,256</u>

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Segment assets				
Macau	1,335,896	18,923	–	–
Hong Kong	646,703	108,380	4,954	5,898
PRC	565,284	225,079	248,904	6,091
Other countries	6,155	12,877	199	997
	<u>2,554,038</u>	<u>365,259</u>	<u>254,057</u>	<u>12,896</u>
Other assets	828,062	1,035,955	–	–
	<u>3,382,100</u>	<u>1,401,214</u>	<u>254,057</u>	<u>12,896</u>

4. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	7,017	3,428
Interest on unsecured loans from minority shareholders of subsidiaries	2,051	–
Interest on unsecured loans from related companies	221	–
Interest on obligations under finance leases	12	18
Interest on an unsecured loan from a director	222	–
Effective interest on convertible notes	89,321	33,372
	<u>98,844</u>	<u>36,818</u>

5. TAXATION

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	37	33
Taxation in other jurisdictions	297	2,624
	<u>334</u>	<u>2,657</u>
Deferred tax:		
Current year	3,190	–
Attributable to a change in tax rate	6,531	–
	<u>9,721</u>	<u>–</u>
	<u>10,055</u>	<u>2,657</u>

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

Taxation arising in other jurisdictions is calculated at rates prevailing in the relevant jurisdictions.

6. PROFIT (LOSS) FOR THE YEAR

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit (loss) for the year has been arrived at after charging:		
Depreciation of property, plant and equipment:		
– assets owned by the Group	20,774	10,209
– assets held under finance leases	23	37
Amortisation of prepaid lease payments of leasehold land	1,984	30
Amortisation of premium on prepaid lease payments of leasehold land	2,502	–
Amortisation of intangible assets	225	171
Total depreciation and amortisation	<u>25,508</u>	<u>10,447</u>
Loss on disposal of property, plant and equipment	235	544
Cost of inventories recognised as an expense	<u>291,511</u>	<u>214,824</u>

7. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Earnings:		
Profit (loss) for the year attributable to equity holders of the Company and earnings (loss) for the purpose of basic earnings (loss) per share	79,091	<u>(72,960)</u>
Effect of dilutive potential ordinary shares – interest on convertible note payables	<u>89,321</u>	
Earnings for the purpose of diluted earnings per share	<u>168,412</u>	
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	2,119,525,127	<u>424,304,856</u>
Effect of dilutive potential ordinary shares – convertible note payables	<u>2,611,225,804</u>	
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,730,750,931</u>	

The effect of the outstanding share options of the Company has not been adjusted as the exercise price of the options was higher than the average market price for shares for the year ended 31st March, 2007.

No diluted loss per share was presented for the year ended 31st March, 2006 because assuming the exercise of the share options and the conversion of convertible notes would result in a decrease in the loss per share.

8. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in debtors, deposits and prepayments are trade receivables of approximately HK\$50,034,000 (2006: HK\$21,374,000).

The Group allows credit period ranging from 0 to 30 days to its trade customers. The following is an aged analysis of trade debtors at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	35,555	19,309
61 – 90 days	1,118	528
Over 90 days	<u>13,361</u>	<u>1,537</u>
	<u>50,034</u>	<u>21,374</u>

9. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade payables of approximately HK\$80,026,000 (2006: HK\$51,963,000).

The following is an aged analysis of trade creditors at the balance sheet date:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0 – 60 days	61,825	22,496
61 – 90 days	8,956	21,329
Over 90 days	9,245	8,138
	<u>80,026</u>	<u>51,963</u>

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the year ended 31st March, 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's turnover for the year ended 31st March, 2007 was approximately HK\$881.6 million, representing a growth of 4.7% as compared with last year of HK\$842.3 million. As a condition for the acquisition of Orient Town Limited ("**Orient Town**", and together with its subsidiaries the "**Orient Town Group**"), the Group has in aggregate advanced a shareholder's loan of HK\$978 million to Orient Town on which interest is charged at Hong Kong Prime Rate. Total loan financing income, including amount charged on shareholder's loan to Orient Town, of HK\$81.1 million was included in the Group's turnover for the year. Furthermore, there was additional turnover contribution from the newly acquired golf and leisure business of HK\$52.4 million which was partly offset by the decrease from securities investment due to less transactions during the year.

In addition to the acquisition of Orient Town, the Group has acquired another associate, More Profit International Limited ("**More Profit**"). Profit in aggregate of HK\$40.9 million was recognised through equity accounting of Orient Town and More Profit as included in share of results of associates for the year in which More Profit contributed a profit of HK\$92.1 million, mainly representing revaluation gain recognised. Since Concordia Land Development (as defined below) was still in its early stage of development, Orient Town Group incurred a loss during the year mainly as a result of interest charged on shareholders' loans and the loss attributable to the Group amounted to HK\$51.2 million. After taking into account the interest income from loan to Orient Town of HK\$56.2 million and the gain on cancellation of option for acquisition of additional 5% interest in Orient Town of HK\$23.4 million, there was a profit contribution of HK\$28.4 million from the investment in Orient Town.

The acquisition of the entire issued share capital of Donson (International) Development Limited (“**Donson**”, and together with its subsidiaries the “**Donson Group**”) was completed in stages from June 2006 to February 2007 and hence its financial results had been consolidated by the Group. As a result, there were overall increases in all expense items. Due to the additional issue of convertible notes, the related interest expenses, which are calculated with reference to the effective interest rate, increased to HK\$89.3 million for the year as compared with last year of HK\$33.4 million. The Group achieved a profit after tax and minority interests of HK\$79.1 million for the year as compared to a loss of HK\$73.0 million for last year.

Properties

Orient Town Group

In June 2006, the Group acquired 40% of the issued share capital of Orient Town at their nominal value of HK\$280 and in March 2007, its shareholding in Orient Town was further increased to 45%. Orient Town’s principal asset is its indirect interest, through its effective 59.5% shareholding interest in Empresa De Fomento Industrial E Comercial Concórdia, S.A. (“**Concordia**”), in 14 parcels of leased land situated in Estrada de Seac Pai Van, Macau (“**Concordia Land Development**”). In addition, the Group advanced in aggregate a shareholder’s loan of HK\$978 million to Orient Town in order to partially finance its indirect investment in the land. The acquisition enables the Group to diversify into the property market in Macau and to have a significant interest in a quality residential development project of total gross floor area over 740,000 m². Orient Town becomes an associated company of the Group after the acquisition.

More Profit

In January 2007, the Group acquired a 40% interest in More Profit which in turn owned 50% interest in Great China Company Limited (“**Great China**”). Great China is the owner of Grand Waldo Hotel in Macau which is destined as a five-star hotel complex comprised of four portions namely, the hotel block, the casino block, the leisure block and the car park. The hotel is leased to an operator for a fixed annual rental income of HK\$200 million for 5 years.

Others

24 residential units and 1 commercial unit at Talon Tower on Connaught Road West remained unsold as at 31st March, 2007.

Golf and Leisure

In June 2006, the Group acquired an indirect effective 55.6% interest in, and certain loan owed to the vendors by, Donson for an aggregate consideration of HK\$140 million, which was satisfied as to HK\$80 million by cash and HK\$60 million by issue of convertible notes. In January and February 2007, the Group has further bought out all minority interests in Donson for about HK\$117 million. Donson Group is principally engaged in operation of golf-clubs hotel, resorts and development and management of luxurious residential properties in Yalong Bay, Sanya, Hainan and Lotus Hill, Panyu, Guangdong.

Since acquisition by the Group, turnover and segment profit of Donson Group, represented by golf and leisure business, up to 31st March, 2007 were HK\$52.4 million and HK\$3.4 million respectively.

Securities Investment

During the year, turnover and segment profit from securities investment were HK\$329.2 million (2006: HK\$503.5 million) and HK\$26.8 million (2006: a segment loss of HK\$3.4 million) respectively. At year end, the Group had available-for-sale investments and financial assets at fair value through profit or loss in an aggregate sum of HK\$196.8 million, mainly comprised of shares listed in Hong Kong, Japan, Singapore and USA.

Manufacture and Trading of Medicine and Health Food

In January 2007, the Group entered into an agreement to dispose of all its shareholding interest in, and shareholder's loan due from, Tung Fong Hung Investment Limited ("**Tung Fong Hung**") which was the Group's vehicle engaged in manufacture and trading of medicine and health food. The disposal is expected to be completed in the third quarter of 2007, after which the Group will cease to engage in any medicine and health food business.

Turnover and segment loss from Tung Fong Hung, as represented by the medicine and health food business, were HK\$400.6 million and HK\$0.1 million respectively. The profit contribution from Tung Fong Hung was approximately HK\$2.0 million. The total assets and net assets of Tung Fong Hung at 31st March, 2007 were HK\$252.3 million and HK\$129.4 million respectively. As compared with the Group's total assets and net assets at 31st March, 2007 of HK\$3,382.1 million and HK\$1,671.8 million respectively, the disposal will not have any material adverse financial impact on the Group.

Financing

During the year, the Group had interest income from loans due from associates and other loan receivables of HK\$81.1 million which was included in turnover for the year. At year end, loans and interest due from associates and other loan receivables of the Group amounted to HK\$1,285.5 million and HK\$266.1 million respectively.

Financial Review

A total amount of HK\$1,060 million convertible notes was issued during the year under review. On 8th June, 2006, HK\$60 million unsecured zero coupon convertible notes due 2010 at an initial conversion price of HK\$0.44 per share due on 11th August, 2010 were issued as part of the consideration for acquisition of Donson Group. On 15th June, 2006, the Company had further issued 5-year unsecured 1% convertible notes in an aggregate principal amount of HK\$1,000 million, with an initial conversion price of HK\$0.70 per share and repayable before the fifth anniversary from the issue date. These newly-issued HK\$60 million and HK\$1,000 million convertible notes, unless they are previously converted prior to their maturity, will be redeemed at 108.3% and 110% of their principal amounts respectively.

During the year, convertible notes in an aggregate principal amount of HK\$394 million were converted into approximately 895.3 million shares of the Company and the outstanding principal amount of the convertible notes as at 31st March, 2007 was approximately HK\$1,642.1 million.

To further strengthen the Group's resources for expanding its activities in property investment, the Company had also placed 833,332,000 new ordinary shares at HK\$0.60 per share to raise approximately HK\$500 million (before expenses) in June 2006. Mainly due to the placement of new ordinary shares, issuance of new convertible notes, conversion of convertible notes and the profit of HK\$79.1 million for the year ended 31st March, 2007, the net asset value of the Group attributable to its shareholders was HK\$1,621.6 million as at 31st March, 2007, showing a substantial increase of HK\$1,176.6 million from the position at 31st March, 2006.

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. In addition to the above convertible note payables, a variety of credit facilities is maintained so as to meet its working capital requirements.

As at 31st March, 2007, total borrowings from financial institutions amounted to HK\$119.5 million, of which HK\$8.0 million was repayable after one year. The borrowings from financial institutions included those of Donson Group at 31st March, 2007 as a result of the consolidation of its financial position since the acquisition during the year. The net gearing ratio of the Group, calculated with reference to the bank and other borrowings of HK\$125.7 million and the fair value of the debt component of convertible note payables of HK\$1,368.4 million, offsetting with the pledged bank deposits and the bank and cash balances of HK\$295.4 million, and the Group's shareholders' funds of HK\$1,621.6 million, was 0.74 as at 31st March, 2007 as compared with 0.39 at 31st March, 2006.

About HK\$33.3 million of the bank borrowings were interest-bearing with reference to Hong Kong inter-bank offer rate while interests of most of the remaining balances were calculated on fixed rates. The management believes that interest rate remained stable in the capital market and therefore no hedge was to be made against interest rate fluctuation. Most of the assets and liabilities of the Group were denominated in Hong Kong dollars and Renminbi, hence the Directors considered that the Group was not subject to any material adverse exchange rate exposure.

CORPORATE DEVELOPMENTS

In addition to the acquisitions of interests in (1) Orient Town Group, More Profit and Donson Group as mentioned in the previous paragraphs headed "Properties" and "Golf and Leisure"; (2) the issue of convertible notes and placing of shares as mentioned in the previous paragraphs headed "Financial Review" and the proposed disposal of Tung Fong Hung as mentioned in the previous paragraphs headed "Manufacture and Trading of Medicine and Health Food", there were other significant corporate developments from the beginning of the year under review as follows:

On 23rd May, 2006, the name of the Company was changed from Cheung Tai Hong Holdings Limited to Macau Prime Properties Holdings Limited so as to signify the Group's business strategy and focus.

On 19th June, 2006, the Group granted consent for the partial cancellation of call option to purchase additional 5% shareholding in Orient Town for an estimated compensation to the Group of approximately HK\$23.4 million.

On 11th November, 2006, the Group entered into a sale and purchase agreement for acquiring 44 residential units in a residential/office/commercial complex in Macau for a consideration of HK\$88.5 million which completion had taken place in April 2007. These properties are held for the purpose of resale or rental after major renovation and improvements.

On 25th January, 2007, the Group entered into an agreement to acquire an additional 8.7% interest in Concordia for a consideration of HK\$245.7 million, upon which completion the Group's effective interest in Concordia will increase from 26.8% to 35.5%.

On 9th May, 2007, the Group entered into sale and purchase agreements for acquiring 18 residential units and 18 car parking spaces in a newly completed residential building in Macau for a consideration of HK\$118.6 million which completion is expected to take place in around July 2007. These properties are intended to be held for resale purpose.

On 18th May, 2007, the Company entered into a placing and subscription agreement for the issue of 300,000,000 new shares at HK\$0.56 each which was completed in June 2007. The net proceeds of approximately HK\$162 million were retained as general working capital.

NUMBER OF EMPLOYEES, REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 31st March, 2007, the number of employees of the Group was 1,726 (2006: 583). Employees are remunerated according to their qualifications and experience, job nature and performance, under the pay scales aligned with market conditions. Other benefits to employees include medical, insurance cover and retirement schemes. On 15th August, 2006, the Company had granted share options with an exercise price of HK\$0.50 per share to certain directors and senior management of the Company pursuant to the terms and conditions of the share option scheme adopted by the Company on 26th August, 2002.

OUTLOOK

Momentum of the economy of Macau is expected to continue in the years ahead. Booming development in gaming and tourism industries enables Macau to become a top leisure and entertainment destination in the region. Overall investment and business environment is improving, as exemplified by the influx of investors and expatriates. Macau citizens are enjoying enviable increases in their household income which accelerates their demand for better living conditions. As a result, the Macau property market has been strong in all sectors, including residential, shops, office and hotels.

In addition, subsequent to the year end, the Group acquired 44 residential units at Zhu Kuan Mansion, which is superbly located at the back of "Venetian Macau" (Sands), and 18 residential units together with car parking spaces at Pearl on the Lough on Taipa waterfront. These units are intended to be held for resale or rental purposes.

The property development of Donson Group is progressing well. Approval for the development of luxurious residential properties within the Lotus Hill Golf Resort in Guangzhou of gross floor area of about 23,000 m² has been obtained, which development is expected to complete in 2008. The contribution from the golf business is improving after opening of the club house at Sanya golf resort in December 2006. In addition, construction of another 9 holes in Sanya golf resort will be completed in around third quarter of 2007 such that there will be in total 27 holes in operation so as to capture more guests in the coming peak season. The Group is also actively reviewing and planning further property development within the golf resorts.

The Group has also acquired a development site on the waterfront of the Hengqin Island facing Macau side. This site has an area of approximately 26,500 m² and is capable of development into gross floor area of approximately 42,500 m² of residential and/or commercial uses.

In May 2007, the Company has further raised approximately HK\$162 million by issuing 300 million new shares through a top-up placing. After the disposal of Tung Fong Hung, the Group can concentrate all its resources on the development of properties in Macau and the PRC, golf and leisure businesses and relevant luxury low-density property development. The Group is actively and cautiously looking for further investment opportunities with primary focus on Macau and the PRC, with a view to expand its existing businesses. Barring unforeseeable circumstances, the Directors are optimistic about the Group's future prospects to take advantage of the excellent opportunities ahead.

PLEDGE OF ASSETS

As at 31st March, 2007, the Group's properties held for sale in an aggregate value of approximately HK\$58.5 million, bank balances of HK\$40.8 million, prepaid lease payments of HK\$143.2 million, available-for-sale investments of approximately HK\$76.0 million and investments held-for-trading of approximately HK\$29.6 million had been pledged to banks and financial institutions to secure bank borrowings and general banking facilities granted to the Group.

CONTINGENT LIABILITIES

As at the year end, the Group had contingent liabilities in respect of a tax indemnity given upon disposal of a subsidiary in the previous year at HK\$60 million, and a guarantee in the amount of approximately HK\$250 million on a several basis in favour of a bank in relation to a loan granted to Great China to facilitate the completion of the subscription of the 40% equity interest in More Profit.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company had repurchased a total of 47,795,000 ordinary shares on the Stock Exchange for an aggregate consideration (excluding expenses) of HK\$20,041,500. The highest and lowest price per share paid for such repurchases were HK\$0.465 and HK\$0.345 respectively. All these shares were cancelled upon repurchase. Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st March, 2007.

SECURITIES IN ISSUE

During the year, the Company had issued 895,340,902 ordinary shares upon conversion of convertible notes at the conversion price of HK\$0.44 per share. In addition, the Company had issued 833,332,000 new ordinary shares at the price of HK\$0.60 per share by way of placement.

As at 31st March, 2007, there were 2,312,314,541 ordinary shares in issue and outstanding share options of 31,300,000 shares at an exercise price of HK\$0.50 per share.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices and procedures and to complying with statutory and regulatory requirements with an aim to maximizing the shareholders' values and interests as well as to enhancing the stakeholders' transparency and accountability.

The Company has, throughout the year ended 31st March, 2007, complied with the code provisions of the Code on Corporate Governance Practices (the “**Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the “**Audit Committee**”) include reviewing the Group’s interim and final results prior to recommending them to the Board for its approval, appointing external auditors and reviewing the relationship with the external auditors of the Company, reviewing the Group’s financial information and the Company’s financial reporting system and internal control procedures. The Audit Committee, with specific written terms of reference in line with the code provisions of the Code, currently comprises three independent non-executive directors, namely, Mr. Wong Chi Keung, Alvin (chairman of the Audit Committee), Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong. The primary announcement have been reviewed by the audit Committee.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31st March, 2007 as set out in the preliminary announcement have been agreed by the Group’s auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. Specific enquiry has been made with all directors of the Company and the directors have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31st March, 2007.

ANNUAL GENERAL MEETING

The annual general meeting (the “**AGM**”) of the Company will be held at 11:00 a.m., on Wednesday, 12th September, 2007, at Conference Room, 11th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong. A circular containing the Notice of the AGM and information regarding, inter alia, re-election of retiring directors, general mandates to issue new shares and to repurchase shares, refreshment of the scheme mandate limit and amendments to the bye-laws of the Company will be despatched to the shareholders and, for information only, holders of convertible notes of the Company in due course.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the website of the Stock Exchange. The annual report for the year ended 31st March, 2007 will be despatched to the shareholders and, for information only, holders of convertible notes of the Company and published on the website of the Stock Exchange in due course.

APPRECIATION

I would like to take this opportunity to express my appreciation to the shareholders for their support, to the management and staff for their dedicated efforts and to our client, consultants and partners for all their valuable assistance offered during this past year.

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

Hong Kong, 25th June, 2007

As at the date of this announcement, 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

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

The full version of this announcement can also be accessed on the Company's website: www.macauprime.com.