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

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**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF SUBJECT 2010 CB
AND
POSSIBLE FURTHER ACQUISITIONS**

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DEFINITIONS

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

“Agreement”	the agreement entered into between the Purchaser and the Vendor on 30 April 2008 in respect of the sale and purchase of the Subject 2010 CB
“Announcement”	the announcement made by the Company dated 6 May 2008
“Cap”	the maximum aggregate consideration for the Possible Further Acquisitions of HK\$100,000,000
“CIHL”	Cosmopolitan International Holdings Limited, a company incorporated under the laws of Cayman Islands, the ordinary shares of which are listed on the Stock Exchange
“CIHL Group”	CIHL and/or its subsidiaries (as the case may be)
“CIHL Shares”	ordinary share(s) of HK\$0.001 each in the share capital of CIHL
“Company”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda, the ordinary shares of which are listed on the Stock Exchange
“Conversion Price”	the conversion price of the Subject 2010 CB, being HK\$0.205 per Conversion Share as at the Latest Practicable Date, subject to adjustment
“Conversion Share(s)”	the new CIHL Share(s) falling to be issued upon the exercise of the conversion rights attached to the Subject 2010 CB
“Directors”	the directors of the Company
“Group”	the Company and/or its subsidiaries (as the case may be)
“Latest Practicable Date”	22 May 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the maturity date of the Subject 2010 CB, being 16 May 2010

DEFINITIONS

“Optional 2013 CBs”	the zero coupon guaranteed convertible bonds due 2013 up to an aggregate principal amount of HK\$200,000,000 to be issued to the Group and/or the Paliburg Group upon exercise of options granted by the CIHL Group to the Group and the Paliburg Group
“Options”	the rights granted to the holders of the options to require CIHL to deliver or procure the delivery of a maximum of up to 300,000,000 CIHL Shares upon exercise of the options, either by way of issue and allotment of new CIHL Shares or by way of transfer of the CIHL Shares in issue
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda, the ordinary shares and warrants of which are listed on the Stock Exchange
“Paliburg Group”	Paliburg and/or its subsidiaries (as the case maybe)
“Possible Further Acquisitions”	possible on-market acquisitions of CIHL Shares by the Group from 7 May 2008 to 6 May 2009 subject to the Cap and certain other conditions
“PRC”	the People’s Republic of China
“Purchaser”	Valuegood International Limited, a wholly-owned subsidiary of the Company
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the SFO
“SFO”	the Securities and Futures Ordinance
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject 2010 CB”	a tranche of the 2010 CBs with a principal amount of HK\$38,950,000 which the Purchaser has purchased from the Vendor under the Agreement
“Takeovers Code”	the Code on Takeovers and Mergers
“Transaction”	the transaction contemplated under the Agreement
“Vendor”	United Gold Investments Limited
“2009 CBs”	the zero coupon guaranteed convertible bonds due 2009 in an aggregate principal amount of HK\$56,000,000 issued by the CIHL Group to the Paliburg Group

DEFINITIONS

“2010 CBs”	a series of zero coupon guaranteed convertible bonds due 2010 in an aggregate principal amount of HK\$205,000,000 issued by Fancy Gold Limited, a wholly-owned subsidiary of CIHL, to the subscribers of that series of convertible bonds
“2013 CBs”	the zero coupon guaranteed convertible bonds due 2013 in an aggregate principal amount of HK\$200,000,000 issued by the CIHL Group to the Group and the Paliburg Group

LETTER FROM THE BOARD



Executive Directors:

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)
Ms. Belinda YEUNG Bik Yiu (*Chief Operating Officer*)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, JP (*Vice Chairman*)

Independent Non-Executive Directors:

Ms. Alice KAN Lai Kuen
Mr. NG Siu Chan
Mr. WONG Chi Keung

Registered Office:

Rosebank Centre
11 Bermudiana Road
Pembroke
Bermuda

Head Office and

Principal Place of Business:

11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

27 May 2008

To the Shareholders (for information purposes only)

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
IN RELATION TO
ACQUISITION OF SUBJECT 2010 CB
AND
POSSIBLE FURTHER ACQUISITIONS**

INTRODUCTION

As set out in the Announcement, on 30 April 2008, the Purchaser, a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Purchaser has purchased from the Vendor the Subject 2010 CB for a consideration of HK\$76,000,000.

LETTER FROM THE BOARD

The Group may carry out the Possible Further Acquisitions (i.e. possible on-market acquisitions of CIHL Shares by the Group at the then prevailing market price for the 12-month period from 7 May 2008 to 6 May 2009) so long as the aggregate consideration will not exceed the Cap of HK\$100,000,000.

The Transaction, the Possible Further Acquisitions, together with the other acquisitions of interests in CIHL (the relevant agreements of which were entered into in the 12 months prior to the date of the Agreement), namely the Group's acquisition of 66,800,000 CIHL Shares, the subscription for certain 2013 CBs in a principal amount of HK\$100,000,000, and the possible subscription for certain Optional 2013 CBs in a principal amount of HK\$100,000,000, constitute a discloseable transaction for the Company under the Listing Rules. The purpose of this circular is to set out the details of the above transactions for the Shareholders' information only.

THE AGREEMENT

Date: 30 April 2008

Parties: The Purchaser (a wholly-owned subsidiary of the Company), as the purchaser

The Vendor, as the vendor

Pursuant to the Agreement, the Purchaser has purchased from the Vendor the Subject 2010 CB for a cash consideration of HK\$76,000,000.

To the best of knowledge, information and belief of the Directors, having made all reasonable enquiry, the Vendor is an investment holding company and the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Consideration

The agreed consideration for the Transaction of HK\$76,000,000 is based on a price of HK\$0.40 per Conversion Share which represents:

- a discount of approximately 17.53% to the closing price per CIHL Share of HK\$0.485 as at the date of the Agreement;
- a discount of approximately 17.18% to the average closing price per CIHL Share for the five trading days ended on the date of the Agreement of HK\$0.483; and
- a discount of approximately 18.37% to the closing price per CIHL share of HK\$0.490 as at the Latest Practicable Date.

The Group financed the payment of the consideration for the Transaction by its internal financial resources.

LETTER FROM THE BOARD

The terms of the Agreement were arrived at after arm's length negotiation between the Purchaser and the Vendor with reference to the recent market prices and trading performance of the CIHL Shares. The Company considers that the terms of the Agreement are fair and reasonable and the Transaction is in the interests of the Company and its Shareholders as a whole.

PRINCIPAL TERMS OF THE SUBJECT 2010 CB

The Subject 2010 CB constitutes part of the 2010 CBs issued by the CIHL Group in 2007. Set out below are the principal terms of the Subject 2010 CB:

Issuer:	Fancy Gold Limited, a wholly-owned subsidiary of CIHL
Principal amount:	HK\$38,950,000
Prevailing Conversion Price:	HK\$0.205 per Conversion Share. The Conversion Price is subject to adjustment for share consolidations, share subdivisions, re-classification of share into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that should CIHL issue new CIHL Shares (or securities convertible into new CIHL Shares) for cash or non-cash consideration per CIHL Share which is less than the prevailing Conversion Price, the Conversion Price shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).
Conversion period:	The conversion rights attached to the Subject 2010 CB may be exercised during the period from 16 July 2007 to 2 May 2010 (both dates inclusive).
Interest rate:	The Subject 2010 CB bears no coupon rate.
Maturity Date:	16 May 2010. On the Maturity Date, all of the remaining outstanding Subject 2010 CB will be redeemed by the issuer at 115.97% of the outstanding principal amount of the Subject 2010 CB, representing a yield to maturity of 5.0% per annum.
Voting:	A holder of the Subject 2010 CB is not entitled to receive notice of, attend or vote at any general meeting of CIHL by reason only of it being a holder of the Subject 2010 CB.
Listing:	No application has been made for the listing of the Subject 2010 CB on the Stock Exchange or any other stock exchange. The Stock Exchange has granted an approval for the listing of, and permission to deal in, the Conversion Shares which may be issued as a result of the exercise of the conversion rights attached to the Subject 2010 CB.

LETTER FROM THE BOARD

Ranking: The Conversion Shares when issued will rank pari passu in all respects with all other CIHL Shares outstanding at the date of conversion of the Subject 2010 CB.

Based on the prevailing Conversion Price of HK\$0.205 per Conversion Share, the Subject 2010 CB is convertible into 190,000,000 Conversion Shares.

Early redemption: The issuer of the Subject 2010 CB has the right, at any time prior to the Maturity Date by not less than 15 nor more than 30 business days' notice to the bondholders, to redeem the Subject 2010 CB at an amount equals to the outstanding principal amount of the Subject 2010 CB together with a redemption premium equal to 5.0% per annum (to be calculated on a semi-annual compound basis) if the total outstanding principal amount of the 2010 CBs is less than 10% of the total principal amount of the 2010 CBs.

Guarantor: CIHL

CIHL

According to the 2007 interim report of CIHL, for the six months ended 30 September 2007, the principal activities of the CIHL Group included property development and investment, securities and other investments, and the provision of information technology services.

The following table sets out the audited consolidated profit before and after taxation of CIHL for the two years ended 31 March 2007.

	For the year ended 31 March	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation	6,196	(19,552)
Profit/(loss) after taxation	6,196	(19,552)

CIHL reported an unaudited consolidated net asset value (including minority interests) of HK\$436,398,000 as at 30 September 2007.

The Paliburg Group was interested in approximately 46.1% of the issued ordinary share capital of the Company as at the Latest Practicable Date. In January 2007, the Paliburg Group entered into agreements with the CIHL Group pursuant to which, the Paliburg Group, among other things, disposed of certain companies and the relevant shareholder's loan to the CIHL Group and as part of the consideration for the disposal, the CIHL Group issued to the Paliburg Group the 2009 CBs with an aggregate principal amount of HK\$56,000,000 on 2 March 2007. The 2009 CBs may be converted into 800,000,000 new CIHL Shares at the prevailing conversion price of HK\$0.07 per CIHL Share (subject to adjustment) subject to certain placement rights granted to the CIHL Group and lock-up undertakings during the period of the first year after issue. The relevant lock-up period has subsequently been extended to 2 September 2008. Up to the Latest Practicable Date, no 2009 CBs had been converted.

LETTER FROM THE BOARD

As set out in the announcement of Paliburg dated 16 July 2007, Paliburg entered into a share swap agreement with an independent third party pursuant to which Paliburg has acquired 180,000,000 CIHL Shares at a total consideration of HK\$126,000,000 which was satisfied by Paliburg issuing 336,000,000 new shares of Paliburg to the relevant seller.

On 10 April 2007, the Group entered into an agreement with the CIHL Group pursuant to which certain 2010 CBs with a principal amount of HK\$102,500,000, which may be converted into 500,000,000 new CIHL Shares at the prevailing conversion price of HK\$0.205 per CIHL Share (subject to adjustment), were issued to the Purchaser. The Group had not converted any of the 2010 CBs issued to it up to the Latest Practicable Date.

The Group owned 66,800,000 CIHL Shares, representing approximately 3.52% of the issued share capital of CIHL as at the Latest Practicable Date, through on-market acquisitions of CIHL Shares with an aggregate consideration of HK\$42,911,600 during the period from July to October 2007.

On 6 December 2007, the Group and the Paliburg Group entered into respective agreements with the CIHL Group, pursuant to which (i) each of the Group and the Paliburg Group subscribed for their respective parts of 2013 CBs each with a principal amount of HK\$100,000,000, which may be converted into 166,666,666 new CIHL Shares at the prevailing conversion price of HK\$0.60 per CIHL Share (subject to adjustment), and (ii) each of the Group and the Paliburg Group obtained an option expiring on 16 November 2012 to subscribe for part of the Optional 2013 CBs each with a principal amount of up to HK\$100,000,000 at an initial conversion price of HK\$0.60 per CIHL Share (subject to adjustment). Neither the Group nor the Paliburg Group has converted any of the 2013 CBs issued to them nor exercised the options granted to them to subscribe for the Optional 2013 CBs up to the Latest Practicable Date. Further information on the subscription by the Group and the Paliburg Group of the 2013 CBs was contained in the respective discloseable transaction circulars of the Company and Paliburg both dated 28 December 2007 despatched to their respective shareholders.

In February 2008, the Group sold to the CIHL Group a 50% interest in a company which, through its indirect wholly-owned subsidiary, is engaged in a property development project in Chengdu, Sichuan Province, the PRC.

Upon completion of the Transaction, the Group paid cash of HK\$76,000,000 and the Subject 2010 CB is being held by the Group as a long-term investment and reported as a financial asset at fair value through profit or loss. The Subject 2010 CB will be stated at fair value based on independent valuation and any adjustment to the value of the Subject 2010 CB will be reported through the consolidated income statement of the Company.

To the best knowledge and information of the Company and based on the assumptions stated in the shareholding structures of CIHL below, the Group's shareholding interests in CIHL would increase from approximately 3.52% to approximately 24.99%.

LETTER FROM THE BOARD

Set out below are the shareholding structures of CIHL (based on the Company's understanding and for illustrative purposes only):

	As at the Latest Practicable Date		Upon full conversion of the convertible bonds issued by the CIHL Group (including, but not limited to, those held by the Group and the Paliburg Group and assuming that the maximum amount of Optional 2013 CBs are issued to the Group and the Paliburg Group) at the prevailing conversion prices and the full exercise of the Options where new CIHL Shares are issued (assuming no other changes to the shareholding structure of CIHL)	
The Group (Note)	66,800,000	3.52%	1,090,133,332	24.99%
The Paliburg Group	180,000,000	9.49%	1,313,333,332	30.10%
Giant Sino Group Limited	872,415,218	46.01%	872,415,218	20.00%
Vendor	175,000,000	9.23%	185,000,000	4.24%
Holders of the Options	—	—	300,000,000	6.88%
Other public shareholders	<u>602,084,782</u>	<u>31.75%</u>	<u>602,084,782</u>	<u>13.79%</u>
Total	1,896,300,000	100.00%	4,362,966,664	100.00%

Note: Upon full conversion of the convertible bonds issued by the CIHL Group (including, but not limited to, those held by the Group and the Paliburg Group and assuming that the maximum amount of Optional 2013 CBs are issued to the Group and the Paliburg Group) at the prevailing conversion prices and the full exercise of the Options where new CIHL Shares are issued and after the Possible Further Acquisitions (based on the Cap amount and the closing price of CIHL Shares as at 22 May 2008 (being the Latest Practicable Date) of HK\$0.490 per CIHL Share) (assuming no other changes to the shareholding structure of CIHL), the Group shall hold 1,294,214,964 CIHL Shares, representing approximately 29.66% of the issued share capital of CIHL.

Save as disclosed above, the Transaction and the Possible Further Acquisitions, the CIHL Group is independent of the Group and its connected persons.

REASONS FOR THE TRANSACTION

The Group is principally engaged in hotel operation and management, investment in Regal REIT, asset management of Regal REIT, property development and investment, and other investments. The Directors are optimistic on the PRC property related business in which the CIHL Group is involved and consider that (i) the Transaction will provide the Group with an opportunity to further share in the prospects of the PRC property market as well as in the growth potentials of the CIHL Group and (ii) the terms of the Agreement are fair and reasonable and in the interests of the Shareholders.

LETTER FROM THE BOARD

POSSIBLE FURTHER ACQUISITIONS OF CIHL SHARES

For the same reasons as described in the paragraph headed “Reasons for the Transaction” above, the Group may carry out the Possible Further Acquisitions (i.e. possible on-market acquisitions of CIHL Shares by the Group for the 12-month period from 7 May 2008 to 6 May 2009) so long as the aggregate consideration will not exceed the Cap of HK\$100,000,000. The Company will comply with the Takeovers Code, and, if necessary, the Listing Rules in the case that a mandatory general offer obligation under the Takeovers Code is triggered as a result of the Possible Further Acquisitions. Purchase of any CIHL Shares under the Possible Further Acquisitions will be made on-market at the then prevailing market price. The Directors consider that the terms of the Possible Further Acquisitions are fair and reasonable and it is in the interests of the Company and its Shareholders as a whole for the Group to have flexibility to carry out the Possible Further Acquisitions without having the need of issuing a separate announcement and circular for discloseable transactions under the Listing Rules for each future acquisition of CIHL Shares during the 12-month period (however small) by the Group. However, the Company will not necessarily conduct any Possible Further Acquisitions.

For illustrative purposes only, based on the Cap and the closing price of CIHL Shares on 22 May 2008 (the Latest Practicable Date), the Group may acquire 204,081,632 CIHL Shares representing approximately 10.76% of the existing issued ordinary share capital of CIHL, during the 12-month period from 7 May 2008 to 6 May 2009 under the Possible Further Acquisitions.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the Appendix to this circular.

By Order of the Board
Regal Hotels International Holdings Limited
Lo Yuk Sui
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 Company. 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 not contained herein the omission of which would make any statement contained in this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO which 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 the Directors and chief executive were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company ("Model Code") were as follows:

		Number of shares held				Total (Approximate percentage of the issued shares as at the Latest Practicable Date)	
	Name of Director	Class of shares held	Personal interests	Corporate interests	Family/Other interests		
1.	The Company	Mr. Lo Yuk Sui ("Mr. Lo")	Ordinary (i) issued	242,000	4,768,492,636 <i>(Note a(i))</i>	2,607,000	4,771,341,636
			(ii) unissued	200,000,000 <i>(Note a(iii))</i>	15,608,427 <i>(Note a(ii))</i>	—	215,608,427
						Total (i) & (ii):	4,986,950,063 (48.27%)
			Preference (issued)	—	3,440 <i>(Note a(ii))</i>	—	3,440 (20.54%)
		Dr. Francis Choi Chee Ming	Ordinary (issued)	502,400,000	—	—	502,400,000 (4.86%)
		Ms. Belinda Yeung Bik Yiu	Ordinary (unissued)	30,000,000 <i>(Note b)</i>	—	—	30,000,000 (0.29%)

		Number of shares held				Total (Approximate percentage of the issued shares as at the Latest Practicable Date)	
	Name of Director	Class of shares held	Personal interests	Corporate interests	Family/Other interests		
1.	The Company	Mr. Donald Fan Tung	Ordinary (unissued)	20,000,000 <i>(Note c)</i>	—	—	20,000,000 (0.19%)
		Mr. Jimmy Lo Chun To	Ordinary (unissued)	15,000,000 <i>(Note d)</i>	—	—	15,000,000 (0.15%)
		Miss Lo Po Man	Ordinary (i) issued	3,000,000	—	2,691,690 <i>(Note e)</i>	5,691,690
			(ii) unissued	30,000,000 <i>(Note b)</i>	—	—	30,000,000
						Total (i) & (ii):	35,691,690 (0.35%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 <i>(Note c)</i>	—	—	20,000,000 (0.19%)
		Name of Associated corporation					
2.	8D International (BVI) Limited	Mr. Lo	Ordinary (issued)	—	1,000 <i>(Note f)</i>	—	1,000 (100%)
3.	Regal Real Estate Investment Trust	Mr. Lo	Units (issued)	—	2,273,283,064 <i>(Note g)</i>	—	2,273,283,064 (72.60%)

Notes:

- (a) (i) The interests in 4,214,000 issued ordinary shares of the Company were held through companies wholly owned by Century City International Holdings Limited (“CCIHL”), in which Mr. Lo held 53.65% shareholding interests and the interests in the other 4,764,278,636 issued ordinary shares of the Company were held through companies wholly owned by Paliburg, in which CCIHL held 53.66% shareholding interests.

- (ii) The interests in 15,608,427 unissued ordinary shares of the Company were held through companies wholly owned by Paliburg, in which CCIHL held 53.66% shareholding interests. Mr. Lo held 53.65% shareholding interests in CCIHL.

The interests in 15,608,427 unissued ordinary shares of the Company related to the interests in 3,440 convertible cumulative preference shares of the Company carrying rights to convert into 15,608,427 new ordinary shares of the Company, based on the conversion price of HK\$1.7037 per ordinary share and on a reference amount of US\$1,000 per preference share at the fixed exchange rate of HK\$7.730255 to US\$1.00, during the period from 5 December 1993 to 5 December 2008.

- (iii) The interests in 200,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the share option scheme of the Company named as “The Regal Hotels International Holdings Limited Share Option Scheme” (the “Share Option Scheme”), entitling the holder thereof to subscribe for a total of 200,000,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 12 May 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
12 May 2007 to 11 May 2011	80,000,000
12 May 2008 to 11 May 2011	40,000,000
12 May 2009 to 11 May 2011	40,000,000
12 May 2010 to 11 May 2011	40,000,000

- (b) The interests in 30,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the Share Option Scheme, entitling the holder thereof to subscribe for a total of 30,000,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25 July 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
25 July 2007 to 24 July 2011	12,000,000
25 July 2008 to 24 July 2011	6,000,000
25 July 2009 to 24 July 2011	6,000,000
25 July 2010 to 24 July 2011	6,000,000

- (c) The interests in 20,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the Share Option Scheme, entitling the holder thereof to subscribe for a total of 20,000,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25 July 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
25 July 2007 to 24 July 2011	8,000,000
25 July 2008 to 24 July 2011	4,000,000
25 July 2009 to 24 July 2011	4,000,000
25 July 2010 to 24 July 2011	4,000,000

- (d) The interests in 15,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the Share Option Scheme, entitling the holder thereof to subscribe for a total of 15,000,000 new ordinary shares of the Company at an exercise price of HK\$0.75 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25 July 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
25 July 2007 to 24 July 2011	6,000,000
25 July 2008 to 24 July 2011	3,000,000
25 July 2009 to 24 July 2011	3,000,000
25 July 2010 to 24 July 2011	3,000,000

- (e) The interests in 2,691,690 issued ordinary shares of the Company were held by Miss Lo Po Man as the beneficiary of a trust.
- (f) 400 shares were held through companies controlled by CCIHL, in which Mr. Lo held 53.65% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.
- (g) The interests in 2,267,996,064 units of Regal Real Estate Investment Trust were held through wholly owned subsidiaries of the Company, and the interests in the other 5,287,000 units of Regal Real Estate Investment Trust were held through wholly owned subsidiaries of CCIHL. Paliburg, in which CCIHL held 53.66% shareholding interests, held 46.11% shareholding interests in the Company. Mr. Lo held 53.65% shareholding interests in CCIHL.

Save as disclosed above, none of the Directors or the chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares (unissued) held	Total number of ordinary shares (issued and unissued) held	Approximate percentage of the issued ordinary shares as at the Latest Practicable Date
CCIHL (<i>Note i</i>)	4,768,492,636	15,608,427	4,784,101,063	46.30%
Century City BVI Holdings Limited (<i>Note ii</i>)	4,768,492,636	15,608,427	4,784,101,063	46.30%
Almighty International Limited (<i>Note ii</i>)	4,764,278,636	15,608,427	4,779,887,063	46.26%
Paliburg (<i>Note iii</i>)	4,764,278,636	15,608,427	4,779,887,063	46.26%
Paliburg Development BVI Holdings Limited (<i>Note iv</i>)	4,764,278,636	15,608,427	4,779,887,063	46.26%
Guo Yui Investments Limited (<i>Note iv</i>)	1,629,444,666	—	1,629,444,666	15.77%
Paliburg International Holdings Limited (<i>Note iv</i>)	2,629,432,101	—	2,629,432,101	25.45%
Paliburg BVI Holdings Limited (<i>Note iv</i>)	2,629,432,101	—	2,629,432,101	25.45%
Taylor Investments Ltd. (<i>Note iv</i>)	1,542,323,056	—	1,542,323,056	14.93%
Glaser Holdings Limited (<i>Note iv</i>)	586,828,314	—	586,828,314	5.68%

Notes:

- (i) The interests in ordinary shares held by CCIHL were included in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under the section headed "Disclosure of Directors' Interests" above.
- (ii) These companies are wholly owned subsidiaries of CCIHL and their interests in the ordinary shares of the Company are included in the interests held by CCIHL.
- (iii) Paliburg is a listed subsidiary of CCIHL, which held 53.66% shareholding interests in Paliburg, and Paliburg's interests in the ordinary shares of the Company are included in the interests held by CCIHL.

- (iv) These companies are wholly owned subsidiaries of Paliburg and their interests in the ordinary shares of the Company are included in the interests held by Paliburg.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- (1) Mr. Lo Yuk Sui, Mr. Donald Fan Tung, Mr. Jimmy Lo Chun To, Miss Lo Po Man, Mr. Kenneth Ng Kwai Kai, Mr. Ng Siu Chan and Mr. Wong Chi Keung are directors of CCIHL and Paliburg.
- (2) Messrs. Lo Yuk Sui, Donald Fan Tung and Kenneth Ng Kwai Kai are directors of all the above-mentioned wholly-owned subsidiaries of CCIHL and Paliburg.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which would not expire or would not be determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration of material importance and there was no litigation or claim known to the Directors to be pending or threatened against the Company or any of its subsidiaries which in the opinion of the Directors would be or is likely to be of material importance.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

7. GENERAL

- (a) The head office and principal place of business of the Company is located at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong. The registered office of the Company is located at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (b) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The secretary of the Company is Ms. Lam Sau Fun, Eliza, an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Company Secretaries.
- (d) The qualified accountant of the Company is Mr. Allen Wan Tze Wai, an associate of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the Chinese text.