
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Regal Hotels International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



DISCLOSEABLE AND CONNECTED TRANSACTION

**EXTENSION OF THE TERM OF
THE SUBJECT 2010 CB HELD BY THE GROUP**

**Independent financial adviser
to the Independent Board Committee and the Independent Shareholders**

AmCap
Ample Capital Limited
豐盛融資有限公司

A notice convening the special general meeting of Regal Hotels International Holdings Limited (the “Company”) to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. (the “SGM”) is appended to this circular. Whether or not you are able to attend the SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

17 May 2010

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	12
Letter from Ample Capital	14
Appendix — General information	20
Notice of SGM	28

DEFINITIONS

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

“2010 CB(s)”	zero coupon guaranteed convertible bond(s) issued by the Issuer with an aggregate principal amount of HK\$205 million
“2013 CB(s)”	zero coupon guaranteed convertible bond(s) due 2013 with an aggregate principal amount of HK\$200 million presently in issue and an additional principal amount of up to HK\$200 million that the CIHL Group may further issue; such bonds are convertible into new CIHL Shares at the prevailing conversion price of HK\$0.30 per new CIHL Share as at the Latest Practicable Date
“Ample Capital”	Ample Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Extension
“associates”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors
“CIHL”	Cosmopolitan International Holdings Limited, the issued shares of which are listed on the main board of the Stock Exchange
“CIHL Group”	CIHL and its subsidiaries
“CIHL Share(s)”	ordinary shares of HK\$0.001 each in the capital of CIHL
“Company”	Regal Hotels International Holdings Limited, the issued ordinary shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Extension”	the proposed extension of the maturity date of the Subject 2010 CB to 16 May 2011 and the conversion period of the Subject 2010 CB to 2 May 2011
“Extension Agreement”	the deed of variation dated 26 April 2010 entered into between Valuegood, the Issuer and CIHL in respect of the Extension
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	the independent board committee of the Board, comprising Ms Alice KAN Lai Kuen, an independent non-executive Director, established to advise the Independent Shareholders in relation to the Extension
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the SGM under the Listing Rules
“Issuer”	Fancy Gold Limited, a wholly-owned subsidiary of CIHL and the issuer of the 2010 CBs
“Latest Practicable Date”	13 May 2010, being the latest practicable date for ascertaining certain information in this circular before printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Paliburg”	Paliburg Holdings Limited, the issued shares and warrants of which are listed on the main board of the Stock Exchange
“Paliburg Group”	Paliburg and its subsidiaries
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance, the issued units of which are listed on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened to be held on Wednesday, 9 June 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolution in respect of the Extension
“Shareholder(s)”	holder(s) of shares in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject 2010 CB”	the 2010 CB with a principal amount of HK\$141.45 million held by Valuegood, the maturity date and conversion period of which are proposed to be extended by one year pursuant to the Extension
“Subject Conversion Share(s)”	CIHL Share(s) which would fall to be issued by CIHL upon the exercise of the conversion rights attached to the Subject 2010 CB pursuant to the terms and conditions thereof
“Valuegood”	Valuegood International Limited, a wholly-owned subsidiary of the Company

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
Mr. Allen WAN Tze Wai

Non-Executive Director:

Dr. Francis CHOI Chee Ming, GBS, 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

17 May 2010

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**EXTENSION OF THE TERM OF
THE SUBJECT 2010 CB HELD BY THE GROUP**

Reference is made to the announcements of the Company dated 26 April 2010 and 11 May 2010.

Valuegood subscribed for the 2010 CB with a principal amount of HK\$102.5 million in 2007 and further acquired the 2010 CB with a principal amount of HK\$38.95 million from a subscriber of the 2010 CB in 2008. The cash considerations for the aforesaid subscription and acquisition of 2010 CBs,

LETTER FROM THE BOARD

which were determined with reference to the then market prices of CIHL Shares, have been paid by Valuegood. As at the Latest Practicable Date, Valuegood held the Subject 2010 CB with an aggregate principal amount of HK\$141.45 million. The 2010 CBs would mature on 16 May 2010 unless extended.

On 26 April 2010 after trading hours, Valuegood, the Issuer and CIHL entered into the Extension Agreement to extend the maturity date of the Subject 2010 CB to 16 May 2011 subject to the terms and conditions of the Extension Agreement.

The Extension constitutes a discloseable transaction and a connected transaction subject to Independent Shareholders' approval for the Company under the Listing Rules. The Company will seek Independent Shareholders' approval for and/or ratification of the Extension at the SGM.

The purposes of this circular is to provide you with, among other things, (i) information in relation to the Extension; (ii) the letter of advice from the Independent Board Committee; (iii) the letter of advice from Ample Capital to the Independent Board Committee and Independent Shareholders; and (iv) a notice of the SGM to consider and, if thought fit, to approve the resolution in relation to the Extension.

EXTENSION AGREEMENT

On 26 April 2010 after trading hours, Valuegood, the Issuer and CIHL entered into the Extension Agreement to extend the maturity date of the Subject 2010 CB with an aggregate principal amount of HK\$141.45 million for one year to 16 May 2011 and the conversion period of the Subject 2010 CB will accordingly be extended for one year to 2 May 2011.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Group's and Paliburg Group's interests set out in the paragraph headed "Shareholding structure of CIHL" and the information set out in the paragraph headed "Other relationship between the Group, the Paliburg Group and the CIHL Group" below, the Issuer and CIHL are parties independent of the Company and its connected persons.

Subject to the Extension Agreement becoming unconditional, the Company and Valuegood have jointly and severally given an undertaking in favour of CIHL that they will not without the consent of CIHL directly or indirectly dispose of or enter into any agreement to dispose of, transfer or enter into any agreement to transfer or otherwise create any options, rights, interests or encumbrances in respect of (i) the CIHL Shares presently held by the Group; (ii) the Subject 2010 CB, 2013 CB with a principal amount of HK\$100 million presently held by the Group and additional 2013 CB with a principal amount of up to HK\$100 million that the Group may subscribe for pursuant to an option granted by the CIHL Group and (iii) any new CIHL Shares that may be issued from the conversion of such convertible bonds. The above non-disposal lock-up undertakings are for a period up to 16 May 2011, subject to certain exceptions set out in such undertaking comprising any one of the following events: merger and amalgamation, winding-up of CIHL, and general offer for the CIHL Shares.

LETTER FROM THE BOARD

If the Extension has not become unconditional by the long-stop date of the Extension Agreement, all the Subject 2010 CB would have to be redeemed by the Issuer at 115.97% of the outstanding principal amount of the Subject 2010 CB, requiring the CIHL Group to pay the holder of the Subject 2010 CB redemption monies of approximately HK\$164 million. Pending the Extension becoming unconditional, Valuegood has agreed that the Issuer may suspend the payment of such redemption monies to Valuegood until the long-stop date of the Extension Agreement. The redemption amount of the Subject 2010 CB of approximately HK\$164 million (the “Amount”) has been placed by the CIHL Group in escrow pending the outcome of the fulfillment of the conditions of the Extension Agreement. If the Extension Agreement becomes unconditional by the long-stop date, the escrow agent will transfer the Amount to the Issuer within the next business day of the Extension Agreement becoming unconditional. If the Extension Agreement does not become unconditional by the long-stop date, the escrow agent will transfer the Amount to Valuegood within the next business day after the long-stop date.

The extension of the maturity date and conversion period of the Subject 2010 CB is conditional on (i) the Company obtaining approval and/or ratification of the Extension Agreement by the Independent Shareholders; (ii) CIHL obtaining approval and/or ratification of the Extension Agreement by its independent shareholders; and (iii) the Stock Exchange’s consent in respect of the Extension. If the conditions are not fulfilled on or before 10 June 2010 (being 45 days after the Extension Agreement) or such later date as may be agreed by the parties, the Extension Agreement will lapse and terminate.

MAJOR TERMS OF THE SUBJECT 2010 CB

Apart from the extension of the maturity date and conversion period of the Subject 2010 CB and the redemption premium calculated based on a fixed yield to maturity of the Subject 2010 CB, all terms of the Subject 2010 CB remain unchanged from the original terms of the 2010 CBs issued by the Issuer. Set out below are the major terms of the Subject 2010 CB.

Principal amount: HK\$141.45 million

Conversion: The holder of the Subject 2010 CB can convert the outstanding principal amount of the Subject 2010 CB into Subject Conversion Shares at any time until a date falling fourteen (14) days prior to the extended maturity date of the Subject 2010 CB.

LETTER FROM THE BOARD

- Conversion price: HK\$0.20 per Subject Conversion Share, subject to adjustment for share consolidation, share subdivisions, re-classification of share into other securities, capitalization issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that in case new CIHL Shares (or securities convertible into new CIHL Shares) are issued for cash or non-cash consideration at a price 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).
- Interest rate: The Subject 2010 CB bears no coupon.
- Extended maturity date: 16 May 2011. On the extended maturity date, all of the remaining outstanding Subject 2010 CB will be redeemed by the Issuer at 121.84% of the outstanding principal amount of the Subject 2010 CB, representing a yield to maturity of 5% per annum.
- Voting: A holder of any Subject 2010 CB will not be 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: The Subject 2010 CB is not listed on the Stock Exchange. No application will be made for the listing of the Subject 2010 CB on the Stock Exchange or any other stock exchange.
- Ranking: The Subject Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Subject 2010 CB will rank pari passu in all respects with all other CIHL Shares outstanding at the date of conversion of the Subject 2010 CB.
- Early redemption: The Issuer has the right, at any time prior to the extended maturity date, by not less than 15 nor more than 30 business days' notice to the holders of the Subject 2010 CB to redeem the Subject 2010 CB at an amount equal to the outstanding principal amounts 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 total outstanding principal amount of the Subject 2010 CB is not more than 10% of the total principal amount of the 2010 CBs of HK\$205 million.
- Guarantor: CIHL

LETTER FROM THE BOARD

SUBJECT CONVERSION SHARES

The following table shows the number of the Subject Conversion Shares which will fall to be issued on conversion of the Subject 2010 CB at the prevailing conversion price of HK\$0.20 per Subject Conversion Share.

Subject Conversion Shares	% of issued share capital of CIHL as at the Latest Practicable Date	% of issued share capital of CIHL as enlarged by conversion of the Subject 2010 CB
707,250,000	31.24%	23.81%

INFORMATION ON THE CIHL GROUP

Overview of CIHL

According to the 2009 interim report of CIHL, for the six months ended 30 September 2009, the principal activities of the CIHL Group were property investment, property development, investment in listed and unlisted securities and other investments.

The following table sets out the audited consolidated profit and loss before and after taxation of CIHL for the two years ended 31 March 2009.

	For the year ended 31 March	
	2008	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(loss) before taxation from continuing operations	113,504	(272,418)
Profit/(loss) after taxation from continuing and discontinued operations	76,805	(265,790)

CIHL reported an unaudited consolidated net asset value (including minority interests) of HK\$166,249,000 as at 30 September 2009.

LETTER FROM THE BOARD

Shareholding structure of CIHL

As informed by CIHL, the respective shareholding structures of CIHL as at the Latest Practicable Date and upon conversion of the Subject 2010 CB and upon conversion of all presently outstanding convertible bonds of the CIHL Group are set out below, for illustrative purposes only.

Shareholders	As at the Latest Practicable Date		Upon conversion of the Subject 2010 CB		Upon conversion of all presently outstanding convertible bonds of the CIHL Group	
	CIHL Shares	%	CIHL Shares	%	CIHL Shares	%
Giant Sino Group Limited	880,715,218	38.91%	880,715,218	29.64%	880,715,218	23.61%
Paliburg Group	380,000,000	16.79%	380,000,000	12.79%	806,666,666	21.62%
Regal Group	66,800,000	2.95%	774,050,000	26.05%	1,107,383,333	29.68%
Other shareholders	936,177,639	41.35%	936,177,639	31.52%	936,177,639	25.09%
	<u>2,263,692,857</u>	<u>100%</u>	<u>2,970,942,857</u>	<u>100%</u>	<u>3,730,942,856</u>	<u>100%</u>

Notes:

Apart from the Subject 2010 CB, the following convertible bonds issued by the CIHL Group were outstanding as at the Latest Practicable Date:

- (i) zero coupon guaranteed convertible bonds due 2011 with an aggregate principal amount of HK\$28 million held by the Paliburg Group convertible into approximately 93.3 million new CIHL Shares based on the prevailing conversion price of HK\$0.30 per CIHL Share; and
- (ii) the 2013 CBs with an aggregate principal amount of HK\$200 million (of which the 2013 CBs with a principal amount of HK\$100 million is held by each of the Paliburg Group and the Group) convertible into a total of approximately 666.7 million new CIHL Shares based on the prevailing conversion price of HK\$0.30 per CIHL Share.

In addition to the above, the CIHL Group has also granted to each of the Group and the Paliburg Group options to subscribe for further 2013 CBs with a principal amount of up to HK\$100 million each in conjunction with the issue of 2013 CBs as mentioned in paragraph (ii) above. The options have not been exercised up to the Latest Practicable Date.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF 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 2010 CBs would mature on 16 May 2010 unless extended. The conversion of the Subject 2010 CB may result in regulatory compliance issues (including the possible triggering of a mandatory obligation for the Group and its concert parties to make an offer for all the CIHL Shares that are not held by them). The Group presently does not intend to convert the Subject 2010 CB to the extent that any such mandatory offer obligation would be triggered.

The Group considered that it was difficult, within a relatively short period of time, to sell the Subject 2010 CB given the size of the Subject 2010 CB and the significant number of CIHL Shares that may be issued from conversion of the Subject 2010 CB and taking into account the liquidity of the CIHL Shares trading. The Group also considered that it might not be in the overall interest of the Group if such sale would adversely affect the market value of the CIHL shares trading. The market value of the CIHL Shares convertible from the Subject 2010 CB was approximately HK\$1,053.8 million based on the closing price of CIHL Share of HK\$1.49 each on the Latest Practicable Date which is significantly higher than the redemption value of the Subject 2010 CB of HK\$164 million (including 15.97% yield upon maturity). The average daily turnover in trading of the CIHL Shares on the Stock Exchange for the 30 trading days up to and including the Latest Practicable Date was only approximately HK\$8.8 million.

With the Extension, the maturity date of the Subject 2010 CB will be extended for one year to 16 May 2011 and the conversion period will accordingly be extended to 2 May 2011 and there would not be any imminent need to dispose of the Subject 2010 CB.

The prevailing conversion price of the Subject 2010 CB of HK\$0.20 per CIHL Share represents (i) a discount of approximately 88.0% to the closing price of CIHL Share on 26 April 2010 (being the date of the Extension Agreement); (ii) a discount of approximately 86.6% to the closing price of CIHL Share on the Latest Practicable Date; (iii) a discount of approximately 86.8% to the average closing price of CIHL Share for the five trading days up to the Latest Practicable Date; and (iv) a discount of approximately 87.1% to the average closing price of CIHL Share for the 10 trading days up to the Latest Practicable Date.

Accordingly, the Directors (save for Mr. Kenneth NG Kwai Kai, an executive Director, who is also a non-executive director of CIHL and has abstained from voting on the relevant resolution relating to the Extension) consider the Extension is in the ordinary and usual course of business of the Group and the terms of the Extension fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

OTHER RELATIONSHIP BETWEEN THE GROUP, THE PALIBURG GROUP AND THE CIHL GROUP

Apart from the Group's and the Paliburg Group's interests in CIHL Shares and convertible bonds issued by the CIHL Group stated in the above paragraph headed "Shareholding structure of CIHL", the Company, through its wholly-owned subsidiary, is the joint venture partner of the CIHL Group with respect to a property development project in Chengdu, Sichuan Province, the People's Republic of China. Mr. Kenneth NG Kwai Kai, an executive Director and an executive director of Paliburg and Century City International Holdings Limited (the listed holding company of Paliburg), is a non-executive director of CIHL. Mr. Kelvin LEUNG So Po, an executive director of Century City International Holdings Limited, is a non-executive director of CIHL. Mr. Kenneth WONG Po Man, an executive director of Paliburg, is a non-executive director of CIHL.

LISTING RULES IMPLICATION

Valuegood is a wholly-owned subsidiary of the Company. As at the Latest Practicable Date, the Group held approximately 2.95% of the issued share capital of CIHL. The Paliburg Group held approximately 48.91% of the issued share capital of the Company and approximately 16.79% of the issued share capital of CIHL as at the Latest Practicable Date. As the Paliburg Group (the controlling shareholder of the Company) is a substantial shareholder of CIHL, the Extension constitutes a discloseable transaction and a connected transaction subject to Independent Shareholders' approval for the Company under the Listing Rules.

The Company has established the Independent Board Committee comprising Ms. Alice KAN Lai Kuen, an independent non-executive Director, to advise the Independent Shareholders in respect of the Extension. Messrs. NG Siu Chan and WONG Chi Keung, both independent non-executive Directors, are also independent non-executive directors of Paliburg which held approximately 16.79% of the issued share capital of CIHL as at the Latest Practicable Date. Therefore, Messrs. NG Siu Chan and WONG Chi Keung are not appointed by the Board as the members of the Independent Board Committee.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve and/or ratify the Extension and the transactions contemplated under the Extension Agreement, is contained on pages 28 and 29 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules, the voting of shareholders at the SGM will be taken by poll. The chairman of the SGM will demand a poll for the resolution to be proposed at the SGM in accordance with the Company's bye-laws. Any connected person of the Company with a material interest in the transaction (other than being a Shareholder), and any Shareholder with a material interest in the transaction (other than being a Shareholder) and its associates will not vote at

LETTER FROM THE BOARD

the SGM. Paliburg and Century City International Holdings Limited and their respective associates, in aggregate holding, and entitled to exercise control over the voting rights in respect of, 494,815,261 issued ordinary shares of the Company as at the Latest Practicable Date, will abstain from voting at the SGM. The results of the poll will be published on the websites of the Company and the Stock Exchange.

A form of proxy for use at the SGM is enclosed. Whether or not you propose to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment thereof, should you so desire.

RECOMMENDATION

The Directors (including Ms. Alice KAN Lai Kuen, an independent non-executive Director, whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular, but save for Mr. Kenneth NG Kwai Kai who is a non-executive director of CIHL and has abstained from voting on the relevant resolution relating to the Extension) consider that the terms of the Extension are on normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Company as a whole. The Independent Board Committee recommends all the Independent Shareholders to vote in favour of the proposed ordinary resolution set out in the notice of the SGM to approve and/or ratify the Extension.

By Order of the Board
Regal Hotels International Holdings Limited
LO Yuk Sui
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



17 May 2010

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**EXTENSION OF THE TERM OF
THE SUBJECT 2010 CB HELD BY THE GROUP**

INTRODUCTION

I refer to the circular of the Company dated 17 May 2010 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

I have been appointed by the Board to advise you on the terms of the Extension Agreement and the transactions contemplated thereunder. Ample Capital has been appointed as the independent financial adviser to advise you and me in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 14 to 19 of this Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

RECOMMENDATION

Having considered the terms of the Extension Agreement, the transactions contemplated thereunder and taking into account the independent advice of Ample Capital and the relevant information contained in the letter from the Board, I am of the opinion that the Extension Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, I recommend that you vote in favour of the ordinary resolution to be proposed at the SGM to approve and/or ratify the Extension Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Independent Board Committee
Alice KAN Lai Kuen

LETTER FROM AMPLE CAPITAL

The following is the text of the letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

17 May 2010

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION EXTENSION OF THE TERM OF THE SUBJECT 2010 CB HELD BY THE GROUP

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Extension, details of which are contained in the Letter from the Board (the “**Letter from the Board**”) contained in the circular (the “**Circular**”) of the Company to the Shareholders dated 17 May 2010, of which this letter forms part. Terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

On 26 April 2010 after trading hours, Valuegood (a wholly-owned subsidiary of the Company), the Issuer and CIHL entered into the Extension Agreement to extend the maturity date of the Subject 2010 CB to 16 May 2011 subject to the terms and conditions of the Extension Agreement.

As at the Latest Practicable Date, the Group held approximately 2.95% of the issued share capital of CIHL and the Paliburg Group held approximately 48.91% of the issued share capital of the Company and approximately 16.79% of the issued share capital of CIHL. As the Paliburg Group (the controlling shareholder of the Company) is a substantial shareholder of CIHL, the Extension constitutes a connected transaction for the Company under the Listing Rules and will be subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. The Extension also constitutes a discloseable transaction for the Company under the Listing Rules.

LETTER FROM AMPLE CAPITAL

Any connected person of the Company with a material interest in the transaction (other than being a Shareholder), and any Shareholder with a material interest in the transaction (other than being a Shareholder) and its associates will not vote at the SGM. Paliburg and Century City International Holdings Limited and their respective associates, in aggregate holding, and entitled to exercise control over the voting rights in respect of, 494,815,261 Shares as at the Latest Practicable Date, representing approximately 48.96% of the issued share capital of the Company, will abstain from voting at the SGM.

The Independent Board Committee has been established to advise whether the terms of the Extension are fair and reasonable and whether the Extension is in the interests of the Company and its Independent Shareholders as a whole and to advise the Independent Shareholders on how to vote. The Independent Board Committee comprising Ms. Alice Kan Lai Kuen, being an independent non-executive Director, has been formed to advise the Independent Shareholders in this respect. Messrs. Ng Siu Chan and Wong Chi Keung, both independent non-executive Directors, are also independent non-executive directors of Paliburg which held approximately 16.79% of the issued share capital of CIHL as at the Latest Practicable Date. Therefore, Messrs. Ng Siu Chan and Wong Chi Keung are not appointed by the Board as the members of the Independent Board Committee.

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

LETTER FROM AMPLE CAPITAL

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

The principal factors and reasons that we have taken into consideration in assessing the terms of the Extension and arriving at our opinion are set out as follows:

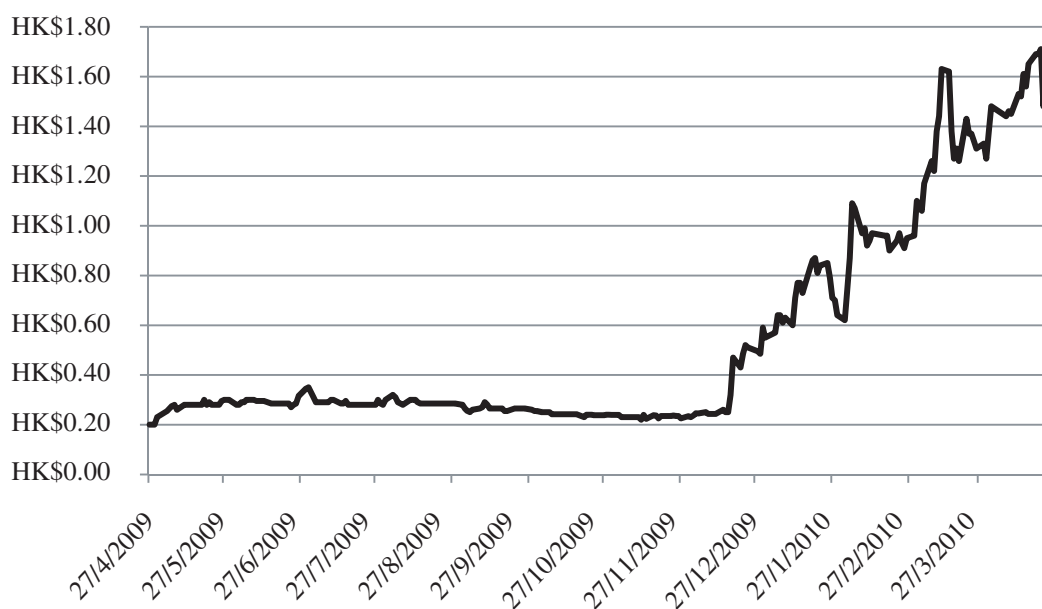
1. Reason for the Extension

(i) *Background of the Subject 2010 CB*

Valuegood, a wholly-owned subsidiary of the Company, subscribed for the 2010 CB with a principal amount of HK\$102.5 million in 2007. In 2008, Valuegood further acquired the 2010 CB with a principal amount of HK\$38.95 million from a subscriber of the 2010 CB at a consideration of HK\$76 million. Accordingly, Valuegood held the Subject 2010 CB with an aggregate principal amount of HK\$141.45 million as at the Latest Practicable Date. The aggregate consideration paid by Valuegood for the Subject 2010 CB is HK\$178.5 million. The 2010 CB would mature on 16 May 2010. The full conversion of the Subject 2010 CB will result in the issue of 707,250,000 Subject Conversion Shares, which represent approximately 31.24% of the existing issued share capital of CIHL and 23.81% of the issued share capital of CIHL as enlarged by conversion of the Subject 2010 CB.

(ii) *Historical trading price and volume of the CIHL Shares*

The chart below shows the daily closing prices of the CIHL Shares as quoted on the Stock Exchange from 27 April 2009 to 26 April 2010, the date of the Extension Agreement (the “Review Period”):



Source: hkex.com.hk and yahoo.com.hk

LETTER FROM AMPLE CAPITAL

During the Review Period, the CIHL Shares have been initially traded generally within the range of HK\$0.20 and HK\$0.40 during the period from 27 April 2009 to mid December 2009. Afterwards, the CIHL Shares have been traded generally with an upward trend with the highest closing price of HK\$1.71 recorded on 21 April 2010. We noted that the recent trading prices of the CIHL Shares were at substantial premium to the conversion price of the Subject 2010 CB of HK\$0.20 (the “Conversion Price”) and the trading prices of the CIHL Shares during the Review Period were mostly above the Conversion Price.

The average daily trading volume of the CIHL Shares during the Review Period was approximately 2.78 million shares.

(iii) *Reasons for the Extension*

The 2010 CBs would mature on 16 May 2010 unless extended. If the Extension has not become unconditional by the long-stop date of the Extension Agreement, all the Subject 2010 CB would have to be redeemed by the Issuer at 115.97% of the outstanding principal amount of the Subject 2010 CB, with the CIHL Group paying the holder of the Subject 2010 CB redemption monies of approximately HK\$164 million.

The Subject 2010 CB is convertible into 707,250,000 CIHL Shares. Based on the closing price of the CIHL Shares as at the Latest Practicable Date of HK\$1.49 per CIHL Share, the Subject Conversion Shares command a market value of approximately HK\$1,054 million, which substantially exceeds the redemption monies of approximately HK\$164 million of the Subject 2010 CB.

We understand from the Group’s management that it has been the intention of the Group to hold the interests in the CIHL Group including the CIHL Shares, the Subject 2010 CB and the 2013 CB as long term strategic investments. Nevertheless, we also understand that the conversion of the Subject 2010 CB may result in the possible triggering of a mandatory obligation for the Group and its concert parties to make an offer for all the CIHL Shares that are not held by them and it is not the Group’s present intention to convert the Subject 2010 CB to the extent that any such mandatory offer obligation would be triggered. We are of the view that it may not be in the present commercial interest of the Group if there is a triggering of such general offer obligation.

On the other hand, the Group considered that it was difficult, within a relatively short period of time, to sell the Subject 2010 CB given the size of the Subject 2010 CB and the significant number of CIHL Shares that may be issued from conversion of the Subject 2010 CB and taking into account the liquidity of the CIHL Shares trading. The Group also considered that it might not be in the overall interest of the Group if such sale would adversely affect the market price of the CIHL Shares. Having considered that the average daily trading volume of the CIHL Shares during the Review Period was approximately 2.78 million shares, which represents only approximately 0.39% of the 707,250,000 Subject Conversion Shares that will fall to be issued on the full conversion of the Subject 2010 CB, we concur with the Group’s view that it was difficult, if not impossible, to sell all the Subject 2010 CB before the maturity date of 16 May 2010 and such large-scale sale may adversely affect the market value of CIHL Shares.

LETTER FROM AMPLE CAPITAL

In view that (i) the market value of the Subject Conversion Shares is substantially higher than the redemption monies of the Subject 2010 CB; (ii) the conversion of the Subject 2010 CB may result in the possible triggering of a mandatory obligation for the Group and its concert parties to make a general offer, which may not be in the present commercial interest of the Group, and it is not the Group's present intention to convert the Subject 2010 CB to the extent that mandatory offer obligation is triggered; and (iii) it was not possible to sell the Subject 2010 CB within the short period of time before the maturity date of 16 May 2010 given the size of the Subject 2010 CB and such large-scale sale may adversely affect the market value of the CIHL Shares, the Extension is in the interest of the Group and the Shareholders as a whole as the Group would then have no imminent need to dispose of the Subject 2010 CB and it would allow the Group more time to overall plan for its strategic investments in the CIHL Group. The Group's investment in the Subject 2010 CB is in the ordinary and usual course of business of the Group as one of the Group's principal business activities is securities investment.

2. Terms of the Extension

Apart from the extension of the maturity date and the conversion period of the Subject 2010 CB and the redemption premium calculated based on a fixed yield to maturity of the Subject 2010 CB, all terms of the Subject 2010 CB remain unchanged from the original terms of the 2010 CBs issued by the Issuer. Details of the terms of the Subject 2010 CB are set out in the Letter from the Board.

As noted from the paragraph headed "Historical trading price and volume of the CIHL Shares" above, the Conversion Price is at a substantial discount to the current market price of the CIHL Shares. The Conversion Price represents a discount of approximately 88.0% to the closing price of the CIHL Shares on 26 April 2010. We consider the Conversion Price, which keeps unchanged, is in the interest of the Group and the Shareholders as a whole and the Conversion Price is the most material term that affects the value of the Subject 2010 CB.

The Subject 2010 CB bears no coupon but on the extended maturity date of 16 May 2011, all of the remaining outstanding Subject 2010 CB will be redeemed by the Issuer at 121.84% of the outstanding principal amount of the Subject 2010 CB, representing a yield to maturity of 5% per annum. In any event, we consider such interest term to be relatively immaterial having considered that the Conversion Price is at a substantial discount to the recent market price of the CIHL Shares.

Subject to the Extension Agreement becoming unconditional, the Company and Valuegood have jointly and severally given an undertaking in favour of CIHL that they will not without the consent of CIHL directly or indirectly dispose of or enter into any agreement to dispose of, transfer or enter into any agreement to transfer or otherwise create any options, rights, interests or encumbrances in respect of (i) the CIHL Shares presently held by the Group; (ii) the Subject 2010 CB, 2013 CB with a principal amount of HK\$100 million presently held by the Group and additional 2013 CB with a principal amount of up to HK\$100 million that the Group may subscribe for pursuant to an option granted by the CIHL Group and (iii) any new CIHL Shares that may be issued from the conversion of such convertible bonds. The above non-disposal lock-up undertakings are for a period up to 16 May 2011, subject to certain exceptions. We are of the view that the granting by the Group of the

LETTER FROM AMPLE CAPITAL

non-disposal lock-up undertakings is acceptable taking into consideration that the Conversion Price of the Subject 2010 CB, which is a very favourable term to the Group, can keep unchanged. In any event, we understand it is the present intention of the Group to hold its interests in the CIHL Group as long term investment.

In view of the above, we consider that the terms of the Extension are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

RECOMMENDATIONS

Having taken into account the principal factors and reasons referred to above, we are of the opinion that the terms of the Extension are fair and reasonable so far as the Group and the Independent Shareholders are concerned and the Extension is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, as well as the Independent Shareholders, to vote in favour of the ordinary resolution in respect of approving and/or ratifying the Extension.

Yours faithfully,
For and on behalf of
Ample Capital Limited
H. W. Tang
President

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 Securities and Futures Ordinance (“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 Issuers as set out in Appendix 10 of the Listing Rules (“Model Code”) were as follows:

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
			Personal interests	Corporate interests	Family/ Other interests	
1. The Company	Mr. LO Yuk Sui	Ordinary				
		(i) issued	24,200	494,815,261 (Note a(i))	260,700	495,100,161
	(ii) unissued	20,000,000 (Note a(ii))	—	—	20,000,000	
				Total (i) & (ii):	515,100,161 (50.96%)	
	Dr. Francis CHOI Chee Ming	Ordinary (issued)	50,240,000	—	—	50,240,000 (4.97%)
	Ms. Belinda YEUNG Bik Yiu	Ordinary (unissued)	3,000,000 (Note b)	—	—	3,000,000 (0.30%)

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Family/ Other interests	Total (Approximate percentage of the issued shares as at the Latest Practicable Date)	
			Personal interests	Corporate interests				
1. The Company	Mr. Donald FAN Tung	Ordinary (unissued)	2,000,000	—	—	2,000,000	(0.20%)	
			<i>(Note c)</i>					
	Mr. Jimmy LO Chun To	Ordinary (unissued)	1,500,000	—	—	1,500,000	(0.15%)	
			<i>(Note d)</i>					
	Miss LO Po Man	Ordinary	(i) issued	300,000	—	269,169	569,169	
			<i>(Note e)</i>					
		(ii) unissued	3,000,000	—	—	3,000,000		
		<i>(Note b)</i>						
	Total (i) & (ii):						3,569,169	(0.35%)
	Mr. Kenneth NG Kwai Kai	Ordinary (unissued)	2,000,000	—	—	2,000,000	(0.20%)	
<i>(Note c)</i>								
Mr. Alan WAN Tze Wai	Ordinary	(i) issued	10,200	—	—	10,200		
		(ii) unissued	800,000	—	—	800,000		
	<i>(Note f)</i>							
	Total (i) & (ii):						810,200	(0.08%)
2. 8D International (BVI) Limited	Mr. LO Yuk Sui	Ordinary (issued)	—	1,000	—	1,000	(100%)	
				<i>(Note g)</i>				
3. Regal REIT	Mr. LO Yuk Sui	Units (issued)	—	2,403,044,988	—	2,403,044,988	(74.47%)	
				<i>(Note h)</i>				

Notes:

- (a) (i) The interests in 421,400 issued ordinary shares of the Company were held through companies wholly owned by Century City International Holdings Limited (“Century City”), in which Mr. LO Yuk Sui (“Mr. Lo”) held 50.25% shareholding interests and the interests in the other 494,393,861 issued ordinary shares of the Company were held through companies wholly-owned by Paliburg, in which Century City held 58.90% shareholding interests.

- (ii) 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 of the Company named as “The Regal Hotels International Holdings Limited” (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 adjusted exercise price of HK\$7.50 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	8,000,000
12 May 2008 to 11 May 2011	4,000,000
12 May 2009 to 11 May 2011	4,000,000
12 May 2010 to 11 May 2011	4,000,000

- (b) The interests in 3,000,000 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 3,000,000 new ordinary shares of the Company at an adjusted exercise price of HK\$7.50 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	1,200,000
25 July 2008 to 24 July 2011	600,000
25 July 2009 to 24 July 2011	600,000
25 July 2010 to 24 July 2011	600,000

- (c) The interests in 2,000,000 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 2,000,000 new ordinary shares of the Company at an adjusted exercise price of HK\$7.50 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	800,000
25 July 2008 to 24 July 2011	400,000
25 July 2009 to 24 July 2011	400,000
25 July 2010 to 24 July 2011	400,000

- (d) The interests in 1,500,000 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 1,500,000 new ordinary shares of the Company at an adjusted exercise price of HK\$7.50 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	600,000
25 July 2008 to 24 July 2011	300,000
25 July 2009 to 24 July 2011	300,000
25 July 2010 to 24 July 2011	300,000

- (e) The interests in 269,169 issued ordinary shares of the Company were held by Miss Lo Po Man as the beneficiary of a trust.

- (f) The interests in 800,000 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 800,000 new ordinary shares of the Company at an adjusted exercise price of HK\$7.50 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	320,000
25 July 2008 to 24 July 2011	160,000
25 July 2009 to 24 July 2011	160,000
25 July 2010 to 24 July 2011	160,000

- (g) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 50.25% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

- (h) The interests in 2,397,757,988 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 REIT were held through wholly owned subsidiaries of Century City. Paliburg, in which Century City held 58.90% shareholding interests, held 48.91% shareholding interests in the Company. Mr. Lo held 50.25% shareholding interests in Century City.

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.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2009, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

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 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
Century City (<i>Note i</i>)	494,815,261	—	494,815,261	48.96%
Century City BVI Holdings Limited (<i>Note ii</i>)	494,815,261	—	494,815,261	48.96%
Almighty International Limited (<i>Note ii</i>)	494,393,861	—	494,393,861	48.91%
Paliburg (<i>Note iii</i>)	494,393,861	—	494,393,861	48.91%
Paliburg Development BVI Holdings Limited (<i>Note iv</i>)	494,393,861	—	494,393,861	48.91%
Guo Yui Investments Limited (<i>Note iv</i>)	180,910,466	—	180,910,466	17.90%
Paliburg International Holdings Limited (<i>Note iv</i>)	262,943,209	—	262,943,209	26.01%
Paliburg BVI Holdings Limited (<i>Note iv</i>)	262,943,209	—	262,943,209	26.01%
Taylor Investments Ltd. (<i>Note iv</i>)	154,232,305	—	154,232,305	15.26%
Glaser Holdings Limited (<i>Note iv</i>)	57,269,824	—	57,269,824	5.67%

Notes:

- (i) The interests in ordinary shares held by Century City were included in the corporate interests of Mr. Lo in the Company as disclosed under the section headed "Disclosure of Directors' Interests" above.

- (ii) These companies are wholly owned subsidiaries of Century City and their interests in the ordinary shares of the Company are included in the interests held by Century City.
- (iii) Paliburg is a listed subsidiary of Century City, which held 58.90% shareholding interests in Paliburg, and Paliburg's interests in the ordinary shares of the Company are included in the interests held by Century City.
- (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 Directors in each of those companies which has an interest in the ordinary shares and underlying ordinary 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 Century City 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 Century City 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. 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.

6. QUALIFICATION

The following is the qualification of the expert who has given its opinion or advice on the information contained in this circular:

Name	Qualification
Ample Capital Limited	a corporation licensed to carry out type 4 (advising in securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Ample Capital had no interest in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and Ample Capital had no interest, either directly or indirectly, in any assets which have been, since 31 December 2009, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Ample Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter of Ample Capital is given as of the date of this circular for incorporation herein.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was not any material adverse changes in the financial or trading position of the Group since 31 December 2009, the date to which the latest published audited consolidated accounts of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The Extension Agreement will be available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong from the date of this circular to and including 9 June 2010.

9. 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 at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, 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 Chartered Secretaries.

- (d) The English text of this circular shall prevail over the Chinese text.

NOTICE OF SGM



NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Regal Hotels International Holdings Limited (the “Company”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Wednesday, 9 June 2010 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) the entry into of the Extension Agreement (as defined in the circular to the shareholders of the Company dated 17 May 2010), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder and the execution of the Extension Agreement and any documents and agreements incidental thereto under the common seal of the Company by any two directors of the Company on behalf of the Company be and are hereby confirmed, approved, authorised and ratified in all respect; and
- (b) any one director of the Company or any two directors of the Company, if the affixation of the common seal of the Company is necessary, be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such other documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the matters contemplated in the Extension Agreement and the transactions contemplated thereunder or otherwise in relation to the Extension Agreement and the matters and the transactions contemplated thereunder.”

By Order of the Board
Regal Hotels International Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 17 May 2010

NOTICE OF SGM

Notes:

1. A shareholder of the Company entitled to attend and vote at the SGM is entitled to appoint one or more proxies to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company.
2. The form of proxy must be deposited with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the SGM.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the SGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.