

OTHER INFORMATION

Directors' Interests in Share Capital

As at 30th June, 2006, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), were as follows:

| | Name of Director | Class of Shares Held | Number of Shares Held | | | Total (Approximate percentage of the Issued Shares as at 30th June, 2006) |
|---------------------------|----------------------------|---------------------------------------|------------------------|--------------------------------------|-------------------------|---|
| | | | Personal Interests | Corporate Interests | Family/ Other Interests | |
| 1. The Company | Mr. Lo Yuk Sui ("Mr. Lo") | Ordinary (i) issued | 220,000 | 3,853,067,610 (Note a(i)) | - | 3,853,287,610 |
| | | (ii) unissued (Notes a(iii) & (v)) | 200,022,000 | 369,805,453 (Notes a(ii) to (iv)) | - | 569,827,453 |
| | | | | Total (i) & (ii): | | 4,423,115,063 (52.33%) |
| | | Preference (issued) | - | 3,440 (Note a(iv)) | - | 3,440 (20.54%) |
| | Dr. Francis Choi Chee Ming | Ordinary (i) issued | 2,400,000 | - | - | 2,400,000 |
| | | (ii) unissued | - | 800,000,000 (Note b) | - | 800,000,000 |
| | | | | Total (i) & (ii): | | 802,400,000 (9.49%) |
| | Mr. Donald Fan Tung | Ordinary (unissued) | 20,000,000 (Note c) | - | - | 20,000,000 (0.24%) |
| | Mr. Jimmy Lo Chun To | Ordinary (unissued) | 15,000,000 (Note d) | - | - | 15,000,000 (0.18%) |
| | Miss Lo Po Man | Ordinary (i) issued | 3,000,000 | - | 2,503,898 (Note e) | 5,503,898 |
| (ii) unissued (Note f) | | 30,000,000 | - | 187,792 (Note e) | 30,187,792 | |
| | | | Total (i) & (ii): | | 35,691,690 (0.42%) | |



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| | | Number of Shares Held | | | | Total (Approximate percentage of the Issued Shares as at 30th June, 2006) |
|----|---|-------------------------|------------------------|------------------------|-------------------------------|--|
| | Name of Director | Class of Shares Held | Personal Interests | Corporate Interests | Family/ Other Interests | |
| 1. | The Company | | | | | |
| | Mr. Kenneth Ng Kwai Kai | Ordinary (unissued) | 20,000,000 (Note c) | - | - | 20,000,000 (0.24%) |
| | Ms. Belinda Yeung Bik Yiu | Ordinary (unissued) | 30,000,000 (Note f) | - | - | 30,000,000 (0.35%) |
| | Number of Associated Corporation | | | | | |
| 2. | 8D International (BVI) Limited | Ordinary (issued) | - | 1,000 (Note g) | - | 1,000 (100%) |

Notes:

- (a) (i) The issued ordinary shares of the Company were held through companies wholly owned by Paliburg Holdings Limited ("PHL"), in which Century City International Holdings Limited ("CCIHL") held 54.71% shareholding interests.
- (ii) The interests in 369,805,453 unissued ordinary shares of the Company were held through companies wholly owned by PHL, in which CCIHL held 54.71% shareholding interests.
- (iii) The interests in 22,000 and 354,197,026 unissued ordinary shares of the Company related to the interests in the warrants of the Company (the "2007 Warrants") carrying subscription rights in an aggregate amount of HK\$88,554,756.50, which are exercisable during the period from 2nd February, 2005 to 26th July, 2007 to subscribe for a total of 354,219,026 new ordinary shares of the Company at an initial subscription price of HK\$0.25 per ordinary share (subject to adjustments).
- (iv) 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 5th December, 1993 to 5th December, 2008.
- (v) 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" (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 adjustments). The options became effective on 21st July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

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

- (b) The interests in 800,000,000 unissued ordinary shares of the Company were held by Clovering Enterprise Limited ("Clovering Enterprise"), which is a company controlled by Dr. Francis Choi Chee Ming, through its interests in and rights to subscribe for the 2% Guaranteed Convertible Bonds due 2007 (the "Bonds"), guaranteed by, and convertible into new ordinary shares of the Company, for an aggregate principal amount of HK\$200,000,000 issued and to be issued by Cheerview Limited ("Cheerview"), a wholly owned subsidiary of the Company, pursuant to a conditional subscription agreement dated 3rd June, 2004 between Cheerview, the Company and Clovering Enterprise (the "Subscription Agreement"). Such HK\$200,000,000 Bonds comprise the issued firm bonds of an aggregate principal amount of HK\$100,000,000 (the "Firm Bonds") and the optional bonds of up to an aggregate principal amount of HK\$100,000,000 which Clovering Enterprise may subscribe for pursuant to the Subscription Agreement (the "Optional Bonds"). The Firm Bonds are, and the Optional Bonds (when in issue) will be, convertible into a total number of 800,000,000 new ordinary shares of the Company at the initial conversion price of HK\$0.25 per share (subject to adjustments).
- (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 adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

| <u>Exercise period</u> | <u>Number of ordinary shares of the Company under vested options</u> |
|------------------------------------|--|
| 25th July, 2007 to 24th July, 2011 | 8,000,000 |
| 25th July, 2008 to 24th July, 2011 | 4,000,000 |
| 25th July, 2009 to 24th July, 2011 | 4,000,000 |
| 25th July, 2010 to 24th 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 adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

| <u>Exercise period</u> | <u>Number of ordinary shares of the Company under vested options</u> |
|------------------------------------|--|
| 25th July, 2007 to 24th July, 2011 | 6,000,000 |
| 25th July, 2008 to 24th July, 2011 | 3,000,000 |
| 25th July, 2009 to 24th July, 2011 | 3,000,000 |
| 25th July, 2010 to 24th July, 2011 | 3,000,000 |

- (e) The interests in 2,503,898 issued ordinary shares of the Company and the interests in 187,792 unissued ordinary shares of the Company were held by Miss Lo Po Man as the beneficiary of a trust. The interests in 187,792 unissued ordinary shares related to the interests in the 2007 Warrants carrying subscription rights in an aggregate amount of HK\$46,948.00, which are exercisable during the period from 2nd February, 2005 to 26th July, 2007 to subscribe for a total of 187,792 new ordinary shares of the Company at an initial subscription price of HK\$0.25 per ordinary share (subject to adjustments).



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- (f) 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 adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

| <u>Exercise period</u> | <u>Number of ordinary shares of the Company under vested options</u> |
|------------------------------------|--|
| 25th July, 2007 to 24th July, 2011 | 12,000,000 |
| 25th July, 2008 to 24th July, 2011 | 6,000,000 |
| 25th July, 2009 to 24th July, 2011 | 6,000,000 |
| 25th July, 2010 to 24th July, 2011 | 6,000,000 |

- (g) 400 shares were held through companies controlled by CCIHL, in which Mr. Lo held 72.62% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

Save as disclosed herein, as at 30th June, 2006, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

Save as disclosed in note 18 to the condensed consolidated financial statements, during the period, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debentures of the Company under the Share Option Scheme and no option granted to such persons under the Share Option Scheme has been cancelled and lapsed:

- (i) any Director, chief executive or substantial shareholders of the Company, or their respective associates;
- (ii) any participant under the Share Option Scheme with options granted in excess of the individual limit;
- (iii) any employee working under employment contract that is regarded as "continuous contract" for the purpose of the Employment Ordinance;
- (iv) any supplier of goods or services; and
- (v) any other participants under the Share Option Scheme.



Substantial Shareholders' Interests in Share Capital

As at 30th June, 2006, the following substantial shareholders (as defined in the Listing Rules) (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

| Name of Substantial Shareholder | Number of Issued Ordinary Shares Held | Number of Ordinary Shares (Unissued) Held | Total number of Ordinary Shares (Issued and Unissued) Held | Approximate percentage of the Issued Ordinary Shares as at 30th June, 2006 |
|---|---------------------------------------|---|--|--|
| CCIHL (Note i) | 3,853,067,610 | 369,805,453 | 4,222,873,063 | 49.96% |
| Century City BVI Holdings Limited (Note ii) | 3,853,067,610 | 369,805,453 | 4,222,873,063 | 49.96% |
| Almighty International Limited (Note ii) | 3,853,067,610 | 369,805,453 | 4,222,873,063 | 49.96% |
| PHL (Note iii) | 3,853,067,610 | 369,805,453 | 4,222,873,063 | 49.96% |
| Paliburg Development BVI Holdings Limited (Note iv) | 3,853,067,610 | 369,805,453 | 4,222,873,063 | 49.96% |
| Guo Yui Investments Limited (Note iv) | 997,597,333 | 74,833,333 | 1,072,430,666 | 12.69% |
| Paliburg International Holdings Limited (Note iv) | 2,390,392,820 | 239,039,281 | 2,629,432,101 | 31.11% |
| Paliburg BVI Holdings Limited (Note iv) | 2,390,392,820 | 239,039,281 | 2,629,432,101 | 31.11% |
| Taylor Investments Ltd. (Note iv) | 1,402,111,870 | 140,211,187 | 1,542,323,057 | 18.25% |
| Glaser Holdings Limited (Note iv) | 533,480,286 | 53,348,028 | 586,828,314 | 6.94% |
| Clovinger Enterprise Limited ("CEL") (Note v) | - | 800,000,000 | 800,000,000 | 9.46% |

Notes:

- (i) The interests in ordinary shares held by CCIHL were included in the corporate interests of Mr. Lo in the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.
- (ii) These companies are wholly owned subsidiary companies of CCIHL and their interests in the ordinary shares of the Company are included in the interests held by CCIHL.
- (iii) PHL is a listed subsidiary company of CCIHL, which held 54.71% shareholding interests in PHL, and PHL's interests in the ordinary shares of the Company are included in the interests held by CCIHL.
- (iv) These companies are wholly owned subsidiary companies of PHL and their interests in the ordinary shares of the Company are included in the interests held by PHL.
- (v) The interests in unissued ordinary shares held by CEL were duplicated in the corporate interests of Dr. Francis Choi Chee Ming in the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.

Save as disclosed herein, there is no person who, as at 30th June, 2006, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO.



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Disclosure Pursuant to Rules 13.13 and 13.16 of Chapter 13 of the Listing Rules

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rules 13.13 and 13.16 of Chapter 13 of the Listing Rules:

Advances to an Entity (Rule 13.13 of Chapter 13)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 70% by the Company and 30% by China Overseas Land & Investment Limited, which is independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the Company and its subsidiary companies (the "Group") as at 30th June, 2006 are set out below:

| Advances | Group (HK\$'million) |
|----------------------------------|---------------------------------|
| (A) Principal Amount of Advances | 2,967.8 |
| (B) Interest Receivable | 379.2 |
| | <hr/> |
| Total: (A)+(B) | 3,347.0 |
| | <hr/> <hr/> |

The above advances to Chest Gain in an aggregate sum of HK\$3,347.0 million included an amount of HK\$1,701.1 million, which represented the gross amount of the advances attributable to the additional 40% interest in Chest Gain acquired from PHL in 2002 as detailed in the audited consolidated financial statements for the year ended 31st December, 2002. Such contributions of funds to Chest Gain are provided in the form of shareholders' loans in proportion to the respective shareholding interests of the shareholders of Chest Gain. The advances are unsecured and have no fixed term of repayment, interest-bearing at prime rate per annum (but related interest had only been accrued to 31st December, 1998). The provision of financial assistance to Chest Gain is for the purpose of facilitating Chest Gain in the development of the "Regalia Bay" luxury residential project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Regalia Bay Development"). The site for the Regalia Bay Development was acquired by Chest Gain at the government land auction held on 3rd June, 1997.

Calculated on the basis shown above, the aggregate of advances as at 30th June, 2006 provided by the Group to Chest Gain in the sum of HK\$3,347.0 million represented 47.9% of the consolidated total assets of the Company of HK\$6,987.2 million (the "Regal TA"), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2006.

*Financial Assistance provided to and Guarantees given for
Affiliated Companies (Rule 13.16 of Chapter 13)*

Details of the financial assistance provided to affiliated companies (including Chest Gain) by the Group as at 30th June, 2006 are set out below:

| Name of Affiliated Companies | Principal Amount of Advances (HK\$'million) | Interest Receivable (HK\$'million) | Total (HK\$'million) |
|---|--|---|---------------------------------|
| Chest Gain | 2,967.8 | 379.2 | 3,347.0 |
| 8D International (BVI) Limited | 28.9 | – | 28.9 |
| 8D Matrix Limited | 0.5 | – | 0.5 |
| Bright Future (HK) Limited | 5.6 | – | 5.6 |
| Network Sky Limited | 1.6 | – | 1.6 |
| Hang Fok Properties Limited | 139.1 | – | 139.1 |
| | <u>3,143.5</u> | <u>379.2</u> | <u>3,522.7</u> |

Relevant details in respect of the financial assistance provided to Chest Gain are disclosed above under Rule 13.13 of Chapter 13 of the Listing Rules.

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which is now principally involved in the development and distribution of technologically advanced security and building related systems and software development and promotions businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by Mr. Lo Yuk Sui. The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest-free and have no fixed term of repayment.

8D Matrix Limited ("8D Matrix") is a 30% owned associate of the Company (the Company also holds an additional 6% attributable interest through its holding in 8D-BVI), which is involved in promotions businesses. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by CCIHL and 60% indirectly by Mr. Lo Yuk Sui through his associates (as defined in the Listing Rules), including 8D-BVI. The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix. The advances are unsecured, interest-free and have no fixed term of repayment.



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Bright Future (HK) Limited ("Bright Future"), a 50% owned associate of the Company, owns a 90% effective equity interest in a foreign enterprise engaged in the operation of a hotel in Qinghai in the People's Republic of China (the "PRC"). The remaining 50% shareholding interest in Bright Future and the remaining 10% equity interest in the aforesaid foreign enterprise are owned by third parties respectively, which are independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Bright Future were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Bright Future, for the purpose of funding the working capital requirements of Bright Future. The advances to Bright Future are unsecured, interest free and have no fixed term of repayment.

Network Sky Limited ("Network Sky") is a 25% owned associate of the Company, which through its wholly-owned subsidiary company was engaged in the carrying on of a light refreshment operation. The other shareholding interests in Network Sky are owned as to 25% indirectly by PHL, 25% indirectly by Mrs. Kitty Lo Lee Kit Tai, a director of PHL, through her associate (as defined in the Listing Rules) and 25% directly by a third party which is independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Network Sky were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Network Sky, for the purpose of financing the working capital of Network Sky. The advances are unsecured, interest-free and have no fixed term of repayment.

Hang Fok Properties Limited ("Hang Fok"), a 50% owned associate of the Company, holds a 59% shareholding interest in each of the two investee companies, namely Beijing Century City Real Estate Development Co., Ltd. and Beijing Jianye Real Estate Developing Co., Ltd. (both of which are Sino-foreign cooperative joint ventures incorporated in the PRC) (the "Investee Companies"). The Investee Companies are principally engaged in the development of a property project at Chao Yang Men Wai Da Jie in the Central Business District of Beijing, the PRC, planned to comprise office, residential, hotel, commercial and carparking accommodations with a total permissible gross floor area of about 4,630,000 square feet. One of the Investee Companies has been granted by the relevant authority in the PRC the Land Grant Contracts in respect of certain portions of the original development site encompassing office, commercial and residential uses. The remaining 50% shareholding interest in Hang Fok is owned by an indirect wholly owned subsidiary of PHL. The remaining 41% equity interests in the Investee Companies are owned by third parties, which are independent of, and not connected with the Company, the directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Hang Fok were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Hang Fok, for the purpose of funding the working capital requirements of Hang Fok and its investment in the Investee Companies. The advances to Hang Fok are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2006, the aggregate amount of financial assistance provided to affiliated companies by the Group in the sum of HK\$3,522.7 million represented 50.4% of the Regal TA.

Save as disclosed above, there were no other financial assistance provided to and guarantees given for affiliated companies by the Group as at 30th June, 2006, which were discloseable pursuant to Rule 13.16 of Chapter 13 of the Listing Rules.

A pro-forma combined balance sheet of the abovenamed affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

| | Pro-forma combined balance sheet (HK\$'million) | The Group's attributable interest (HK\$'million) |
|-------------------------|--|---|
| Non-current assets | 440.2 | 212.6 |
| Current assets | 3,608.3 | 2,372.7 |
| Current liabilities | (275.6) | (142.0) |
| Non-current liabilities | (5,178.7) | (3,525.2) |
| | <hr/> | <hr/> |
| Net liabilities | <u>(1,405.8)</u> | <u>(1,081.9)</u> |

Corporate Governance

Code of Corporate Governance Practices

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30th June, 2006, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity on account of the Group's corporate operating structure.
- (2) The Non-Executive Directors and the Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Non-Executive Directors and the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the "Code for Securities Transactions by Directors of Regal Hotels International Holdings Limited" (the "Regal Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code and the Regal Code during the six months ended 30th June, 2006.



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Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2006.

Review of Results

The Audit Committee of the Company currently comprises the following members:

Mr. Wong Chi Keung (Chairman of the Committee) *(Independent Non-Executive Director)*

Dr. Francis Choi Chee Ming *(Vice Chairman and Non-Executive Director)*

Ms. Alice Kan Lai Kuen *(Independent Non-Executive Director)*

Mr. Ng Siu Chan *(Independent Non-Executive Director)*

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2006, in conjunction with the Company's external auditors. The review report of the external auditors is set out on page 41 of this report.