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

If you have sold or transferred all your shares in **Paliburg 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

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DEFINITIONS

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

“Announcement”	the announcement jointly made by Century City and Paliburg dated 26 April 2007
“associate(s)”	has the meaning ascribed to it under Chapter 1 of the Listing Rules
“Board”	the board of directors of Paliburg
“Cap”	maximum aggregate consideration for the Possible Further Acquisitions of HK\$260 million
“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda, whose ordinary shares and warrants are listed on the Main Board of the Stock Exchange
“Century City Directors”	the directors of Century City
“Company” or “Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda, whose ordinary shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under Chapters 1 and 14A of the Listing Rules
“Director(s)” or “Paliburg Director(s)”	director(s) of Paliburg
“Group”	Paliburg and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	14 May 2007, 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
“Partial Regal CBs Conversion”	the conversion of part of the Subject Regal CBs with a principal amount of HK\$50 million into 200 million Regal Shares pursuant to the exercise of the conversion rights attached to such Regal CBs by the Group subsequent to the completion of the Sale and Purchase Agreements
“Possible Further Acquisitions”	possible acquisitions of Regal Shares and Regal Warrants by the Group (including exercise of any Regal Warrants purchased by the Group) from 26 April 2007 to 25 April 2008 subject to the Cap

DEFINITIONS

“Purchaser”	Guo Yui Investments Limited, a wholly-owned subsidiary of Paliburg, which is the purchaser under the Sale and Purchase Agreements
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda, the ordinary shares and warrants of which are listed on the Main Board of the Stock Exchange
“Regal CBs”	2% guaranteed convertible bonds due in 2007 convertible into Regal Shares and guaranteed by Regal, and issued by Cheerview Limited, a wholly-owned subsidiary of Regal
“Regal Shares”	the ordinary shares in the share capital of Regal with a par value of HK\$0.01 each
“Regal Shares Acquisition”	the acquisitions of approximately 49.5 million Regal Shares by the Group (apart from any Regal Shares subscribed for by the Group pursuant to the exercise of any Regal Warrants allotted and issued to the Group under a bonus issue of Regal in 2004 as approved, inter alia, by the shareholders of Paliburg) during the 12 months prior to the date of the Announcement, representing approximately 0.51% of the issued ordinary share capital of Regal as at the Latest Practicable Date, on market at a total consideration of approximately HK\$34 million
“Regal Warrants”	warrants issued by Regal in 2004 which confer rights on their holders in units of HK\$0.25 to subscribe for new Regal Shares at a subscription price of HK\$0.25 per Regal Share (subject to adjustment)
“Sale and Purchase Agreements”	the two agreements entered into between each of the Vendors and the Purchaser on 24 April 2007 in respect of the sale and purchase of Regal CBs with an aggregate principal amount of HK\$125 million
“Shares”	ordinary shares of HK\$0.01 each in the capital of Paliburg
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Regal CBs”	the Regal CBs acquired by the Purchaser under the Sale and Purchase Agreements
“Takeovers Code”	The Code on Takeovers and Mergers
“Vendors”	Leader Advance Limited and Delight Rich International Limited

LETTER FROM THE BOARD



Executive Directors:

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)

Mr. Donald FAN Tung (*Chief Operating Officer*)

Mr. Jimmy LO Chun To

Miss LO Po Man

Mr. Kenneth NG Kwai Kai

Mr. Kenneth WONG Po Man

Independent Non-Executive Directors:

Mr. NG Siu Chan

Hon Abraham SHEK Lai Him, JP

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

18 May 2007

To the Shareholders (for information purposes only)

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

As set out in the Announcement, on 24 April 2007, the Purchaser, a wholly-owned subsidiary of Paliburg, entered into the Sale and Purchase Agreements with the Vendors. Pursuant to the Sale and Purchase Agreements, the Purchaser has acquired and the Vendors have sold the Subject Regal CBs with an aggregate principal amount of HK\$125 million at a total consideration of HK\$360 million. Subsequent to the completion of the Sale and Purchase Agreements, the Group has carried out the Partial Regal CBs Conversion. During the 12 months prior to the date of the Announcement, the Group conducted the Regal Shares Acquisition. With a view to maintaining a reasonable level of shareholding interest in Regal, the Group may carry out the Possible Further Acquisitions (i.e. possible further acquisitions of Regal Shares and Regal Warrants (including the exercise of any Regal Warrants purchased by the Group)) for the 12-month period from 26 April 2007 to 25 April 2008 so long as total consideration of the Possible Further Acquisitions will not exceed the Cap of HK\$260 million and provided that the Group will not trigger a mandatory general offer obligation under the Takeovers Code as a result of the Possible Further Acquisitions.

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The acquisition of the Subject Regal CBs under the Sale and Purchase Agreements, the Regal Shares Acquisition and the Possible Further Acquisitions in aggregate constitute a discloseable transaction for the Company. The Company will have to re-comply with all the applicable reporting, announcement and/or shareholders' approval requirements under Chapter 14 of the Listing Rules if the aggregate consideration for the Possible Further Acquisitions exceeds the Cap.

THE SALE AND PURCHASE AGREEMENTS

Date and parties

Date: 24 April 2007

Parties: the Purchaser, a wholly-owned subsidiary of Paliburg, as purchaser of both of the Sale and Purchase Agreements

Leader Advance Limited and Delight Rich International Limited, as the respective Vendors of the Sale and Purchase Agreements, who owned the Subject Regal CBs prior to the completion of the Sale and Purchase Agreements

As at the Latest Practicable Date, Regal was an approximately 45.06% owned listed associate of Paliburg and Paliburg was an approximately 53% owned subsidiary of Century City.

To the best knowledge, information and belief of the Paliburg Directors and the Century City Directors, and having made all reasonable enquiry, (i) the Vendors are investment holding companies owned by the same group of ultimate beneficial shareholders and (ii) the Vendors and the ultimate beneficial owner of the Vendors are third parties independent of Paliburg and Century City and the connected persons of Paliburg and Century City (save for the interests of the Vendors and their associates in Regal as disclosed in this circular).

Principal terms of the Sale and Purchase Agreements

Pursuant to the Sale and Purchase Agreements, the Purchaser has purchased the Subject Regal CBs held by the Vendors with an aggregate principal amount of HK\$125 million at a total consideration of HK\$360 million.

The consideration was settled by the Purchaser as follows:

1. a cash payment of HK\$60 million to the Vendors; and
2. an issue of promissory notes with an aggregate principal amount of HK\$300 million to the Vendors.

Based on the existing conversion price of the Regal CBs of HK\$0.25 per Regal Share, the Subject Regal CBs acquired by the Purchaser can be converted into 500 million Regal Shares with a market value of HK\$350 million based on the closing price per Regal Share on 24 April 2007 (the date of the

LETTER FROM THE BOARD

Sale and Purchase Agreements). The consideration was determined after arm's length negotiations between the Purchaser and the Vendors, in particular with reference to the market value of the new Regal Shares falling to be issued upon conversion of the Subject Regal CBs in full based on the then recent market price of the Regal Shares. The consideration represents a purchase price of HK\$0.72 per Regal Share (which will fall to be issued upon conversion of the Subject Regal CBs in full) which in turn represents (i) a premium of approximately 2.86% over the closing price of the Regal Shares of HK\$0.70 per Regal Share on 24 April 2007, the date of the Sale and Purchase Agreements, (ii) a premium of approximately 4.96% over the average closing price of the Regal Shares for the five days immediately preceding 24 April 2007 of HK\$0.686 per Regal Share, and (iii) a premium of approximately 5.88% over the closing price of the Regal Shares of HK\$0.68 per Regal Share as at the Latest Practicable Date.

Completion of the Sale and Purchase Agreements took place on 24 April 2007.

THE REGAL CBs

The Regal CBs were issued by Cheerview Limited, a wholly owned subsidiary of Regal, pursuant to the subscription agreements dated 3 June 2004 entered into between Regal, Cheerview Limited and the relevant investors of the Regal CBs and are guaranteed by Regal. The principal terms of the Regal CBs were summarised in a joint announcement of Century City, Paliburg and Regal dated 8 June 2004.

The Regal CBs are convertible into Regal Shares at any time up to 13 July 2007. The current conversion price of the Regal CBs is HK\$0.25 per Regal Share and is subject to adjustment according to the terms and conditions of the Regal CBs. The new Regal Shares falling to be issued upon exercise of the conversion rights attaching to the Regal CBs will in all respects rank *pari passu* with the then existing issued Regal Shares.

The Regal CBs carry interest at 2% per annum, payable semi-annually in arrear.

As at the Latest Practicable Date, Regal CBs with an aggregate principal amount of HK\$175 million are outstanding.

THE PROMISSORY NOTES

The Purchaser has issued promissory notes, guaranteed by Paliburg, with an aggregate principal amount of HK\$300 million bearing interest at 5% per annum to the Vendors. The promissory notes fall due on 31 October 2007.

INFORMATION ON REGAL

Regal, together with its subsidiaries, jointly controlled entities and associates, are principally engaged in investment holding, hotel operation and management, hotel and property development and investment, asset management service, and other investments including investment and trading in financial instruments and marketable securities.

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The table below sets out the audited consolidated revenue and the audited consolidated profit before and after taxation of Regal for the years ended 31 December 2005 and 2006.

	For the year ended	
	31 December	
	2005	2006
	<i>HK\$' million</i>	<i>HK\$' million</i>
Revenue	1,141.1	1,261.2
Profit before tax	426.8	355.2
Profit after tax (before minority interests)	528.5	331.3
Profit after tax (after minority interests)	528.4	331.3

REASONS FOR AND BENEFITS OF THE TRANSACTION

Century City and Paliburg, through their respective subsidiaries, are principally engaged in investment holding, property development and investment, construction and building related businesses, and other investments.

Regal is a principal listed associate of Century City and Paliburg and was approximately 45.06% owned by Paliburg as at the Latest Practicable Date. Immediately before the Partial Regal CBs Conversion took effect, Regal CBs with an aggregate principal amount of HK\$325 million were outstanding. As at the Latest Practicable Date, there were also outstanding Regal Warrants conferring rights on their holders to subscribe for approximately 216.2 million new Regal Shares at a subscription price of HK\$0.25 per Regal Share. Among such Regal Warrants, the Group held Regal Warrants attaching rights to subscribe for approximately 54.2 million new Regal Shares as at the Latest Practicable Date. If the Purchaser did not enter into the Sale and Purchase Agreements to acquire the Subject Regal CBs and therefore there would not be any Partial Regal CBs Conversion and if all the outstanding Regal CBs were converted as at the Latest Practicable Date, the shareholding interest of the Group in Regal would be diluted from approximately 45.88% to approximately 40.18% and if all the outstanding Regal Warrants were also exercised, the shareholding interest of the Group in Regal would be further diluted to approximately 39.83%. The purpose of the acquisition of the Subject Regal CBs under the Sale and Purchase Agreements is to allow the Group to be able to hedge (to a certain extent) against the potential dilution in its shareholding interest in Regal as a result of the exercise of the Regal CBs and the Regal Warrants. The Directors consider it in the best interests of the Group for the Purchaser to acquire the Subject Regal CBs from the Vendors with a view to minimizing the dilution effect as a result of the conversion of the Regal CBs and the exercise of the Regal Warrants, as the strategic controlling shareholding interest in Regal represents the core investment assets of the Group. The Directors also consider that the terms of the Sale and Purchase Agreements are on normal commercial terms and fair and reasonable and in the interests of the Company and its shareholders as a whole.

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THE SHAREHOLDING IN REGAL

The table below sets out the shareholding structure of Regal as at the Latest Practicable Date and that immediately after conversion of the Regal CBs in full and after exercise of the Regal Warrants in full (assuming that there are no other changes to the shareholding of Regal apart from the issue of the new Regal Shares pursuant to the exercise of the Regal CBs and the Regal Warrants in full).

	As at the Latest Practicable Date		Upon conversion of the Regal CBs in full after completion of the Sale and Purchase Agreements		Upon conversion of the Regal CBs in full after completion of the Sale and Purchase Agreements and the exercise of the Regal Warrants in full	
	Number of Regal Shares	%	Number of Regal Shares	%	Number of Regal Shares	%
Paliburg and its associates	4,402,561,610	45.06%	4,702,561,610	44.91%	4,756,758,636	44.51%
Dr. Francis Choi Chee Ming (<i>Note 1</i>)	402,400,000	4.12%	802,400,000	7.66%	802,400,000	7.51%
Other directors of Regal and their associates (<i>Note 2</i>)	8,093,898	0.08%	8,093,898	0.08%	8,540,690	0.08%
Public shareholders						
The Vendors and their associates	300,000,000	3.07%	300,000,000	2.87%	300,000,000	2.81%
Other public shareholders	<u>4,657,241,954</u>	<u>47.67%</u>	<u>4,657,241,954</u>	<u>44.48%</u>	<u>4,818,789,752</u>	<u>45.09%</u>
	<u>9,770,297,462</u>	<u>100.00%</u>	<u>10,470,297,462</u>	<u>100.00%</u>	<u>10,686,489,078</u>	<u>100.00%</u>

Notes:

- (1) Dr. Francis Choi Chee Ming, a non-executive director and the vice chairman of the board of directors of Regal, owns Regal CBs with an aggregate principal amount of HK\$100 million.
- (2) Excluding their respective interests in Regal held through Paliburg.

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POSSIBLE FURTHER ACQUISITIONS

During the 12 months prior to the date of the Announcement, the Group conducted the Regal Shares Acquisition. As mentioned above in this circular, Regal is a principal listed associate of Century City and Paliburg. It is an important business strategy of Century City and Paliburg to maintain Paliburg's effective controlling shareholding interest in Regal at a level which the Paliburg Directors consider to be reasonable and appropriate. The acquisition of Regal Shares forms part of this strategy in view of the potential dilution effects as a result of the possible exercise of the Regal CBs and the Regal Warrants. With a view to maintaining an appropriate level of shareholding interest in Regal, it is possible that the Group may carry out the Possible Further Acquisitions (i.e. possible acquisitions of Regal Shares and Regal Warrants by the Group (including the exercise of any Regal Warrants purchased by the Group) for the 12-month period from 26 April 2007 to 25 April 2008) so long as the aggregate consideration will not exceed the Cap of HK\$260 million and provided that the Group will not trigger a mandatory general offer obligation under the Takeovers Code as a result of the Possible Further Acquisitions. On the basis that the Possible Further Acquisitions will only constitute a discloseable transaction for Century City and Paliburg, the Cap was determined based on the parameters of Century City's and Paliburg's size tests in respect of the Possible Further Acquisitions in accordance with Rule 14.07 of the Listing Rules at the time when the Cap was determined. Purchase prices of any Regal Shares and Regal Warrants will be determined with reference to the then market price of those securities on normal commercial terms. The Directors consider that the Possible Further Acquisitions are fair and reasonable and it is in the interests of the Company and its shareholders as a whole to have the flexibility to carry out the Possible Further Acquisitions.

For illustrative purposes, based on the Cap and the closing price of Regal Shares on 14 May 2007 (the Latest Practicable Date), the Group may acquire 382,352,941 Regal Shares representing approximately 3.91% of the issued ordinary share capital of Regal as at the Latest Practicable Date, during the 12-month period from 26 April 2007 to 25 April 2008 under the Possible Further Acquisitions.

FINANCIAL EFFECTS OF THE TRANSACTIONS ON THE GROUP

The conversion of the Subject Regal CBs and the Possible Further Acquisitions will enable the Group to maintain a reasonable level of shareholding interest in Regal. Regal is and is expected to continue to be a principal listed associate of the Company after the conversion of the Subject Regal CBs and any Possible Further Acquisitions which may take place on or before 25 April 2008. The share of the consolidated net assets and results of Regal will be accounted for in the consolidated financial statements of the Company using the equity method of accounting in accordance with the accounting policies of the Group.

Any outstanding amount of the promissory notes issued by the Purchaser to the Vendors will be accounted for as a current liability of the Group. The Group will incur interest expense on the outstanding amount of the promissory notes. If there are any Subject Regal CBs held by the Group

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outstanding as at the record date of interest payment of the Regal CBs, the Group will receive interest income deriving from such Regal CBs. If there are any Subject Regal CBs held by the Group outstanding as at the next financial reporting date of the Company, the Group may record a gain or loss arising from the fluctuation of the price of the underlying Regal Shares of such Regal CBs.

GENERAL

The acquisition of the Subject Regal CBs under the Sale and Purchase Agreements, the Regal Shares Acquisition and the Possible Further Acquisitions in aggregate constitute a discloseable transaction for the Company. The Company will have to re-comply with all the applicable reporting, announcement and/or shareholders' approval requirements under Chapter 14 of the Listing Rules if the aggregate consideration for the Possible Further Acquisitions exceeds the Cap.

Your attention is drawn to the general information regarding the Company which is required to be included in this circular under the Listing Rules as set out in Appendix I to this circular.

By Order of the Board
Paliburg 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:

	Name of Director	Class of shares held	Personal interests	Number of shares held		Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
				Family/ Other interests	Corporate interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary				
		(i) issued	124,242,765	—	4,126,974,001 (Note c(i))	4,251,216,766
		(ii) unissued	180,000,000 (Note c(ii))	—	—	180,000,000
				Total (i) & (ii):		4,431,216,766 (61.47%)
	Mr. Donald Fan Tung	Ordinary				
		(i) issued	2,718	—	—	2,718
		(ii) unissued	20,000,000 (Note d)	—	—	20,000,000
				Total (i) & (ii):		20,002,718 (0.28%)

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	Family/ Other interests	Corporate interests	
	Mr. Jimmy Lo Chun To	Ordinary				
		(i) issued	284,000	—	—	284,000
		(ii) unissued	20,000,000 <i>(Note d)</i>	—	—	20,000,000
					Total (i) & (ii):	20,284,000 (0.28%)
	Miss Lo Po Man	Ordinary (unissued)	10,000,000 <i>(Note e)</i>	—	—	10,000,000 (0.14%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 <i>(Note d)</i>	—	—	20,000,000 (0.28%)
	Mr. Ng Siu Chan	Ordinary (issued)	—	536,500	—	536,500 (0.0074%)
	Mr. Kenneth Wong Po Man	Ordinary				
		(i) issued	2,000	—	—	2,000
		(ii) unissued	10,000,000 <i>(Note e)</i>	—	—	10,000,000
					Total (i) & (ii):	10,002,000 (0.14%)
2. Century City	Mr. Lo Yuk Sui	Ordinary				
		(i) issued	294,516,903	—	11,664,822,186 <i>(Note a(i))</i>	11,959,339,089
		(ii) unissued	408,903,380 <i>(Notes a(ii) & (iii))</i>	—	2,332,964,436 <i>(Note a(iv))</i>	2,741,867,816
					Total (i) & (ii):	14,701,206,905 (78.94%)
	Mr. Jimmy Lo Chun To	Ordinary				
		(i) issued	1,659,800	—	—	1,659,800
		(ii) unissued	331,960 <i>(Note b(i))</i>	—	—	331,960
					Total (i) & (ii):	1,991,760 (0.011%)

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	Family/ Other interests	Corporate interests	
	Miss Lo Po Man	Ordinary				
		(i) issued	740,437	—	—	740,437
		(ii) unissued	148,087	—	—	148,087
			(Note b(ii))			
					Total (i) & (ii):	888,524 (0.005%)
	Mr. Ng Siu Chan	Ordinary				
		(i) issued	—	23,221,800	—	23,221,800
		(ii) unissued	—	4,644,360	—	4,644,360
				(Note b(iii))		
					Total (i) & (ii):	27,866,160 (0.15%)
	Mr. Kenneth Wong Po Man	Ordinary				
		(i) issued	2,000	—	—	2,000
		(ii) unissued	400	—	—	400
			(Note b(iv))			
					Total (i) & (ii):	2,400 (0.00001%)
3. Regal	Mr. Lo Yuk Sui	Ordinary				
		(i) issued	220,000	—	4,402,561,610	4,402,781,610
					(Note f(i))	
		(ii) unissued	200,022,000	—	369,805,453	569,827,453
			(Notes f(iii) & (vi))		(Notes f(ii) to (v))	
					Total (i) & (ii):	4,972,609,603 (50.90%)
		Preference (issued)	—	—	3,440	3,440 (20.54%)
					(Note f(iv))	
	Mr. Donald Fan Tung	Ordinary (unissued)	20,000,000	—	—	20,000,000 (0.20%)
			(Note g)			
	Mr. Jimmy Lo Chun To	Ordinary (unissued)	15,000,000	—	—	15,000,000 (0.15%)
			(Note h)			

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	Family/ Other interests	Corporate interests	
	Miss Lo Po Man	Ordinary				
		(i) issued	3,000,000	2,503,898 <i>(Note i(i))</i>	—	5,503,898
		(ii) unissued	30,000,000 <i>(Note i(ii))</i>	187,792 <i>(Note i(i))</i>	—	30,187,792
					Total (i) & (ii):	35,691,690 (0.37%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 <i>(Note g)</i>	—	—	20,000,000 (0.20%)
	Mr. Kenneth Wong Po Man	Ordinary				
		(i) issued	2,000	—	—	2,000
		(ii) unissued	200 <i>(Note j)</i>	—	—	200
					Total (i) & (ii):	2,200 (0.00002%)
4. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1,000 <i>(Note k)</i>	1,000 (100%)

Notes:

- (a) (i) The interests in 914,822,186 issued ordinary shares of Century City were held through companies wholly owned by Mr. Lo Yuk Sui (“Mr. Lo”) and a company, namely Master City Limited, 99.96% owned by Mr. Lo.

The interests in 10,750,000,000 issued ordinary shares of Century City were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
Century City	Mr. Lo	64.21
Century City BVI Holdings Limited	Century City	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Grand Modern Investments Limited (“Grand Modern”)	Century Digital Holdings Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Grand Modern	Century Digital Holdings Limited	100.00

- (ii) The interests in 350,000,000 unissued ordinary shares of Century City were held through the interests in the options granted under the share option scheme of Century City named as “The Century City International Holdings Limited Share Option Scheme”, entitling the holder thereof to subscribe for a total of 350,000,000 new ordinary shares of Century City at an exercise price of HK\$0.12 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of Century City under vested options
12 May 2007 to 11 May 2011	140,000,000
12 May 2008 to 11 May 2011	70,000,000
12 May 2009 to 11 May 2011	70,000,000
12 May 2010 to 11 May 2011	70,000,000

- (iii) The interests in 58,903,380 unissued ordinary shares of Century City related to the interests in the warrants of Century City (the “2011 Warrants”) carrying subscription rights in an aggregate amount of HK\$5,890,338.00, which are exercisable during the period from 18 April 2006 to 11 January 2011 to subscribe for a total of 58,903,380 new ordinary shares of Century City at an initial subscription price of HK\$0.10 per ordinary share (subject to adjustments).
- (iv) The interests in 2,332,964,436 unissued ordinary shares of Century City related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$233,296,443.60, which are exercisable to subscribe for a total of 2,332,964,436 new ordinary shares of Century City upon the terms as set out in note (a)(iii) above.
- (b) (i) The interests in 331,960 unissued ordinary shares of Century City related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$33,196.00, which are exercisable to subscribe for a total of 331,960 new ordinary shares of Century City upon the terms as set out in note (a)(iii) above.
- (ii) The interests in 148,087 unissued ordinary shares of Century City related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$14,808.70, which are exercisable to subscribe for a total of 148,087 new ordinary shares of Century City upon the terms as set out in note (a)(iii) above.
- (iii) The interests in 4,644,360 unissued ordinary shares of Century City related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$464,436.00, which are exercisable to subscribe for a total of 4,644,360 new ordinary shares of Century City upon the terms as set out in note (a)(iii) above.
- (iv) The interests in 400 unissued ordinary shares of Century City related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$40.00, which are exercisable to subscribe for a total of 400 new ordinary shares of Century City upon the terms as set out in note (a)(iii) above.
- (c) (i) The interests in 3,820,218,001 issued ordinary shares of the Company were held through companies wholly owned by Century City, in which Mr. Lo held 64.21% shareholding interests.

The interests in 106,756,000 issued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 200,000,000 issued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (ii) The interests in 180,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under share option scheme of Paliburg named as “The Paliburg Holdings Limited Share Option Scheme” (the “Paliburg Share Option Scheme”), entitling the holder thereof to subscribe for a total of 180,000,000 new ordinary shares of the Company at an exercise price of HK\$0.22 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
12 May 2007 to 11 May 2011	72,000,000
12 May 2008 to 11 May 2011	36,000,000
12 May 2009 to 11 May 2011	36,000,000
12 May 2010 to 11 May 2011	36,000,000

- (d) The interests in 20,000,000 unissued ordinary shares share option of the Company were held through the interests in the options granted under the Paliburg 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\$0.22 per ordinary share (subject to adjustments). The options 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 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

- (e) The interests in 10,000,000 unissued ordinary shares share option of the Company were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 10,000,000 new ordinary shares of the Company at an exercise price of HK\$0.22 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of the Company under vested options
25 July 2007 to 24 July 2011	4,000,000
25 July 2008 to 24 July 2011	2,000,000
25 July 2009 to 24 July 2011	2,000,000
25 July 2010 to 24 July 2011	2,000,000

- (f) (i) The issued ordinary shares of Regal were held through companies wholly owned by the Company, in which Century City held 53.0% shareholding interests.
- (ii) The interests in 69,805,453 unissued ordinary shares of Regal were held through companies wholly owned by the Company, in which Century City held 53.0% shareholding interests.

- (iii) The interests in 22,000 and 54,197,026 unissued ordinary shares of Regal related to the interests in the warrants of Regal (the “2007 Warrants”) carrying subscription rights in an aggregate amount of HK\$13,554,756.50, which are exercisable during the period from 2 February 2005 to 26 July 2007 to subscribe for a total of 54,219,026 new ordinary shares of Regal 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 Regal related to the interests in 3,440 convertible cumulative preference shares of Regal carrying rights to convert into 15,608,427 new ordinary shares of Regal, 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.
- (v) The interests in 300,000,000 unissued ordinary shares of Regal were held by a wholly owned subsidiary of the Company, in which Century City held 53.0% shareholding interests, through the interests in HK\$75,000,000 Regal CBs, which are convertible into a total of 300,000,000 new ordinary shares of Regal at any time up to 13 July 2007 at the initial conversion price of HK\$0.25 per share (subject to adjustments).
- (vi) The interests in 200,000,000 unissued ordinary shares of Regal were held through the interests in the options granted under the share option scheme of Regal named as “The Regal Hotels International Holdings Limited Share Option Scheme” (the “Regal Share Option Scheme”), entitling the holder thereof to subscribe for a total of 200,000,000 new ordinary shares of Regal at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of Regal 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

- (g) The interests in 20,000,000 unissued ordinary shares of Regal were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 20,000,000 new ordinary shares of Regal at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of Regal 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

- (h) The interests in 15,000,000 unissued ordinary shares of Regal were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 15,000,000 new ordinary shares of Regal at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of Regal 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

- (i) (i) The interests in 2,503,898 issued ordinary shares of Regal and the interests in 187,792 unissued ordinary shares of Regal were held by Miss Lo Po Man as the beneficiary of a trust. The interests in 187,792 unissued ordinary shares of Regal related to the interests in the 2007 Warrants carrying subscription rights in an aggregate amount of HK\$46,948.00, which are exercisable to subscribe for a total of 187,792 new ordinary shares of Regal upon the terms as set out in note (f)(iii) above.
- (ii) The interests in 30,000,000 unissued ordinary shares of Regal were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 30,000,000 new ordinary shares of Regal at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options 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 be exercisable as follows:

Exercise period	Number of ordinary shares of Regal 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

- (j) The interests in 200 unissued ordinary shares of Regal related to the interests in the 2007 Warrants carrying subscription rights in an aggregate amount of HK\$40.00, which are exercisable to subscribe for a total of 200 new ordinary shares of Regal upon the terms as set out in note (f)(iii) above.
- (k) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 64.21% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

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 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 Shares held	Approximate percentage of issued Shares as at the Latest Practicable Date
Century City (<i>Notes i and ii</i>)	3,820,218,001	53.00%
Century City BVI Holdings Limited ("CCBVI") (<i>Note ii</i>)	3,820,218,001	53.00%
Almighty International Limited ("Almighty") (<i>Note ii</i>)	1,909,853,045	26.49%
Cleerview Investments Limited ("Cleerview") (<i>Note ii</i>)	1,185,026,955	16.44%

Notes:

- (i) Mr. Lo Yuk Sui directly and indirectly held 64.21% shareholding interests in Century City and the interests in these Shares held by Century City through its wholly owned subsidiary companies were included in the corporate interests of Mr. Lo Yuk Sui in the Shares of the Company as disclosed under the section headed "Disclosure of Directors' Interests" above.
- (ii) These companies are wholly owned by Century City and their interests in the Shares were included in the interests held by Century City.

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 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 Shares and underlying Shares 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 and Mr. Kenneth Ng Kwai Kai are directors of Century City.
- (2) Messrs. Lo Yuk Sui, Donald Fan Tung and Kenneth Ng Kwai Kai are directors of CCBVI, Almighty and Cleverview.

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 Paliburg is located at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong. The registered office of Paliburg is located at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda.
- (b) The branch share registrar of Paliburg in Hong Kong is Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

- (c) The secretary of Paliburg 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 Paliburg 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.