

**ISSUE OF HK\$1,000 MILLION ZERO COUPON
CONVERTIBLE NOTES DUE 2010
MONTHLY ANNOUNCEMENT**

Reference is made to the Company's announcement dated 20th April, 2005 and circular dated 23rd May, 2005. The Board would like to report the details of conversion of the Convertible Notes during the period from 1st May, 2006 to 31st May, 2006.

Reference is made to the Company's announcement dated 20th April, 2005 and circular dated 23rd May, 2005. The Company made this announcement as per the requirements of paragraph (a) under the heading "Dilution Effect on Shareholders" of such announcement and circular. Unless otherwise specified, terms used herein shall have the same meanings as defined in the Circular.

The Board would like to report the details of conversion of the Convertible Notes during the period from 1st May, 2006 to 31st May, 2006.

The Directors wish to announce that, further to the Company's announcement dated 2nd May, 2006, the Board has approved the conversion notices given on 2nd and 16th May, 2006 respectively by four holders, holding an aggregate principal amount of HK\$92,450,000 of the Convertible Notes, to convert the Convertible Notes into 210,113,635 Shares at the conversion price of HK\$0.44 per Share.

As a result of the conversion of the Convertible Notes during the month under review (the "**Conversion**"), a total of 210,113,635 Shares, representing approximately 15.96% of the issued share capital of the Company as at 1st May, 2006 and approximately 13.76% of the issued share capital of the Company as enlarged by the issue of Shares upon the Conversion, have been allotted and issued. Following the Conversion, the aggregate outstanding principal for the Convertible Notes was HK\$582,050,000 as at 31st May, 2006.

Details of the Conversion and the changes in the issued share capital of the Company during the period from 1st May, 2006 to 31st May, 2006 are set out below:

* *For identification purpose only*

	Number of Shares
Number of issued Shares as at 1st May, 2006	1,316,663,906
Notices of Conversion received on 2nd May, 2006 and approved by the Board for the Convertible Notes of HK\$82,450,000 at the conversion price of HK\$0.44 per Share	187,386,363
Notice of Conversion received on 16th May, 2006 and approved by the Board for the Convertible Notes of HK\$10,000,000 at the conversion price of HK\$0.44 per Share	22,727,272
Number of issued Shares as at 31st May, 2006	<u>1,526,777,541</u>

This announcement is only released through the web-site of the Stock Exchange and no publication in the newspaper is made.

For and on behalf of
Cheung Tai Hong Holdings Limited
Yan Ha Hung, Loucia
Company Secretary

Hong Kong, 6th June, 2006

As at the date of this announcement, the Board comprises Mr. Cheung Hon Kit (Chairman) and Mr. Chan Fut Yan (Managing Director) as executive Directors, Mr. Ho Hau Chong, Norman (Deputy Chairman) and Mr. Lo Lin Shing, Simon as non-executive Directors and Mr. Wong Chi Keung, Alvin, Mr. Kwok Ka Lap, Alva and Mr. Chui Sai Cheong as independent non-executive Directors.