



ANNOUNCEMENT
HOTEL DEVELOPMENT PROJECT IN MACAU

The board of directors of the Company refers to the announcement of the Company dated 11th March, 2005 on execution of the MOA in respect of a hotel development project in the Cotai Resort Area in Macau. On 6th September 2005, the MOA ceased to have effect. The Company has today applied directly to the Macau Government for the land grant of the land parcel previously intended to be selected for the Project.

Shareholders, warrant holders and potential investors of the Company should note that the land grant application is subject to approval by the Macau Government and the Development Project (as described in this announcement) may or may not proceed. Caution should be exercised when dealing in the securities of the Company.

The board of directors of Regal Hotels International Holdings Limited (the "Company") refers to the announcement of the Company dated 11th March, 2005 (the "Announcement") on execution of a Memorandum of Agreement (the "MOA") in respect of a hotel development project in the Cotai Resort Area in Macau. Capitalised terms defined in the Announcement shall have the same meanings in this announcement unless otherwise stated.

As stated in the Announcement, the Company entered into the MOA with Venetian on 11th March, 2005 in respect of a hotel development project in Macau. The MOA was non-legally binding, and subject to the relevant parties finalising and agreeing on the terms of the definitive agreements.

By reason of certain material changes in the circumstances affecting some fundamental issues that had remained unresolved, the terms of the definitive agreements could not be agreed or finalised, and hence the MOA ceased to have effect on 6th September, 2005. The Company, having invested significant amount of time, efforts and resources, remains committed to the Development Project (as defined below). With a view to securing its rights in the development site and in furtherance of the Development Project, the Company has today applied directly to the Macau Government for the land grant of the land parcel previously intended to be selected for the Project, and if the application is approved, the Group can and is well positioned to proceed with the Development Project as soon as practicable. There is no material impact on the Company on the ceasing of the MOA. Nevertheless, the Company is intending to proceed with the Development Project.

According to the land grant application and the development proposal submitted to the Macau Government, the Group plans to develop a mega scale hotel complex on the subject land with a site area of approximately 618,000 square feet and a total expected permissible gross floor area of approximately 3.4 million square feet (the "Development Project"). The Development Project, which is planned to be developed in two phases, will comprise three four-star to super-five-star hotels with a total of 3,950 guestrooms and suites, together with food and beverage outlets and related hotel facilities, a performance theatre, a convention plaza, a 3-D IMAX theatre, shopping and entertainment areas as well as a hotel training school. The Development Project will also house a casino which is presently planned to be leased to and operated by an authorised gaming operator in Macau. Under the current plan and subject to approval for the land grant from the Macau Government, and all necessary permissions being obtained, construction work for the first phase of the Development Project is anticipated to commence later this year or early next year, with completion expected by early 2008. There are no material changes in the Development Project currently planned under the overall development proposal submitted, as compared with the Project described in the Announcement.

Shareholders, warrant holders and potential investors of the Company should note that the land grant application is subject to approval by the Macau Government and the Development Project may or may not proceed. Caution should be exercised when dealing in the securities of the Company.

Further announcement regarding the Development Project will be made as and when required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Board of Directors of the Company

Executive Directors:

Mr. LO Yuk Sui (*Chairman and Managing Director*)
Mr. Donald FAN Tung
Mr. Tommy LAM Chi Chung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai
Ms. Belinda YEUNG Bik Yiu

Non-Executive Directors:

Dr. Francis CHOI Chee Ming (*Vice Chairman*)
Mr. Kai Ole RINGENSON

Independent Non-Executive Directors:

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

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

Hong Kong, 6th September, 2005