

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Incorporated in Bermuda with limited liability)

(Stock Code: 78)

CONNECTED TRANSACTION

The Board of Regal announces that by the RRH Letter of Intent, on 20th August, 2007, RCAL, as the AEP Agent, awarded to Chatwin, as the main contractor, the construction and alteration works for the addition of three additional stories, comprising 274 additional guest rooms, on top of the existing hotel building of the Regal Riverside Hotel.

The transaction under the RRH Main Contract constitutes a connected transaction for Regal pursuant to Rule 14A.13(1)(a) of the Listing Rules. As disclosed in the announcement of Regal dated 8th February, 2007, the respective transactions under the RAH Main Contract, the ROH Main Contract and the Appointments (all as defined in the announcement of Regal dated 8th February, 2007) each constituted a connected transaction for Regal pursuant to Rule 14A.13(1)(a) of the Listing Rules and were, as aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rule, subject only to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.32(1) of the Listing Rules. The transactions under the RAH Main Contract, the ROH Main Contract and the Appointments as well as the RRH Main Contract would be aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rules. All these transactions, as aggregated, are subject only to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.32(1) of the Listing Rules.

THE RRH LETTER OF INTENT

The Board of Regal announces that by the RRH Letter of Intent, on 20th August, 2007, RCAL, as the AEP Agent, awarded to Chatwin, as the main contractor, the construction and alteration works for the addition of three additional stories, comprising 274 additional guest rooms, on top of the existing hotel building of the Regal Riverside Hotel.

Date of the RRH Letter of Intent

20th August, 2007

Parties to the RRH Letter of Intent

RCAL, a wholly owned subsidiary of Regal, as the employer and Chatwin, a wholly owned subsidiary of the Paliburg Group, as the main contractor.

RCAL is the AEP Agent appointed by RRHL for the implementation of the Asset Enhancement Program relating to the Regal Riverside Hotel.

Chatwin is principally engaged in building construction. Chatwin is the construction arm of the Paliburg Group and has extensive experience in the construction business in both public and private sectors. Chatwin had previously undertaken and completed the main contract works for the construction of certain Initial Hotel Properties developed by the Regal Group.

Details of the RRH Letter of Intent

As part of the agreement relating to the sale and purchase of the Initial Hotel Properties (including the Regal Riverside Hotel), the Asset Enhancement Program (including the construction and alteration works under the RRH Letter of Intent and the RRH Main Contract) was undertaken to be carried out by Regal at its full and own cost, through RCAL as the AEP Agent. The RRH Letter of Intent essentially entails the construction and alteration works for the addition of three additional stories, comprising 274 additional guest rooms, on top of the existing hotel building of the Regal Riverside Hotel. The RRH Letter of Intent for the RRH Main Contract was awarded to Chatwin through a selective tender process by invitation to selected competitive contractors.

Contract Period and Completion of the RRH Main Contract Works

The construction and alteration works under the RRH Main Contract are scheduled to be completed by the end of 2008.

Contract Sum of the RRH Main Contract

The contract sum for the construction and alteration works under the RRH Main Contract is approximately HK\$86,200,000. The contract sum was determined after commercial negotiations between the parties to the RRH Letter of Intent on an arm's length basis through a selective tender process and in consultation with an appointed quantity surveyor. The award of the RRH Main Contract at the contract sum of approximately HK\$86,200,000 was finalised and determined after assessment of the relevant tenders received and subsequent negotiations with the short-listed contractors on the final tender price, which was to constitute the contract sum.

The contract sum is payable in stages according to the progress of the construction and alteration works under the RRH Main Contract. The Regal Group expects that the payment of the contract sum under the RRH Main Contract will be financed by its internal resources.

GENERAL

The Directors (including the independent non-executive directors) consider that the RRH Main Contract was entered into on normal commercial terms which are fair and reasonable and in the interests of the Regal Group and the shareholders of Regal as a whole.

The Regal Group is principally engaged in the businesses of hotel operation and management, property development and investment, asset management and other investments.

The principal business activities of the Paliburg Group are property development and investment, construction and building related businesses, investment holding and other investments.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Paliburg holds, through its wholly owned subsidiaries, approximately 44.6% shareholding interests in the issued ordinary share capital of Regal, and Chatwin is a wholly owned subsidiary of Paliburg. Chatwin is a connected person of Regal.

The transaction under the RRH Main Contract constitutes a connected transaction for Regal pursuant to Rule 14A.13(1)(a) of the Listing Rules. As disclosed in the announcement of Regal dated 8th February, 2007, the respective transactions under the RAH Main Contract, the ROH Main Contract and the Appointments (all as defined in the announcement of Regal dated 8th February, 2007) each constituted a connected transaction for Regal pursuant to Rule 14A.13(1)(a) of the Listing Rules and were, as aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rule, subject only to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.32(1) of the Listing Rules. The transactions under the RAH Main Contract, the ROH Main Contract and the Appointments as well as the RRH Main Contract would be aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rules. All these transactions, as aggregated, are subject only to the reporting and announcement requirements and exempted from the requirement of obtaining the independent shareholders' approval pursuant to Rule 14A.32(1) of the Listing Rules.

DEFINITIONS

“Asset Enhancement Program” or “AEP”	the asset enhancement program being carried out by Regal for certain Initial Hotel Properties, including the Regal Riverside Hotel, as disclosed in the offering circular dated 19th March, 2007 relating to the initial public offering and new listing of the units of Regal REIT
“Board”	the board of Directors
“Chatwin”	Chatwin Engineering Limited, a wholly owned subsidiary of Paliburg
“Directors”	the directors of Regal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Initial Hotel Properties”	the hotel properties currently held under the Regal REIT, details of which were disclosed in the offering circular dated 19th March, 2007 relating to the initial public offering and new listing of the units of Regal REIT
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Paliburg Group”	Paliburg and its subsidiaries
“RCAL” or “AEP Agent”	Regal Contracting Agency Limited, a wholly owned subsidiary of Regal and the agent appointed for the implementation of the Asset Enhancement Program
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Regal Group”	Regal and its subsidiaries
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under the Securities and Futures Ordinance, the units of which are listed on the Stock Exchange
“Regal Riverside Hotel”	the Regal Riverside Hotel located at 34-36 Tai Chung Kiu Road, Shatin, New Territories, Hong Kong
“RRH Letter of Intent”	the Letter of Intent dated 20th August, 2007 issued by RCAL as the employer to Chatwin and accepted by Chatwin on 20th August, 2007 relating to the award of the RRH Main Contract to Chatwin upon the principal terms as stipulated therein
“RRH Main Contract”	the RRH Letter of Intent and the main contract for the RRH Main Contract Works to be entered into between RCAL and Chatwin pursuant to the RRH Letter of Intent, setting out the detailed terms and conditions of the employment of Chatwin as the main contractor
“RRH Main Contract Works”	the main contract works under the RRH Main Contract with respect to the construction and alteration works for the addition of three additional stories, comprising 274 additional guest rooms, on top of the existing hotel building of the Regal Riverside Hotel

“RRHL” Regal Riverside Hotel Limited, a company held under Regal REIT and the owner of the Regal Riverside Hotel

“Stock Exchange” The Stock Exchange of Hong Kong Limited

BOARD OF DIRECTORS OF REGAL

As at the date of this announcement, the Board of Regal comprises the following members:

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

Non-Executive Director:

Dr. Francis CHOI Chee Ming, J.P.
(Vice Chairman)

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, 22nd August, 2007