

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.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in Hong Kong or elsewhere nor is it calculated to invite any such offer or invitation. Any public offering of securities would be made by means of an offering circular that may be obtained from the issuer or selling security holder and that would contain detailed information about the company and management, as well as financial statements.

The Units have not been registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.



**VERY SUBSTANTIAL DISPOSAL IN RELATION TO
THE PROPOSED SPIN-OFF OF
REGAL REAL ESTATE INVESTMENT TRUST
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED
ANNOUNCEMENT**

**1. DISPATCH OF CD-ROM CONTAINING AN ELECTRONIC FORMAT
OF THE OFFERING CIRCULAR AND BLUE APPLICATION FORM
AND
2. INDICATIVE PRICE RANGE OF UNITS**

The Board is pleased to announce that it has been advised by the REIT Manager that Regal REIT has obtained the Authorization from the SFC on March 5, 2007 and that Regal REIT will launch its Global Offering on Monday, March 19, 2007.

The Directors wish to notify the Qualifying Shareholders that a printed personalized BLUE Application Form together with a CD-ROM containing an electronic format of the Offering Circular to be issued by Regal REIT in relation to the Global Offering will be dispatched to each of the Qualifying Shareholders pursuant to the Preferential Offering on Monday, March 19, 2007. Qualifying Shareholders may also obtain printed copies of the Offering Circular from any of the locations listed in this announcement or by making a telephone or written request to the Registrar within the prescribed times listed in this announcement.

Qualifying Shareholders are entitled to subscribe for one Reserved Unit for every whole multiple of 100 Shares held by them at the close of business on the Record Date. Any Qualifying Shareholder holding less than 100 Shares on the Record Date will not be entitled to apply for any Reserved Unit. Qualifying Shareholders who wish to apply for Reserved Units under the Preferential Offering (either in whole or part) will be required to complete the BLUE Application Forms in accordance with the terms and conditions set out therein. The Directors wish to remind the Qualifying Shareholders that the latest time for lodging the completed BLUE Application Form is 12:00 noon on Thursday, March 22, 2007.

Certain Overseas Shareholders will be excluded from the Preferential Offering on account of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and they will be notified by mail on such exclusion. All other Overseas Shareholders will be notified by mail regarding their respective entitlements on the subscription of Units under the Preferential Offering.

The Offer Price is expected to be determined by agreement between the Company, the Joint Global Coordinators (as defined in the Offering Circular), on behalf of the Hong Kong Underwriters, and the REIT Manager following completion of the book-building process for the International Offering and after assessment of the level of market demand for the Global Offering. The Company has been advised by the REIT Manager (acting on behalf of Regal REIT) that the indicative range of the proposed Offer Price per Unit will not be less than HK\$2.68 and not more than HK\$3.38 (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%). The final Offer Price is expected to be determined on or about Friday, March 23, 2007 and announced on or before Thursday, March 29, 2007.

Shareholders should note that the Proposed Spin-off is dependent on a number of factors and subject to a number of conditions as contained in the Circular, which may or may not be satisfied. Thus, there can be no assurance that the Proposed Spin-off will proceed. Accordingly, Shareholders or potential investors are reminded to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers.

Reference is made to the Company's announcement dated February 16, 2007, and the circular dated February 21, 2007 issued by the Company to its Shareholders (the "Circular"). Terms used in this announcement shall have the same meanings as defined in the Circular unless otherwise defined herein.

**1. DISPATCH OF BLUE APPLICATION FORM AND CD-ROM CONTAINING AN ELECTRONIC
FORMAT OF THE OFFERING CIRCULAR**

The Directors have been advised by the REIT Manager that Regal REIT has obtained the Authorization from the SFC on March 5, 2007 and that Regal REIT will launch its Global Offering on Monday, March 19, 2007. In connection with the Preferential Offering and in compliance with the requirements of Rule 2.07A of the Listing Rules, the REIT Manager will dispatch to each of the Qualifying Shareholders on Monday, March 19, 2007 a covering letter enclosing a printed personalized BLUE Application Form containing details of the number of Reserved Units which such Qualifying Shareholder is entitled to apply for under the Preferential Offering, together with a CD-ROM containing an electronic format of:

- (i) Regal REIT's offering circular dated March 19, 2007 in English;
- (ii) Regal REIT's offering circular dated March 19, 2007 in Chinese (referred to collectively with (i), as the "Offering Circular"); and
- (iii) a specimen of the BLUE Application Form (for information purposes only).

The printed BLUE Application Form contains details of the Assured Entitlement. The contents of the Offering Circular and the specimen BLUE Application Form in electronic format on the CD-ROM are identical with the contents of the Offering Circular and the BLUE Application Form in printed form (save for the personalised information which is printed on the PRINTED BLUE Application Form but which is not included in the specimen BLUE Application Form on the CD-ROM).

The Company has been informed by the REIT Manager that copies of the Offering Circular can be obtained in the manner as described below.

The Offering Circular will also be available on the Stock Exchange's website at www.hkex.com.hk from 9:00 a.m. on Monday, March 19, 2007.

If Qualifying Shareholders do not have access to a personal computer and so are unable to view the electronic format of the Offering Circular, or would rather have a printed copy of the Offering Circular, they may send a written request to the offices of the Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, or make a telephone request to the Registrar on telephone number +852 2862 8555 at any time between 9:00 a.m. and 6:00 p.m. on Monday, March 19, 2007, Tuesday, March 20, 2007 and Wednesday, March 21, 2007, and at any time between 9:00 a.m. and 12:00 noon on Thursday, March 22, 2007, and the Registrar will arrange for a printed copy of the Offering Circular to be delivered to the relevant Qualifying Shareholder at its address as shown on the register of members of the Company by ordinary post as soon as practicable. However, Qualifying Shareholders should note that should such request be made, they may not be able to receive a printed copy of the Offering Circular before the time when the application lists close, i.e. 12:00 noon on Thursday, March 22, 2007.

Qualifying Shareholders may also obtain printed copies of the Offering Circular from the offices of the Registrar and at any of the following locations listed below:

1. The following designated branches of receiving banks during normal business hours from 9:00 a.m. on Monday, March 19, 2007 until 12:00 noon on Thursday, March 22, 2007:

The Bank of East Asia, Limited:

Hong Kong Island:

Chai Wan Branch 345 Chai Wan Road
Kennedy Town Centre Branch Shop D, G/F, Kennedy Town Centre, 23 Belcher's Street
Queen's Road Central Branch Shop A-C, G/F, Wah Ying Cheong Central Building, 158-164 Queen's Road Central
Siu Sai Wan Branch Shops Nos. 56-62, G/F, Cheerful Garden
Wanchai Branch Shop Nos. A-C, G/F, Easey Commercial Building, 253-261 Hennessy Road, Wanchai

Kowloon:

Lower Wong Tai Sin Estate Branch S13, 2/F, Wong Tai Sin Shopping Centre
Kwun Tong Branch 7 Hong Ning Road
Mongkok Branch 638-640 Nathan Road
Tsim Sha Tsui Branch Shop A & B, Milton Mansion, No. 96 Nathan Road
Yaumatei Branch G/F, 526 Nathan Road

New Territories:

Ma On Shan Plaza Branch Shop Nos. 318-322, Level 3, Ma On Shan Plaza, 608 Sai Sha Road, Ma On Shan
East Point City Branch Shop No. 217B, Level 2, East Point City, 8 Chung Wa Road, Tseung Kwan O
Tai Po Branch 62-66 Po Heung Street, Tai Po Market
Tin Shui Wai Branch Shop No. 128, 1/F, Phase 2, Kingswood Ginza, 12-18 Tin Yan Road, Tin Shui Wai
Tuen Mun Town Plaza Branch Shop Nos. 2-10, UG/F, Tuen Mun Town Plaza Phase II, 3 Tuen Lung Street, Tuen Mun

Hang Seng Bank Limited:

Hong Kong Island:

Head Office 83 Des Voeux Road Central
Central District Branch Basement Central Building, Pedder Street
Causeway Bay Branch 28 Yee Wo Street

Wanchai Branch 200 Hennessy Road
North Point Branch 335 King's Road

Kowloon:

Tsim Sha Tsui Branch 18 Carnarvon Road
Kwun Tong Branch 70 Yue Man Square
Kowloon Main Branch 618 Nathan Road
Mongkok Branch 677 Nathan Road
Yaumatei Branch 363 Nathan Road

New Territories:

Tsuen Wan Branch 289 Sha Tsui Road, Tsuen Wan

The Hongkong and Shanghai Banking Corporation Limited:

Hong Kong Island:

Hong Kong Office 1 Queen's Road Central
Aberdeen Centre Branch Shop 2, G/F, Site I, Aberdeen Centre, Aberdeen
Des Voeux Road Central Branch China Insurance Group Building, 141 Des Voeux Road Central
North Point Branch G/F, Winner House, 306-316 King's Road, North Point
The Westwood Branch LG01-3, LG Floor, The Westwood, 8 Belcher's Street
Hopewell Centre Branch Shop No. 1-2, G/F, Hopewell Centre, 183 Queen's Road East, Wan Chai

Kowloon:

Mong Kok Branch 673 Nathan Road, Mong Kok
Kwun Tong Branch No. 1, Yue Man Square, Kwun Tong
Kowloon City Branch 1/F, 18 Fuk Lo Tsun Road, Kowloon City
Amoy Plaza Branch Shops G193-200 & 203, G/F, Amoy Plaza Phase II, 77 Ngau Tau Kok Road
238 Nathan Road Branch Shop No. 1, 1/F & Shop No. 1-3, G/F, 238 Nathan Road
Ocean Centre Branch Shop 361-5, Level 3, Ocean Centre, Harbour City

New Territories:

Citylink Plaza Branch Shops 38-46, Citylink Plaza, Shatin Station Circuit, Sha Tin
Tuen Mun Town Plaza Branch Shop 1, UG/F, Shopping Arcade Phase II, Tuen Mun Town Plaza, Tuen Mun
Tai Wai Branch Shops 42-44, KCR Tai Wai Station, Sha Tin

Industrial and Commercial Bank of China (Asia) Limited:

Hong Kong Island:

Queen's Road Central Branch 122-126 Queen's Road Central
Central Branch 1/F., 9 Queen's Road Central
Sheung Wan Branch Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan
West Point Branch 242-244 Queen's Road West, Sai Ying Pun
Wanchai Branch 117-123 Hennessy Road, Wanchai
Causeway Bay Branch Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
North Point Branch G/F, 436-438 King's Road, North Point

Kowloon:

Tsim Sha Tsui East Branch Shop B, G/F, Railway Plaza, 39 Chatham Road South, Tsim Sha Tsui
Kwun Tong Branch G/F., Lemmi Centre, 50 Hoi Yuen Road, Kwun Tong
Mongkok Branch G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
Shamshuipo Branch G/F, 290 Lai Chi Kok Road, Shamshuipo

New Territories:

Kwai Chung Branch Unit G02, Tower A, Regent Centre, 63 Wo Yi Hop Road, Kwai Chung
Sha Tsui Road Branch Shop 4, G/F., Chung On Building, 297-313 Sha Tsui Road, Tsuen Wan

Standard Chartered Bank (Hong Kong) Limited:

Hong Kong Island:

Des Voeux Road Branch Standard Chartered Bank Building, 4-4A Des Voeux Road, Central
88 Des Voeux Road Branch 88 Des Voeux Road, Central
Central Branch Shop No. 16, G/F and Lower G/F, New World Tower, 16-18 Queen's Road Central
399 Hennessy Road, Wanchai
Hennessy Road Branch Shop 12-16, UG/F, Leighton Centre, 77 Leighton Road, Causeway Bay
Leighton Centre Branch G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Quarry Bay Branch North Point Centre, 284 King's Road, North Point
North Point Centre Branch Shop 4A, G/F, Aberdeen Centre Site 5, 6-12 Nam Ning Street, Aberdeen
Aberdeen Branch

Kowloon:

Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
Kwun Tong Branch	1A Yue Man Square, Kwun Tong
Tsim Sha Tsui Branch	G/F, 10 Granville Road, Tsim Sha Tsui
Yaumati Branch	546-550 Nathan Road, Yaumati
Cheung Sha Wan Branch	828 Cheung Sha Wan Road, Cheung Sha Wan
San Po Kong Branch	Shop A, G/F, Perfect Industrial Building, 31 Tai Yau Street, San Po Kong
Chatham Road Branch	Shop No. 1,2,3, G/F, Katherine House, No. 53-55 Chatham Road South, Tsim Sha Tsui
Telford Gardens Branch	Shop P9-12, Telford Centre, Telford Gardens, Tai Yip Street

New Territories:

Shatin Centre Branch	Shop 32C, Level 3, Shatin Shopping Arcade, Shatin Centre, 2-16 Wang Pok Street, Shatin
Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, No. 298 Sha Tsui Road, Tsuen Wan
Metroplaza Branch	Shop No. 186-188, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
Yuen Long Branch	140, Yuen Long Main Road, Yuen Long

2. The following offices of the Hong Kong Underwriters during normal business hours from 9:00 a.m. on Monday, March 19, 2007 until 12:00 noon on Thursday, March 22, 2007:

Merrill Lynch Far East Limited	17/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Deutsche Bank AG, Hong Kong Branch	55/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
Goldman Sachs (Asia) L.L.C.	68/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong
BOCI Asia Limited	20th Floor, Bank of China Tower, 1 Garden Road, Hong Kong
Celestial Capital Limited	21/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
DBS Asia Capital Limited	22nd Floor, The Center 99 Queen's Road Central, Central, Hong Kong
ICEA Capital Limited	26/F, ICBC Tower, 3 Garden Road, Central, Hong Kong
Sun Hung Kai International Limited	12/F, One Pacific Place, 88 Queensway, Hong Kong
Taifook Securities Company Limited	25/F, New World Tower, 16-18 Queen's Road Central, Hong Kong

Qualifying Shareholders are entitled to subscribe for one Reserved Unit for every whole multiple of 100 Shares held by them at the close of business on the Record Date. Any Qualifying Shareholder holding less than 100 Shares on the Record Date will not be entitled to apply for any Reserved Unit. Qualifying Shareholders who wish to apply for Reserved Units under the Preferential Offering (either in whole or part) will be required to complete the BLUE Application Forms in accordance with the terms and conditions set out therein. A valid application in respect of a number of Reserved Units equal to or less than a Qualifying Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions set out in the Offering Circular and on the BLUE Application Forms.

Certain Overseas Shareholders will be excluded from the Preferential Offering on account of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, and they will be notified by mail on such exclusion. All other Overseas Shareholders will be notified by mail regarding their respective entitlements on the subscription of Units under the Preferential Offering.

Qualifying Shareholders may apply for a number of Reserved Units which is equal to or less than their Assured Entitlement under the Preferential Offering. If an application is made for a number of Reserved Units greater than the relevant Assured Entitlement, the Assured Entitlement will be satisfied in full but the excess portion of such application will not be met and the excess application monies will be refunded.

The procedure for application under, and the terms and conditions of, the Preferential Offering are set out in the sub-section headed "How to apply for Reserved Units" in the section headed "Other Information - How to Apply for Hong Kong Public Offering Units and Reserved Units" in the Offering Circular and on the BLUE Application Forms.

Should Qualifying Shareholders require a replacement personalized BLUE Application Form and/or printed versions of the Offering Circular, or have any enquiries or other feedback on the procedures for taking up Reserved Units under the Preferential Offering or have any problems using the CD-ROM, the Registrar should be contacted on telephone number +852 2862 8555 at any time between 9:00 a.m. and 6:00 p.m. on Monday, March 19, 2007, Tuesday, March 20, 2007 and Wednesday, March 21, 2007, and at any time between 9:00 a.m. and 12:00 noon on Thursday, March 22, 2007. Please note, however, that the Registrar cannot advise on the merits of the Preferential Offering or on whether or not you should take up any entitlement under the Preferential Offering.

Please note that the investment involves risk. The price and yield of Units may fall as well as rise. The Offering Circular (in particular, the section headed "Risk Factors" which contains detailed discussion of the risk factors associated with investing in Regal REIT) contains detailed information which Shareholders and potential investors should read and assess carefully before making an investment decision in respect of the Preferential Offering or the Hong Kong Public Offering. Authorization of Regal REIT as a collective investment scheme under Section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) by the SFC does not signify its official recommendation of investment in Regal REIT.

The Preferential Offering will remain open from 9:00 a.m. on Monday, March 19, 2007 until 12:00 noon on Thursday, March 22, 2007. For further information, Shareholders and potential investors should refer to the formal notice relating to the Hong Kong Public Offering and the Preferential Offering to be issued by the REIT Manager on Monday, March 19, 2007 and to be published in the South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese).

Shareholders should note that their Assured Entitlement to Reserved Units may represent Units not in a whole multiple of a full board lot of Units, and dealings in odd lots of Units may be below their prevailing market price. Entitlements to Reserved Units are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. Any Unit to be issued pursuant to the Preferential Offering shall be fully paid, ranking *pari passu* in all respects with other Units to be issued pursuant to the Global Offering.

2. INDICATIVE PRICE RANGE OF UNITS

The Offer Price is expected to be determined by agreement between the Company, the Joint Global Coordinators (as defined in the Offering Circular), on behalf of the Hong Kong Underwriters, and the REIT Manager following completion of the book-building process for the International Offering and after assessment of the level of market demand for the Global Offering. The Company has been advised by the REIT Manager (acting on behalf of Regal REIT) that the indicative range of the proposed Offer Price per Unit will not be less than HK\$2.68 and not more than HK\$3.38 (exclusive of brokerage of 1.0%, Hong Kong Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%).

On the basis of the current timetable, the Offer Price for the Global Offering is expected to be determined on or about Friday, March 23, 2007 and published in the South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) on or before Thursday, March 29, 2007.

Shareholders should note that the Proposed Spin-off is dependent on a number of factors and subject to a number of conditions as contained in the Circular, which may or may not be satisfied. Thus, there can be no assurance that the Proposed Spin-off will proceed. Accordingly, Shareholders or potential investors are reminded to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers.

As at the date of this announcement, the Board 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, JP
(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, March 16, 2007