富豪酒店國際控股有限公司
Regal Hotels
International Holdings Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 78)

2008 ANNUAL ANNOUNCEMENT

FINANCIAL AND BUSINESS HIGHLIGHTS

- 2008 was an eventful but difficult and challenging year.
- Total revenue of HK$1,511.8 million for 2008, with revenue from hotel operations and management services accounting for HK$1,329.9 million, an increase of 5.6%.
- The five Regal Hotels in Hong Kong strategically positioned to cater to different clienteles and market segments. Achieved an increase of 0.7% in RevPAR in 2008, above the market average.
- Total distributable income for Regal REIT for 2008 amounted to HK$501.9 million, with total distributions per Unit for 2008 up 9.4% over the prior period.
- Group's results adversely affected by losses arising from fair values change of certain investment properties and financial assets held by the Group and Regal REIT, resulting in loss for the year attributable to equity holders of the parent of HK$808.8 million.
- The fair value losses are non-cash items and have no immediate impact on the cash flow of the Group.
- Expanding Regal's hotel management network in China, with two additional managed hotels opening in Shanghai and Chengdu within this year.
- The Group is financially strong and in net cash position and well-poised to capitalise on acquisition and expansion opportunities.

PER SHARE DATA	Year 2008
Final dividend	HK5 cents
Total dividends for the year	HK8 cents
Adjusted net asset value per ordinary share	HK$10.00

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Press Release **31st March, 2009**
For Immediate Release

Regal Hotels Announces 2008 Annual Results

Regal Hotels International Holdings Limited (stock code: 078) announced today its annual results for the year ended 31st December, 2008.

FINANCIAL RESULTS

For the year ended 31st December, 2008, the Group recorded a consolidated loss attributable to shareholders of HK$808.8 million. The loss incurred by the Group for the year under review was mainly attributable to the losses arising from the changes in the fair values of certain investment properties and financial assets held by the Group and Regal REIT, a listed associate of the Group. Such decrease in the fair values largely reflected the significant downturn in the financial and property market conditions in Hong Kong which, in turn, was brought about by the recent global financial crisis. These fair value losses are, however, non-cash items and do not have an immediate impact on the cash flow of the Group.

Nevertheless, the underlying net asset value of the Company's ordinary shares is still significantly higher than the market price of the shares. With a view to enhancing the net asset value of the outstanding shares of the Company, the Company has continued with the share repurchases during the year under review.

For the purpose of reference, supplementary information on the net assets of the Group, compiled on an adjusted basis to reflect more fairly the underlying net assets attributable to the interests held by the Group in Regal REIT, is provided in the results announcement released today. **The adjusted net asset value per ordinary share is HK$10.00.**

DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK5 cents (2007 – HK10 cents) per ordinary share for the year ended 31st December, 2008. The final dividend being recommended is comparatively lower than that in last year as it is considered prudent for the Company to conserve cash resources under the present economic climate. Together with the interim dividend of HK3 cents per ordinary share paid in October 2008 (2007 – HK3 cents), the total dividends per ordinary share for the year ended 31st December, 2008 will amount to HK8 cents (2007 – HK13 cents).

REVIEW OF OPERATIONS

HOTELS

Hong Kong

During the year under review, the tourist industry in Hong Kong remained relatively stable until the latter part of 2008, when the adverse impact of the global financial crisis became more apparent and exacerbated. Visitors from major long haul markets have on the whole recorded negative growth on a year-on-year basis, though the shortfall was compensated by the continuing influx of visitors from Mainland China. For the whole year of 2008, the total number of visitors to Hong Kong was over 29.5 million, a growth of about 4.7% as compared with 2007, with visitors from Mainland China having further increased to account for about 57.1% of the total number.

The five Regal Hotels in Hong Kong, which are now owned by Regal REIT but operated and managed by the Group, have on the whole performed steadily during the year. Despite the relatively competitive market condition in the latter part of 2008, the five Regal Hotels managed to achieve a modest improvement of 0.7% in their average RevPAR (Revenue per Available Room) over 2007, which is above market average.

Regal Hotels International Limited, which is the hotel management arm of the Group and acts as the hotel manager of the five Regal Hotels in Hong Kong, was awarded "The Best Hotel Management Group of China of China Hotel Starlight Award (2008)". In recognition of its quality and service standard, the Regal Airport Hotel was awarded "Best Airport Hotel in the World 2008" by Business Traveller, UK Magazine, the "Best Airport Hotel in Asia-Pacific" by Business Traveller Asia-Pacific Magazine and TTG Asia Media Pte Limited for many consecutive years since 2001 and 2005, respectively, as well as "The Top 10 Convention & Exhibition Hotels of China of China Hotel Starlight Award (2007-2008)". Moreover, the Regal Oriental Hotel was also awarded "The Top 10 City – Nova Hotels of China of China Hotel Starlight Award (2008)".

The People's Republic of China

The Group will continue to expand its hotel operations in Mainland China, which will initially be focused on major first and second tier cities.

In April 2008, the Group entered into a formal management contract with Shanghai Jinfeng Investment Co. Ltd. for the provision of hotel management services to a 380-room four star business hotel in Pudong, Shanghai. The hotel is being named as Regal Jinfeng Hotel and now scheduled to be opened in the third quarter of 2009.

Lately in January this year, the Group entered into a hotel management contract with Sichuan Master Investment Group Company Limited for the Group to provide management services to a 350-room five star luxury hotel in Chengdu, the capital city of Sichuan. The hotel is being named as Regal Master Hotel and scheduled for opening in the fourth quarter of this year.

The Group is also providing hotel consultancy and pre-opening services to a hotel project in Dezhou, Shandong and, subject to further agreement on the detailed terms, may extend to full management services to the hotel when it comes into business operations.

Together with the two hotels in Shanghai presently managed by the Group, there will be a total of four Regal managed hotels in the Mainland by the end of this year. The Group is endeavouring to expand its portfolio to more than 20 managed or owned hotels in the first and second tier cities of China within the next five years.

REGAL REAL ESTATE INVESTMENT TRUST

For the year ended 31st December, 2008, Regal REIT recorded a consolidated net loss before distributions to unitholders of HK$2,150.2 million. The loss incurred by Regal

REIT was mainly attributable to the revaluation deficit arising from the changes in the fair values of its hotel portfolio based on the independent valuer's appraisal as at 31st December, 2008.

Total distributable income for the year under review amounted to HK$501.9 million (2007: HK$421.5 million).

Although 2009 is expected to be a very challenging year, Regal REIT's existing lease structure with the Group provides a strong shelter to protect against fluctuations in market conditions. Moreover, all the five Regal Hotels in Hong Kong are of good quality and cater strategically to different clienteles and market segments.

In 2008, Regal REIT has committed to capital additions projects with a total cost of about HK$85.3 million covering all the five Regal Hotels. Notable projects that have since been completed included the conversion of space in Regal Hongkong Hotel, Regal Oriental Hotel and Regal Riverside Hotel to add a total of approximately 16,700 square feet of state-of-the-art conference and meeting facilities, the renovation and upgrade of another guest room floor with 51 hotel rooms in Regal Kowloon Hotel to club floor standard, the setting up of 3 additional food outlets in Regal Riverside Hotel offering various choices of specialty cuisine, and the upgrade of the external façade at Regal Oriental Hotel. Projects approved and scheduled for completion in 2009 include the re-decoration and upgrade of the Chinese restaurant in Regal Kowloon Hotel, and the renovation and upgrade of the external façades at Regal Kowloon Hotel and Regal Riverside Hotel.

For 2008 final results and further information on Regal REIT, please refer to its press release and full set of results announcement released on 26 March 2009.

Regal Portfolio Management Limited

Regal Portfolio Management Limited is a wholly-owned subsidiary of the Group and acts as the manager of Regal REIT. Aggregate manager's fees received or receivable from Regal REIT for 2008 amounts to approximately HK$66.7 million, representing an increase of about 25% as compared with the total fees received for 2007.

PROPERTIES

Regalia Bay, Stanley, Hong Kong

The Group beneficially owns 31 houses in Regalia Bay, some of which have been leased out for rental purposes and generated gross rental revenues of about HK$30.3 million in 2008. During the year under review, 15 of those houses that were leased to third party lessees have been reclassified from properties held for sale to investment properties. The remaining 16 houses are being held as properties held for sale with carrying costs below their market valuations as at the last balance sheet date. Pending revival of the property market, the Group may in the interim period lease out some of these houses for rental income, unless the prices offered by prospective purchasers are favorable.

Development Project in the Central Business District of Beijing

This development project is held through a Sino-foreign joint venture entity that is 59%-owned by an associate which, in turn, is 50% each owned by the Group and Paliburg Holdings Limited, the effective controlling shareholder of the Company. Based on latest available information, it is anticipated that the joint venture entity will succeed in its application to secure the award by the Beijing Municipal Bureau of Land and Resources of the primary development rights for the Phase II land site. Pending further resolution of detailed terms of joint venture with the local partner, it is hopeful that the Sino-foreign joint venture entity will be able to solidly proceed with this prominent large scale project in Beijing in the not too distant future.

Development Project in Xindu District, Chengdu, Sichuan Province

This development project is 50% beneficially owned by each of the Group and Cosmopolitan International Holdings Limited. The land transfer consideration for the subject site of RMB213.1 million was fully settled in July 2008.

This is a mixed-use project comprising a hotel and commercial complex with aggregate gross floor area of about 180,000 square meters above ground together with about 56,000 square meters of commercial, auxiliary services and car park areas below ground as well as residential development with aggregate gross floor area of about 315,000 square meters. Planning works are still in progress but further development works might proceed at a more controlled pace due to the recent changes in the general market conditions in China.

OTHER INVESTMENTS

The Group holds substantial interests in the convertible bonds issued by Cosmopolitan group and, in addition, approximately 3.0% of the issued ordinary shares of Cosmopolitan. Assuming that all the outstanding convertible bonds and options on convertible bonds granted by the Cosmopolitan group, including those held by the Group, are fully converted and/or exercised, the Group can come to own up to approximately 32.8% of the enlarged share capital of Cosmopolitan.

Apart from the joint venture with the Group on the development project in Xindu District in Chengdu, Cosmopolitan group has been working on a large scale development project involving re-forestation and landscaping works in Urumqi City in Xinjiang as well as certain proposed projects in other parts of China. The strategic investments in Cosmopolitan group is expected to provide an opportunity to the Group to share in its growth potential, while creating a platform for further mutually beneficial business collaborations between the two groups in the future.

OUTLOOK

The adverse effects to the overall economy caused by the global financial crisis are unprecedented and the impact to the financial and capital markets worldwide is far reaching. Revival of global economy will depend on when liquidity can be reinstated to normal levels and overall confidence restored. The Chinese government has recently announced enormous stimulus packages to generate liquidity and to boost domestic consumption, with a view to maintaining the GDP growth in the Mainland. In the meantime, plans are also being devised to help sustain the tourist industry and economic development in Hong Kong. Nevertheless, overall business environment in Hong Kong in 2009 will be very challenging and competitive.

“The Group has since last year taken a relatively cautious approach towards commitment to new significant investments. The Group is financially strong and in net cash position. While the Group is well prepared for the challenges that may lie ahead, it is also at the same time well-poised to capitalise on any appropriate acquisition and expansion opportunities that will become available." said Mr. Y. S. Lo, Chairman and Chief Executive Officer of the Group.

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For further information, please refer to the full set of Regal's annual results announcement released today.

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