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## ANNOUNCEMENT

This statement is made at the request of the Stock Exchange.

The Directors have noted the recent increases in the trading volume of the ordinary shares of Regal and wish to state that they are not aware of the reasons for such increases.

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The directors (the "Directors") of Regal Hotels International Holdings Limited ("Regal") have noted the recent increases in the trading volume of the ordinary shares of Regal (the "Shares") and wish to state that they are not aware of the reasons for such increases. The Directors confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither is the board of directors of Regal (the "Board") aware of any matter which is discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

Made by the order of the Board, the Directors of which individually and jointly accept responsibility for the accuracy of this statement.

Regal also refers to its announcement dated 16th September, 2002 (the "Announcement"). Capitalised terms used below have the same meanings as defined in the Announcement.

Regal would like to announce that it has been informed by Paliburg Holdings Limited ("Paliburg") that on 9th January, 2004, Guo Yui Investments Limited ("Guo Yui"), a wholly-owned subsidiary of Paliburg, entered into a sale and purchase agreement to acquire certain Optional Bonds in an aggregate principal amount of HK\$17 million (the "Acquisition"). The Acquisition was completed on 10th January, 2004.

Regal is currently a subsidiary of Paliburg. As at the date of this announcement, the beneficial shareholding interests of Paliburg in Regal was approximately 40.83%. If the subject Optional Bonds are converted into the Shares in full, the beneficial shareholding interests of Paliburg in Regal would increase by approximately 2.66% to approximately 43.49% based on the enlarged issued ordinary share capital of Regal. As at the date of this announcement, Paliburg also held 3,440 convertible preference shares of Regal of US\$1,000 each which are convertible into approximately 15.6 million Shares. If all such convertible preference shares and the subject Optional Bonds were converted into Shares on the date of this announcement, the beneficial shareholding interests of Paliburg in Regal would further increase to approximately 43.60% based on the enlarged issued ordinary share capital of Regal.

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

Hong Kong, 12th January, 2004