

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.



**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**

**Clarification of certain information
as contained in the Circular
and
Dispatch of supplemental circular
and
Revised expected timetable
and
Postponement of SGM**

This announcement is made (i) in order to correct inadvertent mistakes and typographical errors relating to certain information contained in the "Letter of advice from Platinum Securities" in the circular of the Company dated November 23, 2006 in respect of the very substantial disposal in relation to the Proposed Spin-off; (ii) in respect of the revision of the expected timetable of the Proposed Spin-off, the postponement of the SGM to December 18, 2006, including the revised Record Date for determining the entitlement to the Preferential Offering; and (iii) in respect of certain corresponding changes to the contents of the Circular.

A supplemental circular containing, among others, the "Revised letter of advice from Platinum Securities" and the notice of postponement of the SGM, will be dispatched to the shareholders of the Company, and for information only, the holders of the warrants of the Company, on or around December 2, 2006.

Reference is made to the circular of Regal Hotels International Holdings Limited (the "Company") dispatched to the shareholders of the Company dated November 23, 2006 (the "Circular") in respect of the 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. Unless otherwise stated or the context requires otherwise, capitalized terms used in this announcement shall have the same meanings as those defined in the Circular.

CHANGES TO THE "LETTER OF ADVICE FROM PLATINUM SECURITIES"

The Board announces that Platinum Securities has drawn to the attention of the Company and the Independent Board Committee inadvertent mistakes and typographical errors relating to certain information in the "Letter of advice from Platinum Securities" in the Circular as follows:

- In Note (3) to Table 1 headed "Summary of the Initial Hotel Properties" on page 55 of the Circular, the gross floor area of Po Sing Court should be **14,200 sq. ft.** (instead of 13,583 sq. ft.).
- In Table 11 headed "Effects on the NAV and the NAV per Share of the Remaining Regal Group" on page 82 of the Circular, the percentage change of the aggregate carrying value of consolidated NAV of Regal and its subsidiaries ("Regal Group") should be an increase of **225.07%** (instead of 255.07%). The consolidated NAV of the Regal Group, taking into account of the valuation surplus based on the minimum consideration for the disposal of the Initial Hotel Properties, as derived from the unaudited consolidated pro forma balance sheet set out in Appendix III of the Circular should be **HK\$11,394.2 million** (instead of HK\$17,526 million) and the NAV per Share should be **HK\$1.348** (instead of HK\$2.073). The corresponding percentage change in the consolidated NAV and the NAV per Share of the Regal Group (based on book value of the Initial Hotel Properties after adjustments on valuation surplus by reference to their market values as at December 31, 2005) should be a **decrease of 9.6%** and **9.6%**, respectively (instead of an increase of 39.11% and 39.03%, respectively). Accordingly, the descriptions in the second paragraph on page 83 of the Circular should correspondingly be "**decrease from approximately HK\$12.6 billion to approximately HK\$11.4 billion**" (instead of increase from approximately HK\$12.6 billion to approximately HK\$17.5 billion) and "**represents a slight decrease of approximately 9.6%**" (instead of an increase of approximately 39.11%).
- In Table 12 headed "Effects on the earnings of the Remaining Regal Group" on page 83 of the Circular, the heading of the third column of the table should be "Unaudited consolidated pro forma income statement assuming the Proposed Spin-off took place on **January 1, 2006**" (instead of June 30, 2006). The revenue of unaudited consolidated pro forma income statement assuming the Proposed Spin-off took place on January 1, 2006 should be **HK\$638.62 million** (instead of HK\$608.29 million). The corresponding percentage change should be an **increase of 5.0%** (instead of 0%). The profit and the basic EPS attributable to the Shareholders in the unaudited consolidated pro forma income statement assuming the Proposed Spin-off took place on January 1, 2006 should be **HK\$4,974.72 million** and **HK\$8.85 cents**, respectively (instead of HK\$4,873.67 million and HK\$7.66 cents, respectively). The corresponding percentage change in the profit and the basic EPS attributable to the Shareholders should be an increase of **1,500.6%** and **1,499.2%**, respectively (instead of 1,468.0% and 1,471.1%, respectively). Accordingly, the last figure on the third line in the second paragraph on page 84 of the Circular should correspondingly be **HK\$4,974.72 million** (instead of HK\$4,873.67 million) and the figure on the fifth line in the same paragraph should be **1,500.6%** (instead of 1,468.11%).
- The figure on the sixth line in the first paragraph under the section headed "(d) Effect on working capital" on page 85 of the Circular should be **HK\$4,678.5 million** (instead of HK\$4,236.6 million) and the repayment of bank loan on the seventh line in the same paragraph should be **HK\$4,468.7 million** (instead of HK\$5,008.7 million).

Platinum Securities confirmed that, notwithstanding the slight decrease of approximately 9.6% in the consolidated NAV of the Regal Group (after taking into account of the valuation surplus of the Initial Hotel Properties), and given the significant increase of approximately 225.1% in the aggregate carrying value of consolidated NAV of the Regal Group, it maintains its view that completion of the Proposed Spin-off will have a positive effect on the NAV of the Regal Group and an overall positive financial impact to the Regal Group.

Platinum Securities confirmed that it is not aware of any other error in the "Letter of advice from Platinum Securities" contained in the Circular. Notwithstanding the said mistakes and changes, Platinum Securities confirmed that its recommendations (i) that the terms of the Proposed Spin-off are fair and reasonable, (ii) that the Proposed Spin-off is in the interest of the Company and its Shareholders as a whole; and (iii) on its advice to the Shareholders to vote in favor of the Proposed Spin-off, and the reasoning thereof as stated in the "Letter of advice from Platinum Securities" contained in the Circular remain unchanged. Platinum Securities further confirmed its advice to the Independent Board Committee to recommend to the Shareholders, and its recommendation to the Shareholders to vote in favor of the resolution to be proposed at the special general meeting of the Company, which has been postponed to December 18, 2006 (the "Postponed SGM"), also remain unchanged.

Despite the changes to the "Letter of advice from Platinum Securities" as mentioned above, the Directors (including the independent non-executive Directors) maintain the view that the Proposed Spin-off are in the interests of the Company and the Shareholders, and accordingly recommend the Shareholders to vote in favor of the ordinary resolution to approve the Proposed Spin-off and other matters related thereto at the Postponed SGM.

The Independent Board Committee, having reviewed the opinion of Platinum Securities, maintains its opinion that the terms of the Proposed Spin-off are fair and reasonable and are in the interest of the Company and the Shareholders as a whole, and its recommendations to the Shareholders to vote in favor of the Proposed Spin-off remain unchanged.

EXPECTED TIMETABLE

The expected timetable of the Proposed Spin-off has been revised as follows:

	2006
Dispatch date of the Circular	Thursday, November 23
Dispatch date of the supplemental circular	Saturday, December 2
Last day for dealing in Shares cum-entitlement to the Preferential Offering	Tuesday, December 12
First day for dealing in Shares ex-entitlement to the Preferential Offering	Wednesday, December 13
Latest time for lodging transfers of Shares cum-entitlement to the Preferential Offering	4:00 p.m. on Thursday, December 14
Register of members of the Company closes	Friday, December 15 to Monday, December 18
Latest time for return of proxy forms in respect of the Postponed SGM	11:00 a.m. on Saturday, December 16
Record Date for determining the entitlement to the Preferential Offering	Monday, December 18
Postponed SGM	11:00 a.m. on Monday, December 18
Register of members of the Company re-opens	Tuesday, December 19

All times refer to Hong Kong local time.

Please note that the above timetable is subject to change. If there are changes to the above timetable, the Company will publish an announcement as soon as possible.

CONSEQUENTIAL CHANGES TO THE CIRCULAR

Due to the postponement of the SGM to December 18, 2006 and the changes to the expected timetable of the Proposed Spin-off, the Listing Date is presently expected to be in January 2007.

The corresponding changes to the Circular are as follows:

- (i) the Base Rent to the extent that it relates to the pro-rated amount payable in respect of the year ending December 31, 2006 and the Variable Rent payable in respect of the year ending December 31, 2006, as described in the Circular, shall no longer be relevant or applicable; (ii) the Base Rent in relation to the year ending December 31, 2007 shall be HK\$630 million, which shall then be pro-rated from the Listing Date until December 31, 2007; and (iii) the entire amount of the Net Property Income from the Listing Date to December 31, 2007 (instead of from "the Listing Date to December 31, 2006 and the twelve months ending December 31, 2007" as described on page 36 of the Circular) will be transferred from the Remaining Regal Group to the Lessors in the form of Base Rent and Variable Rent pursuant to the Lease Agreements; and
- under the proposed Distributable Income Guarantee Deed, in the event that the Total Distributable Income for the period from the Listing Date to December 31, 2007, in aggregate, is less than a sum to be set out in the Offering Circular which, subject to the final determination of the Listing Date, is expected to be of an amount not exceeding HK\$570 million (instead of HK\$570 million to HK\$590 million as described in the Circular), Regal will guarantee to pay the Trustee the shortfall.

GENERAL INFORMATION

A supplemental circular containing, among others, the "Revised letter of advice from Platinum Securities" and the notice of postponement of the SGM will be dispatched to the shareholders of the Company, and for information only, the holders of the warrants of the Company on or around December 2, 2006.

Shareholders should read the supplemental circular, together with the Circular carefully and in particular, the "Revised letter of advice from Platinum Securities" contained in the supplemental circular, before voting on the ordinary resolution to be proposed at the Postponed SGM.

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

Executive Directors: Mr. LO Yuk Sui (Chairman and Managing Director) Mr. Donald FAN Tung 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, 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, November 30, 2006