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CONNECTED TRANSACTIONS

The Directors of Regal announce that:

- (i) by the RAH Letter of Intent, on 8th February, 2007, Bauhinia awarded to Chatwin, as the main contractor, the construction and alteration works with respect to the addition of a total of 64 guest rooms and 7 meeting rooms at the Regal Airport Hotel; and
- (ii) by the ROH Letter of Intent I and the ROH Letter of Intent II, on 8th February, 2007, Gala awarded to Chatwin, as the main contractor, the construction and alteration works with respect to the addition of 49 guest rooms and a lounge area and the renovation works for certain existing guest rooms, respectively, at the Regal Oriental Hotel.

The Directors of Regal also announce that:

- (i) by the RAH Appointment Letter, on 8th February, 2007, Bauhinia appointed PDCL as the development consultant to provide development consultancy services for the RAH Main Contract Works;
- (ii) by the ROH Appointment Letter, on 8th February, 2007, Gala appointed PDCL as the development consultant to provide development consultancy services for the ROH Main Contract Works I; and
- (iii) by the RRH Appointment Letter, on 8th February, 2007, RRHL appointed PDCL as the development consultant to provide development consultancy services for the construction works under the asset enhancement programme for the Regal Riverside Hotel.

The respective transactions under the RAH Main Contract and the ROH Main Contract as well as the Appointments each constitutes a connected transaction for Regal pursuant to Rule 14A.13 (1)(a) of the Listing Rules. These transactions would be aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rules. The transactions under the RAH Main Contract, the ROH Main Contract and the Appointments, 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 Directors of Regal announce that:

- (i) by the RAH Letter of Intent, on 8th February, 2007, Bauhinia awarded to Chatwin, as the main contractor, the construction and alteration works with respect to the addition of a total of 64 guest rooms and 7 meeting rooms at the Regal Airport Hotel; and
- (ii) by the ROH Letter of Intent I and the ROH Letter of Intent II, on 8th February, 2007, Gala awarded to Chatwin, as the main contractor, the construction and alteration works with respect to the addition of 49 guest rooms and a lounge area and the renovation works for certain existing guest rooms, respectively, at the Regal Oriental Hotel.

The Directors of Regal also announce that:

- (i) by the RAH Appointment Letter, on 8th February, 2007, Bauhinia appointed PDCL as the development consultant to provide development consultancy services for the RAH Main Contract Works;
- (ii) by the ROH Appointment Letter, on 8th February, 2007, Gala appointed PDCL as the development consultant to provide development consultancy services for the ROH Main Contract Works I; and
- (iii) by the RRH Appointment Letter, on 8th February, 2007, RRHL appointed PDCL as the development consultant to provide development consultancy services for the construction works under the asset enhancement programme for the Regal Riverside Hotel.

THE RAH LETTER OF INTENT

Date of the RAH Letter of Intent

8th February, 2007

Parties to the RAH Letter of Intent

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

Bauhinia is a property holding company which owns the Regal Airport 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 the Regal Hongkong Hotel and the Regal Airport Hotel developed by the Regal Group.

Details of the RAH Letter of Intent

In order to maximize the utilisation of its hotel property, Bauhinia has decided to embark on an asset enhancement programme for the Regal Airport Hotel. The RAH Letter of Intent essentially entails the conversion of certain unutilised area on 2/F. and 9/F. of the Regal Airport Hotel for the construction of a total of 64 additional guest rooms and 7 additional meeting rooms. The RAH Letter of Intent for the RAH Main Contract was awarded to Chatwin through a selective tender process by invitation to selected competitive contractors.

Contract Period and Completion of the RAH Main Contract Works

The works under the RAH Main Contract are scheduled to be completed by the third quarter of 2007.

Contract Sum of the RAH Main Contract

The contract sum for the construction and alteration works under the RAH Main Contract is HK\$28,756,870. The contract sum was determined after commercial negotiations between the parties to the RAH 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 RAH Main Contract at the contract sum of HK\$28,756,870 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 RAH Main Contract. The Regal Group expects that the payment of the contract sum under the RAH Main Contract will be financed by its internal resources.

THE ROH LETTER OF INTENT I

Date of the ROH Letter of Intent I

8th February, 2007

Parties to the ROH Letter of Intent I

Gala, a wholly owned subsidiary of Regal, as the employer and Chatwin as the main contractor.

Gala is a property holding company which owns the Regal Oriental Hotel.

Details of the ROH Letter of Intent I

In order to maximize the utilisation of its hotel property, Gala has decided to embark on an asset enhancement programme for the Regal Oriental Hotel. The ROH Letter of Intent I essentially

entails the conversion of certain unutilised area on 3/F. of the Regal Oriental Hotel for the construction of 49 additional guest rooms and a lounge area. The ROH Letter of Intent I for the ROH Main Contract I was awarded to Chatwin through a selective tender process by invitation to selected competitive contractors.

Contract Period and Completion of the ROH Main Contract Works I

The works under the ROH Main Contract I are scheduled to be completed by the third quarter of 2007.

Contract Sum of the ROH Main Contract I

The contract sum for the construction and alteration works under the ROH Main Contract I is HK\$19,380,000. The contract sum was determined after commercial negotiations between the parties to the ROH Letter of Intent I on an arm's length basis through a selective tender process and in consultation with an appointed quantity surveyor. The award of the ROH Main Contract I at the contract sum of HK\$19,380,000 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 ROH Main Contract I. The Regal Group expects that the payment of the contract sum under the ROH Main Contract I will be financed by its internal resources.

THE ROH LETTER OF INTENT II

Date of the ROH Letter of Intent II

8th February, 2007

Parties to the ROH Letter of Intent II

Gala as the employer and Chatwin as the main contractor.

Details of the ROH Letter of Intent II

As part of the asset enhancement programme for the Regal Oriental Hotel, the ROH Letter of Intent II essentially entails the renovation of guest rooms on 5/F. and 6/F. of the Regal Oriental Hotel. The ROH Letter of Intent II for the ROH Main Contract II was awarded to Chatwin through a selective tender process by invitation to selected competitive contractors.

Contract Period and Completion of the ROH Main Contract Works II

The works under the ROH Main Contract II are scheduled to be completed by the second quarter of 2007.

Contract Sum of the ROH Main Contract II

The contract sum for the renovation works under the ROH Main Contract II is HK\$1,000,000. The contract sum was determined after commercial negotiations between the parties to the ROH Letter of Intent II on an arm's length basis through a selective tender process and in consultation with an appointed quantity surveyor. The award of the ROH Main Contract II at the contract sum of HK\$1,000,000 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 renovation works under the ROH Main Contract II. The Regal Group expects that the payment of the contract sum under the ROH Main Contract II will be financed by its internal resources.

THE RAH APPOINTMENT LETTER

Date of the RAH Appointment Letter

8th February, 2007

Parties to the RAH Appointment Letter

Bauhinia as the employer and PDCL, a wholly owned subsidiary of Paliburg, as the development consultant.

PDCL is principally engaged in the provision of development consultancy services, comprising architectural, engineering, interior design and project management services. PDCL has extensive experience in the provision of architectural design, development consultancy and project management services for commercial, residential and hotel development projects in Hong Kong. PDCL had previously been engaged as the development consultant for the construction of the Regal Hongkong Hotel and the Regal Airport Hotel.

Term of the RAH Appointment

Under the RAH Appointment Letter and in conjunction with its asset enhancement programme, Bauhinia appointed PDCL as the development consultant to provide architectural and interior consultancy, project management, contract administration and site supervision services for the RAH Main Contract Works. The term of the appointment under the RAH Appointment Letter will, unless early determined, be until final completion of the RAH Main Contract Works. The appointment of PDCL as the development consultant for the RAH Main Contract Works was determined through

negotiation and after taking into account the previous involvement of PDCL as the architect and development consultant for the development of the Regal Airport Hotel, which would contribute savings of time, efforts and costs in the implementation of the project.

Consultancy fee for the RAH Appointment

The consultancy fee will be (i) 6% of the total construction cost (excluding professional fees) of the RAH Main Contract Works or (ii) HK\$1,680,000, whichever is the lower. Based on the contracted construction cost of the RAH Main Contract Works of HK\$28,756,870, the consultancy fee would be HK\$1,725,412. The consultancy fee will be payable in stages according to the progress of the RAH Main Contract Works. The consultancy fee was determined after commercial negotiations between the parties to the RAH Appointment Letter on an arm's length basis, after taking into account the architectural design, complexity, duration and construction costs of the construction works of the relevant asset enhancement programme and with reference to the market professional fee scale. The Regal Group expects that the payment of the consultancy fee under the RAH Appointment Letter will be financed by its internal resources.

THE ROH APPOINTMENT LETTER

Date of the ROH Appointment Letter

8th February, 2007

Parties to the ROH Appointment Letter

Gala as the employer and PDCL as the development consultant.

Term of the ROH Appointment

Under the ROH Appointment Letter and in conjunction with its asset enhancement programme, Gala appointed PDCL as the development consultant to provide architectural and interior consultancy, project management, contract administration and site supervision services for the ROH Main Contract Works I. The term of the appointment under the ROH Appointment Letter will, unless early determined, be until final completion of the ROH Main Contract Works I. The appointment of PDCL as the development consultant for the ROH Main Contract Works I was determined through negotiation and after taking into account the previous involvement of PDCL as the architect and development consultant for certain hotels developed by the Regal Group, which would contribute savings of time, efforts and costs in the implementation of the project.

Consultancy fee for the ROH Appointment

The consultancy fee will be (i) 8% of the total construction cost (excluding professional fees) of the ROH Main Contract Works I or (ii) HK\$1,350,000, whichever is the lower. Based on the contracted construction cost of the ROH Main Contract Works I of HK\$19,380,000, the consultancy fee would be HK\$1,550,400. The consultancy fee will be payable in stages according to the progress of the ROH Main Contract Works I. The consultancy fee was determined after commercial negotiations between the parties to the ROH Appointment Letter on an arm's length basis, after taking into account the architectural design, complexity, duration and construction costs of the construction works of the relevant asset enhancement programme and with reference to the market professional fee scale. The Regal Group expects that the payment of the consultancy fee under the ROH Appointment Letter will be financed by its internal resources.

THE RRH APPOINTMENT LETTER

Date of the RRH Appointment Letter

8th February, 2007

Parties to the RRH Appointment Letter

RRHL as the employer and PDCL as the development consultant.

Term of the RRH Appointment

Under the RRH Appointment Letter, RRHL appointed PDCL as the development consultant to provide architectural and interior consultancy, project management, contract administration and site supervision services for its asset enhancement programme involving the addition, in stages, of a total of 302 guest rooms at the Regal Riverside Hotel. The term of the appointment under the RRH Appointment Letter will, unless early determined, be until final completion of all construction works under the asset enhancement programme. The appointment of PDCL as the development consultant for the construction works of the relevant asset enhancement programme of the Regal Riverside Hotel was determined through negotiation and after taking into account the previous involvement of PDCL as the architect and development consultant for certain hotels developed by the Regal Group, which would contribute savings of time, efforts and costs in the implementation of the project.

Consultancy fee for the RRH Appointment

The consultancy fee will be (i) 5% of the total construction cost (excluding professional fees) of the construction works under the asset enhancement programme of the Regal Riverside Hotel or (ii) HK\$4,800,000, whichever is the lower. The consultancy fee will be payable in stages according to the progress of the asset enhancement programme. The consultancy fee was determined after commercial negotiations between the parties to the RRH Appointment Letter on an arm's length basis, after taking into account the architectural design, complexity, duration and construction costs of the construction works of the relevant asset enhancement programme and with reference to the market professional fee scale. The Regal Group expects that the payment of the consultancy fee under the RRH Appointment Letter will be financed by its internal resources.

GENERAL

The Directors (including the independent non-executive directors) consider that each of the RAH Main Contract, the ROH Main Contract I and the ROH Main Contract II as well as the Appointments has been entered into on normal commercial terms that is 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 ownership and management, property development and investment 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 45.4% shareholding interests in the issued ordinary share capital of Regal, and Chatwin and PDCL are both wholly owned subsidiaries of Paliburg. Chatwin and PDCL are connected persons of Regal. The respective transactions under the RAH Main Contract and the ROH Main Contract as well as the Appointments each constitutes a connected transaction for Regal pursuant to Rule 14A.13(1)(a) of the Listing Rules. These transactions would be aggregated and treated as one transaction pursuant to Rule 14A.25 of the Listing Rules. The transactions under the RAH Main Contract, the ROH Main Contract and the Appointments, 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

"Appointments" the appointment of PDCL as the development consultant pursuant to the RAH Appointment Letter, the ROH Appointment Letter and the RRH Appointment Letter, respectively

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| "Bauhinia" | Bauhinia Hotels Limited, a wholly owned subsidiary of Regal and the owner of the Regal Airport Hotel |
| "Board" | the board of Directors of Regal |
| "Chatwin" | Chatwin Engineering Limited, a wholly owned subsidiary of Paliburg |
| "Directors" | the directors of Regal |
| "Gala" | Gala Hotels Limited, a wholly owned subsidiary of Regal and the owner of the Regal Oriental Hotel |
| "HK\$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "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 |
| "PDCL" | Paliburg Development Consultants Limited, a wholly owned subsidiary of Paliburg |
| "RAH Appointment Letter" | the Letter of Appointment dated 8th February, 2007 issued by PDCL to Bauhinia and accepted by Bauhinia on 8th February, 2007 relating to the appointment of PDCL as the development consultant for the RAH Main Contract upon the terms and conditions as set out therein |
| "RAH Letter of Intent" | the Letter of Intent dated 8th February, 2007 issued by Bauhinia as the employer to Chatwin and accepted by Chatwin on 8th February, 2007 relating to the award of the RAH Main Contract to Chatwin upon the principal terms as stipulated therein |
| "RAH Main Contract" | the RAH Letter of Intent and the main contract for the RAH Main Contract Works to be entered into between Bauhinia and Chatwin pursuant to the RAH Letter of Intent, setting out the detailed terms and conditions of the employment of Chatwin as the main contractor |
| "RAH Main Contract Works" | the main contract works under the RAH Main Contract with respect to the construction and alteration works for the conversion of certain unutilised area on 2/F. and 9/F. of the Regal Airport Hotel for the construction of a total of 64 additional guest rooms and 7 additional meeting rooms |
| "Regal" | Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares and warrants of which are listed on the Stock Exchange |
| "Regal Airport Hotel" | the Regal Airport Hotel located at 9 Cheong Tat Road, Chek Lap Kok, New Territories, Hong Kong |
| "Regal Group" | Regal and its subsidiaries |
| "Regal Hongkong Hotel" | the Regal Hongkong Hotel located at 88 Yee Wo Street, Causeway Bay, Hong Kong |
| "Regal Oriental Hotel" | the Regal Oriental Hotel located at 30-38 Sa Po Road, Kowloon City, Kowloon, Hong Kong |
| "Regal Riverside Hotel" | the Regal Riverside Hotel located at 34-36 Tai Chung Kiu Road, Shatin, New Territories, Hong Kong |
| "ROH Appointment Letter" | the Letter of Appointment dated 8th February, 2007 issued by PDCL to Gala and accepted by Gala on 8th February, 2007 relating to the appointment of PDCL as the development consultant for the ROH Main Contract I upon the terms and conditions as set out therein |
| "ROH Letter of Intent I" | the Letter of Intent dated 8th February, 2007 issued by Gala as the employer to Chatwin and accepted by Chatwin on 8th February, 2007 relating to the award of the ROH Main Contract I to Chatwin upon the principal terms as stipulated therein |
| "ROH Letter of Intent II" | the Letter of Intent dated 8th February, 2007 issued by Gala as the employer to Chatwin and accepted by Chatwin on 8th February, 2007 relating to the award of the ROH Main Contract II to Chatwin upon the principal terms as stipulated therein |
| "ROH Main Contract" | the ROH Main Contract I and the ROH Main Contract II |
| "ROH Main Contract I" | the ROH Letter of Intent I and the main contract for the ROH Main Contract Works I to be entered into between Gala and Chatwin pursuant to the ROH Letter of Intent I setting out the detailed terms and conditions of the employment of Chatwin as the main contractor |
| "ROH Main Contract II" | the ROH Letter of Intent II and the main contract for the ROH Main Contract Works II to be entered into between Gala and Chatwin pursuant to the ROH Letter of Intent II setting out the detailed terms and conditions of the employment of Chatwin as the main contractor |
| "ROH Main Contract Works I" | the main contract works under the ROH Main Contract I with respect to the construction and alteration works for the conversion of certain unutilised area on 3/F. of the Regal Oriental Hotel for the construction of 49 additional guest rooms and a lounge area |
| "ROH Main Contract Works II" | the main contract works under the ROH Main Contract II with respect to the renovation works for the guest rooms at 5/F. and 6/F. of the Regal Oriental Hotel |
| "RRH Appointment Letter" | the Letter of Appointment dated 8th February, 2007 issued by PDCL to RRHL and accepted by RRHL on 8th February, 2007 relating to the appointment of PDCL as the development consultant for the asset enhancement programme at the Regal Riverside Hotel upon the terms and conditions as set out therein |
| "RRHL" | Regal Riverside Hotel Limited, a wholly owned subsidiary of Regal 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:

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| Executive Directors: | Non-Executive Director: |
| Mr. LO Yuk Sui (Chairman and Chief Executive Officer) | Dr. Francis CHOI Chee Ming, J.P. (Vice Chairman) |
| Ms. Belinda YEUNG Bik Yiu (Chief Operating Officer) | |
| Mr. Donald FAN Tung | Independent Non-Executive Directors: |
| Mr. Jimmy LO Chun To | Ms. Alice KAN Lai Kuen |
| Miss LO Po Man | Mr. NG Siu Chan |
| Mr. Kenneth NG Kwai Kai | Mr. WONG Chi Keung |

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

Hong Kong, 8th February, 2007