

2010 FINAL RESULTS ANNOUNCEMENT

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2010	Year 2009	
	HK\$'M	HK\$'M	% Change
Operating profit	7,312.3	106.8	+6,746.7%
Profit for the year	6,928.8	448.0	+1,446.6%
Basic earnings per ordinary share	HK\$6.88	HK\$0.44	+1,463.6%
Net asset value per ordinary share	HK\$11.51	HK\$4.45	+158.7%
Proposed final dividend	HK8.5 cents	HK6.8 cents	+25.0%

- Achieved net profit of HK\$6,928.8 million, significantly above the comparative amount of HK\$448.0 million attained in 2009.
- Final dividend and total dividends per ordinary share both increased by 25% for 2010.
- All the six Regal Hotels in Hong Kong achieved satisfactory operating results.
- In addition to the two connected houses contracted to be sold and pending completion, still owns 21 houses in Regalia Bay, Stanley, which are anticipated to further appreciate in value.
- First stage of the 50%-owned composite project in Chengdu, Sichuan, comprising a five-star hotel and residential development, is progressing steadily.
- Entered into a conditional agreement to join force with Paliburg group to form a sizeable joint venture, with maximum total capital commitment of HK\$3,800 million, to undertake development of real estate projects for sale and/or leasing.
- The Group is in a very solid financial position with strong funding resources.
- Presently considering a number of investment proposals with a view to expanding the asset and income base, which will create long term benefits for the shareholders.

Regal Hotels Announces 2010 Final Results

Regal Hotels International Holdings Limited (stock code: 078) announced today its final results for the year ended 31st December, 2010.

FINANCIAL RESULTS

For the year ended 31st December, 2010, the Group achieved a consolidated profit attributable to shareholders of HK\$6,928.8 million, which is significantly above the comparative amount of HK\$448.0 million attained for the preceding financial year.

As explained in the joint announcement dated 2nd December, 2010 by the Company, Regal Real Estate Investment Trust, which was formerly treated as an associate, has become a subsidiary of the Group with effect from 23rd July, 2010. Before the consolidation of Regal REIT, the Group's interest in Regal REIT as at 30th June, 2010 was only stated at a very low amount of HK\$218.7 million. Consequently, on the consolidation of the assets and liabilities of Regal REIT as a subsidiary of the Group, a very substantial accounting profit of HK\$6,637.4 million was recognised and reflected in the Group's results for the year presented.

DIVIDENDS

The Directors have resolved to recommend the payment of a final dividend of HK8.5 cents per ordinary share for the year ended 31st December, 2010, representing an increase of 25% over the final dividend of HK\$6.8 cents per ordinary share paid for the last financial year.

Together with the interim dividend of HK2.5 cents (2009 – HK2.0 cents) per ordinary share paid in October 2010, total dividends per ordinary share for the year ended 31st December, 2010 will amount to HK11.0 cents, representing an increase of 25% over total dividends of HK\$8.8 cents paid for the last financial year.

BUSINESS OVERVIEW

HOTELS

HOTEL OWNERSHIP

The Group's hotel ownership business is undertaken through Regal REIT, in which the Group is holding approximately 74.4% of its issued units.

All the six Regal Hotels in Hong Kong, namely, Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Oriental Hotel, Regal Riverside Hotel and the latest Regal iClub Hotel, are now wholly-owned by Regal REIT. This hotel portfolio commands an aggregate of 3,929 quality guestrooms and suites and accounts for over 11% of the total High Tariff A and High Tariff B hotel room inventory in Hong Kong. The total valuation of this portfolio amounted to HK\$14,880.0 million as at 31st December, 2010, representing an increase of about 4.1% as compared with that of the preceding year end.

Regal Portfolio Management Limited, a wholly-owned subsidiary of the Group, acts as the REIT Manager of Regal REIT.

For 2010 final results and further information on Regal REIT, please refer to Regal REIT's press release and full set of final results announcement.

HOTEL OPERATIONS

Benefiting from a relatively favourable operating environment and the extensive upgrading works invested over the recent years on enhancing the quality and standards of the hotel properties, the average occupancy rate for the five Regal Hotels in Hong Kong (apart from the Regal iClub Hotel which only came into full operation in December 2010) for the year was 85.8%, representing a year-on-year increase of 15.5%.

Faced with the added competition in the airport area, the Regal Airport Hotel has adjusted its marketing strategy to take on some additional tour group businesses, with a view to regaining market share. For the year under review, the average occupancy rate for this hotel has rebounded by 36.2% which, although had some diluting effect on the average room rate, has served to increase the Revenue per Available Room (RevPAR) by 12.9% as compared with the previous year. The other four Regal Hotels have performed well and achieved a year-on-year increase of 19.6% in average RevPAR.

HOTEL MANAGEMENT

All the six Regal Hotels in Hong Kong are managed by Regal Hotels International Limited, a wholly-owned subsidiary of the Group.

In China, the Regal Kangbo Hotel in Dezhou, Shandong was soft opened for business in September 2010. This 215-room deluxe hotel is the first five-star international hotel in Dezhou and is also the fifth hotel managed under the Regal name and operating in China. Earlier in the year, the Group entered into two management contracts for the provision of hotel management services to a four-star business hotel in Suzhou, Jiangsu, to be named as the Regal Fanhua Center Hotel, and a five-star hotel in Zhengzhou, Henan, to be named as the Regal Yuhong Hotel, respectively. The Regal Yuhong Hotel in Zhengzhou is scheduled to be opened for business in 2012 and the

Regal Fanhua Center Hotel in Suzhou in 2013.

Recently, the Group concluded a management contract for a hotel project being constructed on top of a metro station in Foshan, Guangdong, located on the Guangzhou-Foshan railway network. The hotel will be a four-star business hotel with 230 well-appointed guestrooms and is scheduled to be opened in 2013. The Regal Plaza Hotel & Residence located in Waigaoqiao Free Trade Zone in Pudong, Shanghai, which is a hotel with service apartments offering a total of 282 units, is targeted to be soft opened in the second quarter of this year. This will be the fourth Regal hotel to come on stream in Shanghai and the sixth overall in China.

Backed by its strong operating base in Hong Kong, the Group will continue to expand its hotel network as planned.

PROPERTIES

The property market in Hong Kong during the year has been very active and buoyant, with property prices in most sectors reaching new highs. Due to the scarcity of supply of luxury residential properties and the soaring land prices, the Group has been cautious in the sale of the remaining houses held in Regalia Bay, Stanley, Hong Kong. Presently, the Group still owns 21 houses in Regalia Bay, in addition to the two connected houses which have been contracted to be sold and pending completion.

The Group owns a 50% interest in a composite development project in Chengdu, Sichuan. The project has an overall total gross floor area of approximately 5,360,000 square feet and will be developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 420,000 square feet. Foundation and basement works for the hotel development have commenced and the first phase of hotel is presently scheduled to be soft opened in the fourth quarter of 2012. The three residential towers included in the first stage will have about 340 apartment units with car parks and some ancillary commercial accommodation, commanding total saleable area of approximately 489,000 square feet. Site preparation and formation works for this part of the development have been completed and the basement works will commence shortly, with overall construction works scheduled to be completed in the fourth quarter of 2012. Presale of the residential units is anticipated to be launched in the first quarter of 2012. Development works for the other stages are planned to be carried out progressively.

JOINT VENTURE WITH PALIBURG

Having regard to the prosperous outlook of the real estate market in Hong Kong and in Mainland China and in preparation for suitable acquisition opportunities that may become available, as announced on 17th March, 2011, the Group and the Paliburg group have entered into a conditional agreement to establish a joint venture for the

development of real estate projects for sale and/or leasing. As many new development projects will be of varying scales and may involve different property types, it was considered to be of mutual benefit to both groups that they join force to form a sizeable joint venture company with greater financial capability and to tap and capitalise on the different experience and expertise of the two groups. The joint venture company will provide the Group and the Paliburg group with the required flexibility to swiftly respond to available opportunities, should the two groups consider it to be in their mutual interests that such opportunities should be undertaken through the joint venture.

The joint venture will be owned by the Group and the Paliburg group on a 50:50 basis and the maximum total capital commitment to the joint venture will be HK\$3,800 million, to be contributed by the Group and the Paliburg group in a maximum capital commitment of HK\$1,900 million each and on pro-rata basis in accordance with their respective shareholdings in the joint venture. The formation of the joint venture will be conditional upon, among others, the approval by the independent shareholders of the Company. It is the intention of the two groups that, upon the due establishment of the joint venture, the joint venture may acquire from the Paliburg group certain development projects in Hong Kong as its starting projects.

OUTLOOK

The property market in Hong Kong continued on the rise during the first few months of this year. Considering the scarcity of supply and the mounting demand for high end luxury properties, management believes that the value of the houses in Regalia Bay will further appreciate.

“The Group is in a very solid financial position with strong funding resources. The Group is presently considering a number of investment proposals with a view to expanding its asset and income base, which will create long term benefits for the shareholders.” concluded 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 final results announcement released today.

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