

Press Release

April 11, 2005

For Immediate Release

Regal Hotels Group Announces 2004 Annual Results

Business Recorded Phenomenal Growth

Regal Hotels International Holdings Limited (together with its subsidiaries “the Group”, stock code: 078) announced today the final results for the year ended December 31, 2004.

For the year ended December 31, 2004, the Group achieved an audited consolidated net profit attributable to shareholders of approximately HK\$603 million, representing an increase of 190% over the HK\$208 million attained in the 2003 financial year. In view of the satisfactory results, the Directors have resolved to recommend the payment of a final dividend of HK0.5 cent per ordinary share for the year ended December 31, 2004.

Comparing the Group’s operating performance for the 2003 and 2004 financial years, turnover increased by 36% to approximately HK\$1,051 million, profit from operating activities increased by 4 times to approximately HK\$497million, finance costs reduced by 28% to approximately HK\$99 million. The level of net borrowings over the Group’s total assets improved from 50% as at the year end date of 2003 to 37% as at the last balance sheet date.

HOTELS

Hong Kong

The tourist industry in Hong Kong experienced a remarkable turnaround in 2004, with total visitor arrivals during the year reaching an all-time high of over 21.8 million. On account of the further relaxation of the Individual Visit Scheme, there were altogether more than 12.2 million visitors from Mainland China during the year, while at the

same time most of the major overseas markets have generally recovered to their pre-SARS levels.

Comparing with 2003, the combined average room occupancy level and the combined average room rate for the five Regal Hotels in Hong Kong for the year under review have increased by 40% and 14%, respectively, while the gross operating profit margin has at the same time improved by 45%. These translated into an overall gross operating profit for the five hotels in 2004 of approximately HK\$420 million, representing a growth of 103% as compared with the corresponding figure in 2003.

Apart from the general revival in the local hotel business, the significant improvement in the operating results achieved by the Group's hotels was also attributable to the various measures on cost containment and realignment of manpower resources undertaken during the past few years. The operational structure of the Group's hotel business is now even more compact and efficient, and is well prepared for the growing demands and to take on new challenges.

With a view to enhancing the quality and competitiveness of its hotel properties in Hong Kong, the Group is implementing, in stages, various extension, renovation and upgrading plans for the five Regal Hotels in Hong Kong. In particular, construction works for the addition of five floors on the top portion of Regal Hongkong Hotel providing 50 additional deluxe guest rooms are expected to commence later this year, scheduling to be completed in 2006. Besides, plans for the addition of three floors on top of the Regal Riverside Hotel, to provide about 280 additional hotel rooms, are also being submitted to the relevant government authority for approval.

Macau

The Company has recently in March 2005 entered into a Memorandum of Agreement with the Venetian Group from Las Vegas, USA, pursuant to which the Group plans to develop a mega scale hotel development project in the Cotai Resort Area in Macau.

The proposed hotel development project has a site area of approximately 620,000 square feet and a total permissible gross floor area of approximately 3.4 million square feet. The project, comprising hotel, casino, entertainment and conference

facilities, is planned to be developed in two phases. Under the present plan, the first phase of the project will have a hotel with about 1,690 guest rooms and suites, together with food and beverage outlets and related hotel facilities, a casino and a showroom for large performances, conference and meeting facilities, as well as shopping and entertainment areas. The casino/showroom shell will be constructed as part of the project and will be leased to and fitted out and operated by Venetian. The second phase of the project is planned to include about 2,210 additional guest rooms and suites together with expansion space for the casino, and will have further hotel facilities and a large shopping and entertainment complex. It is scheduled that the construction works for the first phase of the project will commence later this year, with completion expected by late 2007.

China

Capitalising on Regal's established brand name and the Group's extensive operational base in Hong Kong, the Group will continue to seek further investment and management opportunities in various key cities in the mainland.

PROPERTIES

Up to the date of this report, 101 houses in this luxury residential development, which is 70% owned by the Group, have been sold for a gross sale consideration of about HK\$4.8 billion and all the project loans secured on the development have been fully repaid. The Regalia Bay development contributed to the Group a profit, including write-back of provision, of approximately HK\$220 million in the financial year under review.

OUTLOOK

With the scheduled opening of the Hong Kong Disneyland in this September and the planned rollout of other major tourist attractions, including the Tung Chung cable car project and the recently announced remodeling and extension of the Ocean Park, Hong Kong will continue to be one of the most favoured tourist destinations. A weak Hong Kong dollar currency and the stepping up of promotional campaigns by the Hong Kong Tourism Board should also help to boost tourists from both short haul and

long haul markets. The Group is optimistic on the future prospects of the local tourist and hotel industries and is taking steps to reinforce and strengthen its position as one of the leading hotel owners and operators in Hong Kong.

Business operations of the five Regal Hotels in Hong Kong in the first quarter of 2005 were encouraging, with overall gross operating profits attaining double-digit growth as compared with the corresponding period in 2004. Based on present forecast, the Group's management is confident that the five hotels should be able to achieve further improved results for the year 2005.

There are now 38 houses in Regalia Bay remaining unsold, with total gross area of about 174,000 square feet. Given the scarcity of supply in the luxury residential sector, there should be further room for price improvement. The net carrying value of the houses remaining unsold is still substantially below current market price levels and significant profits can be expected when the remaining houses are sold.

The signing of the Memorandum of Agreement for the development of a mega scale hotel project in the Cotai Strip in Macau marks an important step for the Group in the planned development of its core hotel business. Visitors from Mainland China, and indeed many visitors from overseas, invariably include Hong Kong and Macau together within their ultimate travel package. As Macau is itself developing into the "Las Vegas of the East" and the ties between Hong Kong and Macau become increasingly closer, the Group strongly believes that it is beneficial and strategically important for the Group to be in a position to command an equivalently large hotel room stock in Macau.

When the various extension programmes of the Regal Hotels in Hong Kong are completed and the hotel development project in Macau brought to fruition, the Group will come to own and operate a total hotel room stock of about 3,700 in Hong Kong and about 3,900 in Macau, forming a critical mass in the hotel markets of these two closely linked regions. This will enable the Group on the one hand to strengthen its competitive edge in the operation and marketing of its existing hotels in Hong Kong through mutual synergistic support and, on the other hand, to share in the growing prosperity of Macau.

“The Board is confident on the Group’s continuing profitability and future prospects and its recommendation to resume the payment of a dividend to shareholders of the Company signifies a clear endorsement of its confidence level in this regard,” Mr Y. S. Lo concluded in the results announcement press conference.

#

For further information, please refer to the full set of Regal’s result announcement dispatched today.

For media enquiries, please contact:

Ms Amy Kwong, Director of Communications
Tel: 2837 1963 Fax: 2577 9912
Email: rhk.pr@RegalHotel.com