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**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
ANNOUNCEMENT**

The Board announces that the Proposed Spin-off and the listing of the Units are not expected to take place in January 2007. Accordingly, the date of December 18, 2006 will no longer be used as the Record Date for ascertaining the Assured Entitlement of Qualifying Shareholders under the Preferential Offering. Presently, the Company is still considering the timetable for the Proposed Spin-off. Further announcements will be made by the Company in relation to the Proposed Spin-off as and when required.

Shareholders should note that the Proposed Spin-off is dependent on a number of factors and subject to a number of conditions as contained in the Circulars, which may or may not be satisfied. Thus, there can be no assurance that the Proposed Spin-off will proceed. Accordingly, Shareholders or potential investors are reminded to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers.

Reference is made to the Company's announcements dated November 22, 2006, November 30, 2006 and December 18, 2006, and the circular dated November 23, 2006 issued by the Company to its Shareholders and the supplemental circular thereto dated December 2, 2006 (together, the "Circulars"). Terms used in this announcement shall have the same meanings as defined in the Circulars unless otherwise defined herein.

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

Executive Directors:

Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Ms. Belinda YEUNG Bik Yiu
(Chief Operating Officer)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Miss LO Po Man
Mr. Kenneth NG Kwai Kai

Non-Executive Director:

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, January 25, 2007