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ANNOUNCEMENT

Entering into of a standstill agreement with bank creditors

The Board of Directors of Regal Hotels International Holdings Limited ("**Regal**") wishes to announce that on 4th September, 2002, Regal and certain of its wholly owned subsidiaries involved in providing standstill security entered into a standstill agreement in relation to certain loan agreements with their principal bank creditors (the "**Bank Creditors**") which became effective on 5th September, 2002.

Shareholders and potential investors of Regal are strongly advised to exercise caution in dealing in the shares of Regal.

Proposed Loan Rescheduling

As stated in the 2001 annual report of Regal (the "**Annual Report**") and the circular to the shareholders of Regal dated 26th August, 2002, Regal and its subsidiaries (together, the "**Group**") have been in discussions with the Bank Creditors with a view to rescheduling or extending the principal repayments of the two outstanding bank loans aggregating in the principal sum of approximately HK\$4,901.6 million as at 4th September, 2002 (the "**Loans**") (the "**Loan Rescheduling**"). The Loans relate to (i) a syndicated loan of approximately HK\$3,822.1 million presently secured on 4 of the Group's hotels in Hong Kong; and (ii) a construction loan of approximately HK\$1,079.5 million presently secured on the Regal Airport Hotel at Chek Lap Kok.

The Standstill Agreement

The Board of Directors of Regal wishes to announce that pursuant to the Loan Rescheduling, Regal and certain of its wholly owned subsidiaries involved in providing standstill security entered into a standstill agreement (the "**Standstill Agreement**") with the Bank Creditors on 4th September, 2002 which became effective on 5th September, 2002 (the "**Effective Date**").

Under the terms of the Standstill Agreement:

- (i) cross collateralisation of certain existing security primarily over the Group's 5 hotels in Hong Kong and the Group's interest in the Stanley development project (details of which project were disclosed in the announcement dated 2nd August, 2002 made by the Company jointly with Century City International Holdings Limited and Paliburg Holdings Limited) and additional security primarily over certain of the Group's operating entities have been provided by the Group;
- (ii) breach of covenants given by the Group on maintaining the financial ratios specified under the loan agreements relating to the Loans, which occurred prior to the Effective Date, (as disclosed in detail in the Annual Report) has been waived;
- (iii) the Bank Creditors have agreed not to enforce any of their rights under the Loans within one year from the Effective Date or, if earlier, until Early Termination (as defined below);
- (iv) Regal has agreed to make certain milestone payments during the period when the Standstill Agreement is effective;
- (v) the Standstill Agreement may be terminated if there is any payment default and at any time by the majority lenders of the Loans (being a simple majority in number of the lenders of the Loans and by the value of the outstanding Loans) (the "**Early Termination**"); and
- (vi) Regal has undertaken to the Bank Creditors that it shall monitor the assets and liabilities of the Group, including its debt levels and the potential for cash flow generation through the disposal of assets or other methods, to be discussed with the steering committee of the Bank Creditors.

Shareholders and potential investors of Regal are strongly advised to exercise caution in dealing in the shares of Regal.

By Order of the Board
REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED
Eliza Lam Sau Fun
Secretary

Hong Kong, 10th September, 2002