

**CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS
OF
REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED
(THE “CODE”)**

INTRODUCTION

1. In compliance with rule 13.67 of the new Chapter 13 of the Listing Rules, which will take effect on 31st March, 2004, the Code has been adopted by the Resolution in Writing of the Directors of the Company passed on 30th March, 2004 as the code of conduct of the Company setting out the required standard against which the Directors must measure their conduct regarding transactions in securities of the Company. A Director must therefore seek to secure that all dealings in which he is or is deemed to be interested be conducted in accordance with the Code.
2. The Code contains basic principles and rules governing dealings by the Directors in the securities of the Company and obligations of the Company relating to compliance with related disclosure and other requirements, all modeled and based on those as set out in the Model Code stipulated in the revised Appendix 10 of the Listing Rules, which will take effect on 31st March, 2004. Breach of any provisions of the Code which stipulate the required standard as contained in the Model Code will be a breach of the Listing Rules.
3. Unless otherwise defined herein, capitalised terms used in the Code shall have the same meanings as those defined in the revised Chapter 1 of the Listing Rules, which will take effect on 31st March, 2004.

Interpretation

1. For the purpose of the Code:
 - (a) “**dealing**” includes, subject to paragraph (k) below, any acquisition, disposal or transfer of, or offer to acquire, dispose of or transfer, or creation of pledge, charge or any other security interest in, any securities of the Company or any entity whose assets solely or substantially comprise securities of the Company, and the grant, acceptance, acquisition, disposal,

transfer, exercise or discharge of any option (whether call, put or both) or other right or obligation, present or future, conditional or unconditional, to acquire, dispose of or transfer securities, or any interest in securities, of the Company or any such entity, in each case whether or not for consideration and any agreements to do any of the foregoing, and “deal” shall be construed accordingly;

- (b) “**beneficiary**” includes any discretionary object of a discretionary trust (where the Director is aware of the arrangement) and any beneficiary of a non-discretionary trust;
- (c) “**Board**” means the board of directors of the Company;
- (d) “**Chairman**” means the Chairman of the Board;
- (e) “**Company**” means Regal Hotels International Holdings Limited, which was incorporated in Bermuda and whose registered office is situate at Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and principal place of business in Hong Kong is situate at 18th Floor, Paliburg Plaza, 68 Yee Wo Street, Causeway Bay, Hong Kong;
- (f) “**Directors**” means directors of the Company;
- (g) “**Model Code**” means the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 of the Listing Rules;
- (h) “**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
- (i) “**securities**” means listed securities and any unlisted securities that are convertible or exchangeable into listed securities and structured products (including derivative warrants), such as those described in Chapter 15A of the Listing Rules, issued in respect of the listed securities of the Company;
- (j) “**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

- (k) notwithstanding the definition of “**dealing**” in paragraph (a) above, the following dealings are not subject to the provisions of the Code:
- (i) taking up of entitlements under a rights issue, bonus issue, capitalisation issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend) but, for the avoidance of doubt, applying for excess shares in a rights issue or applying for shares in excess of an assured allotment in an open offer is a “dealing”;
 - (ii) allowing entitlements to lapse under a rights issue or other offer made by the Company to holders of its securities (including an offer of shares in lieu of a cash dividend);
 - (iii) undertakings to accept, or the acceptance of, a general offer for shares in the Company made to shareholders other than those that are concert parties (as defined under the Takeovers Code) of the offeror;
 - (iv) exercise of share options or warrants or acceptance of an offer for shares pursuant to an agreement entered into by the Director and the Company before a period during which the Director is prohibited from dealing under the Code at the pre-determined exercise price, being a fixed monetary amount determined at the time of grant of the share option or warrant or acceptance of an offer for shares; and
 - (v) an acquisition of qualification shares by a Director where, under the Company’s constitutional documents, the final date for acquiring such shares falls within a period during which the Director is prohibited from dealing under the Code and the Director cannot acquire such shares at another time.
2. For the purpose of the Code, the grant to a Director of an option to subscribe or purchase the Company’s securities shall be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If, however, an option is granted to a Director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.

BASIC PRINCIPLES

1. Directors wishing to deal in any securities in the Company must first have regard to the provisions of Parts XIII and XIV of the Securities and Futures Ordinance with respect to insider dealing and market misconduct. However, there are occasions where Directors should not be free to deal in the Company's securities even though the statutory requirements will not be contravened.
2. The single most important thrust of the Code is that Directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 or connected transactions under Chapter 14A of the Listing Rules (effective from 31st March, 2004), or any price-sensitive information must refrain from dealing in the Company's securities as soon as they become aware of them or privy to them until proper disclosure of the information in accordance with the Listing Rules. Directors who are privy to relevant negotiations or agreements or any price-sensitive information should caution those Directors who are not so privy that there may be unpublished price-sensitive information and that they must not deal in the Company's securities for a similar period.
3. In addition, a Director must not make any unauthorised disclosure of confidential information, whether to co-trustees or to any other person (even those to whom he owes a fiduciary duty) or make any use of such information for the advantage of himself or others.

RULES

A. Absolute prohibitions

1. A Director must not deal in any of the securities of the Company at any time when he is in possession of unpublished price-sensitive information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under Rule B.8 of the Code.
2. A Director must not deal in the securities of the Company when by virtue of his position as a director of another company, he is in possession of unpublished price-sensitive information in relation to those securities.

3. During the period commencing one month immediately preceding the earlier of:
 - (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, a Director must not deal in any securities of the Company unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met as described in section C headed "Exceptional circumstances" below. In any event, he must comply with the procedure in Rules B.8 and B.9 of the Code.

Note: Directors should note that the period during which they are not allowed to deal under Rule A.3 of the Code will cover any period of delay in the publication of a results announcement.

4. Where a Director is a sole trustee, the provisions of the Code will apply to all dealings of the trust as if he were dealing on his own account (unless the Director is a bare trustee and neither he nor any of his associates is a beneficiary of the trust, in which case the provisions of the Code will not apply).
5. Where a Director deals in the securities of the Company in his capacity as a co-trustee and he has not participated in or influenced the decision to deal in the securities and is not, and none of his associates is, a beneficiary of the trust, dealings by the trust will not be regarded as his dealings.
6. The restrictions on dealings by a Director contained in the Code will be regarded as equally applicable to any dealings by the Director's spouse or by or on behalf of any minor child (natural or adopted) and any other dealings in which for the purposes of Part XV of the Securities and Futures Ordinance, he is or is to be treated as interested. It is the duty of the Director, therefore, to seek to avoid any such dealing at a time when he himself is not free to deal.

7. When a Director places investment funds comprising securities of the Company under professional management, discretionary or otherwise, the managers must nonetheless be made subject to the same restrictions and procedures as the Director himself in respect of any proposed dealings in the Company's securities.

B. Notification

8. A Director must not deal in any securities of the Company without first notifying in writing the Chairman or a Director (otherwise than himself) designated by the Board for the specific purpose and receiving a dated written acknowledgement. In his own case, the Chairman must first notify the Board at a board meeting, or alternatively notify a Director (otherwise than himself) designated by the Board for the purpose and receive a dated written acknowledgement before any dealing. The designated Director must not deal in any securities of the Company without first notifying the Chairman and receiving a dated written acknowledgement.
9. The procedure established within the Company must, as a minimum, provide for there to be a written record maintained by the Company that the appropriate notification was given and acknowledged pursuant to Rule B.8 of the Code, and for the Director concerned to have received written confirmation to that effect.
10. Any Director of the Company who acts as trustee of a trust must ensure that his co-trustees are aware of the identity of any company of which he is a director so as to enable them to anticipate possible difficulties. A Director having funds under management must likewise advise the investment manager.
11. Any Director who is a beneficiary, but not a trustee, of a trust which deals in securities of the Company must endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that he in turn may notify the Company. For this purpose, he must ensure that the trustees are aware that he is a Director of the Company.
12. The register maintained in accordance with Section 352 of the Securities and Futures Ordinance should be made available for inspection at every meeting of the Board.

13. The Directors of the Company must as a board and individually endeavour to ensure that any employee of the Company or director or employee of a subsidiary company who, because of his office or employment in the Company or a subsidiary, is likely to be in possession of unpublished price-sensitive information in relation to the securities of the Company does not deal in those securities at a time when he would be prohibited from dealing by the Code if he were a Director.

C. Exceptional circumstances

14. If a Director proposes to sell or otherwise dispose of securities of the Company under exceptional circumstances where the sale or disposal is otherwise prohibited under the Code, the Director must, in addition to complying with the other provisions of the Code, comply with the provisions of Rule B.8 of the Code regarding prior written notice and acknowledgement. The Director must satisfy the Chairman or the designated Director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the Director before the Director can sell or dispose of the securities. The Company shall give written notice of such sale or disposal to the Stock Exchange as soon as practicable stating why it considered the circumstances to be exceptional. The Company shall publish an announcement in the newspapers immediately after any such sale or disposal and state that the Chairman or the designated Director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the Director. An example of the type of circumstances which may be considered exceptional for such purposes would be a pressing financial commitment on the part of the Director that cannot otherwise be satisfied.

D. Disclosure

15. In relation to securities transactions by Directors, the Company shall disclose in its annual and interim reports:
 - (a) whether the Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code;

- (b) having made specific enquiry of all Directors, whether its Directors have complied with, or whether there has been any non-compliance with, the required standard set out in the Model Code and the Code regarding securities transactions by Directors; and

- (c) in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the Company to address such non-compliance.