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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Regal Hotels International Holdings Limited (“Regal”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**ALLOTMENT AND ISSUE OF ORDINARY SHARES UPON  
CONVERSION OF BONDS  
AND  
GENERAL MANDATE TO ISSUE SHARES**

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A letter from the board of directors of Regal is set out on pages 1 to 4 of this circular. A notice convening a special general meeting of Regal to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Saturday, 15th February, 2003 at 11:00 a.m. is set out on pages 5 to 6 of this circular. Whether or not you intend to attend the meeting, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event no later than 48 hours before the time appointed for the holding of the meeting. Completion of the form of proxy will not preclude you from attending and voting at the meeting should you so wish.

30th January, 2003

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*Directors:*

Mr. LO Yuk Sui (*Chairman and Managing Director*)  
Mr. Daniel BONG Shu Yin  
Mr. Donald FAN Tung  
Mr. Tommy LAM Chi Chung  
Mrs. Kitty LO LEE Kit Tai  
Mr. Jimmy LO Chun To  
Mr. Kenneth NG Kwai Kai  
Mr. Kai Ole RINGENSON  
Ms. Belinda YEUNG Bik Yiu

*Independent non-executive Directors:*

Mr. Dominic LAI  
Mr. Thomas NG Wai Hung

*Registered office:*

Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

*Head office and principal  
place of business:*

18th Floor, Paliburg Plaza  
68 Yee Wo Street  
Causeway Bay  
Hong Kong

30th January, 2003

*To the shareholders (the “Shareholders”)  
of Regal Hotels International Holdings Limited (“Regal”),*

Dear Sirs,

**ALLOTMENT AND ISSUE OF ORDINARY SHARES UPON  
CONVERSION OF BONDS  
AND  
GENERAL MANDATE TO ISSUE SHARES**

**Introduction**

The board of directors of Regal (the “**Board**”) refers to: (i) the announcements of Regal dated 16th September, 2002 (the “**1st Announcement**”), 15th October, 2002, 16th January, 2003 and 29th January, 2003 in respect of the issue by Richtech Holdings Limited, a wholly-owned subsidiary of Regal, of 5% guaranteed convertible bonds due 2004 convertible into ordinary shares of, and guaranteed by, Regal (the “**Bonds**”) to Faith Master Limited (an independent third party not connected with any of the directors, chief executive and substantial shareholders of Regal, its subsidiaries and any of their respective associates (as defined in the Listing Rules)); and (ii) the general mandate granted to the directors of Regal (the “**Directors**”) to issue additional new ordinary shares of HK\$0.01 each in the capital of Regal (“**Ordinary Shares**”) at the annual general meeting of Regal held on 12th June, 2002 (details of which are set out in the notice of annual general meeting dated 19th April, 2002 as contained in the 2001 annual report issued by Regal). Unless otherwise defined in this letter, terms used in the 1st Announcement have the same meanings used in this letter.

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## LETTER FROM THE BOARD

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The purpose of this letter and the other sections of which this letter forms part (the “**Circular**”) is to provide you with information in respect of the resolutions to be proposed at the special general meeting of Regal to be held on 15th February, 2003 (the “**Special General Meeting**”) for: (i) the allotment and issue of new Ordinary Shares upon conversion of the Bonds (the “**Specific Mandate**”); and (ii) the granting of a general mandate to issue Ordinary Shares.

### **Allotment and issue of Ordinary Shares upon conversion of the Bonds**

As referred to in the 1st Announcement, on 12th September, 2002, Regal entered into the Subscription Agreement in relation to the issue by the Issuer of the Bonds to the Purchaser. The Bonds comprise: (i) Firm Bonds in an aggregate principal amount of HK\$50 million; and (ii) Optional Bonds in an additional aggregate principal amount of up to HK\$50 million.

Upon completion of the Subscription Agreement on 15th October, 2002, the Issuer issued Firm Bonds in the aggregate principal amount of HK\$50 million in full to the Purchaser. Subsequently, HK\$30 million of Firm Bonds has been repurchased and cancelled by the Issuer (details of such repurchase and cancellation of HK\$30 million of Firm Bonds are disclosed in the announcement issued by Regal on 16th January, 2003). Hence, as at the date of this letter, Firm Bonds in an aggregate principal amount of HK\$20 million in issue are held by the Purchaser.

As disclosed in the 1st Announcement, the Purchaser has an option to subscribe for the Optional Bonds within 15 months from the completion date of the Subscription Agreement (i.e. 15th October, 2002). Pursuant to the Subscription Agreement, approval by the Shareholders is required before the new Ordinary Shares may be allotted and issued upon conversion of the Optional Bonds. The obtaining of such approval from the Shareholders is required before the Purchaser can subscribe for the Optional Bonds under the Subscription Agreement.

In addition, it was stated in the 1st Announcement that the Ordinary Shares falling to be issued on conversion of the Firm Bonds would be issued under the general mandate to allot, issue and deal with new Ordinary Shares granted to the Directors at the annual general meeting of Regal held on 12th June, 2002. Given that the Ordinary Shares falling to be issued under the Optional Bonds (if applicable) will be issued under the Specific Mandate, the Directors therefore consider it is appropriate that, subject to the obtaining of the Specific Mandate from the Shareholders at the Special General Meeting, the Ordinary Shares falling to be issued on conversion of the Firm Bonds in issue will also be issued under the Specific Mandate.

The Board wishes to seek the Shareholders’ approval to authorise the Directors to allot and issue the new Ordinary Shares arising from the exercise of the conversion rights attaching to the Bonds issued/to be issued by the Issuer pursuant to the Subscription Agreement in an aggregate principal amount of up to HK\$70 million (comprising the existing issued Firm Bonds in an aggregate principal amount of HK\$20 million and the Optional Bonds in an aggregate principal amount of up to HK\$50 million that may be issued pursuant to the exercise of an option granted by the Issuer to the Purchaser pursuant to the Subscription Agreement).

If the Optional Bonds are fully subscribed, the additional net proceeds of approximately HK\$50 million are intended to be used by Regal for reduction of bank indebtedness and general working capital purposes.

## LETTER FROM THE BOARD

### Effect on shareholding structure of Regal

*Scenario 1 (Assuming full conversion of the HK\$20 million Firm Bonds at the adjusted Conversion Price of HK\$0.065 (Notes))*

	Existing Shareholding		After full conversion of HK\$20 million Firm Bonds		After release of all the SPC Regal Shares	
			Number of Ordinary Shares		Number of Ordinary Shares	
	million	%	million	%	million	%
Paliburg and its associates	4,717.1	74.9	4,717.1	71.4	3,010.6	45.6
Purchaser/Bondholders	—	—	307.7	4.7	307.7	4.7
Other Shareholders	<u>1,580.0</u>	<u>25.1</u>	<u>1,580.0</u>	<u>23.9</u>	<u>3,286.5</u>	<u>49.7</u>
Total	<u>6,297.1</u>	<u>100.0</u>	<u>6,604.8</u>	<u>100.0</u>	<u>6,604.8</u>	<u>100.0</u>

*Scenario 2 (Assuming full conversion of the HK\$20 million Firm Bonds and the HK\$50 million Optional Bonds at the adjusted Conversion Price of HK\$0.065 (Notes))*

	Existing Shareholding		After full conversion of HK\$20 million Firm Bonds and the Optional Bonds		After release of all the SPC Regal Shares	
			Number of Ordinary Shares		Number of Ordinary Shares	
	million	%	million	%	million	%
Paliburg and its associates	4,717.1	74.9	4,717.1	64.0	3,010.6	40.8
Purchaser/Bondholders	—	—	1,076.9	14.6	1,076.9	14.6
Other Shareholders	<u>1,580.0</u>	<u>25.1</u>	<u>1,580.0</u>	<u>21.4</u>	<u>3,286.5</u>	<u>44.6</u>
Total	<u>6,297.1</u>	<u>100.0</u>	<u>7,374.0</u>	<u>100.0</u>	<u>7,374.0</u>	<u>100.0</u>

Notes: (1) Assuming that there will be no change to the shareholding structure of Regal other than those arising from the conversion of the HK\$20 million Firm Bonds and/or the Optional Bonds before the release of all the SPC Regal Shares.

(2) The Conversion Price is subject to usual and downward adjustments in accordance with the terms of the Bonds as disclosed in the 1st Announcement.

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## LETTER FROM THE BOARD

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### **General mandate to issue Ordinary Shares**

At the annual general meeting of Regal held on 12th June, 2002, a general mandate was given to the Directors to exercise the powers of Regal to issue new Ordinary Shares at any time until the next annual general meeting or such earlier periods as stated in the relevant ordinary resolution, up to a maximum of 20% of the issued ordinary share capital of Regal as at the date of passing such resolution. An ordinary resolution will be proposed at the Special General Meeting to revoke the existing general mandate to allot, issue and otherwise deal with new Ordinary Shares (to the extent not being fully exercised by the Directors) and to give the Directors a new general unconditional mandate to allot, issue and deal with new Ordinary Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued ordinary share capital of Regal as at the date of passing the relevant resolution. The Directors do not have any immediate plans to issue any new Ordinary Shares under the general mandate to be sought at the Special General Meeting.

The general mandate to issue new Ordinary Shares to be proposed at the Special General Meeting will remain effective until the conclusion of Regal's next annual general meeting or such earlier periods as stated in Ordinary Resolution No. 2 as set out in the notice of the Special General Meeting contained in the Circular.

### **Special General Meeting**

Set out on pages 5 to 6 of the Circular is a notice convening the Special General Meeting to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong, on Saturday, 15th February, 2003 at 11:00 a.m. for the purpose of considering, and, if thought fit, approving: (i) the allotment and issue of new Ordinary Shares upon conversion of the Bonds; and (ii) the granting of the general mandate to issue Ordinary Shares.

A form of proxy for use at the Special General Meeting is enclosed. Shareholders are requested to complete the form of proxy and return it to Regal's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed on it not less than 48 hours before the time fixed for holding the meeting, whether or not they intend to be present at the meeting.

### **Recommendation**

The Directors believe that the granting of approval for the allotment and issue of new Ordinary Shares upon conversion of the Bonds and the granting of a general mandate to issue Ordinary Shares are in the interests of Regal and accordingly recommend Shareholders to vote in favour of the relevant resolutions as set out in the notice of Special General Meeting on pages 5 to 6 of the Circular.

Yours faithfully,  
By Order of the Board  
**Lo Yuk Sui**  
*Chairman*

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## NOTICE OF THE SPECIAL GENERAL MEETING

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**NOTICE IS HEREBY GIVEN** that a special general meeting of Regal Hotels International Holdings Limited (the “**Company**”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Saturday, 15th February 2003 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as ordinary resolutions of the Company:

### ORDINARY RESOLUTION NO. 1

“**THAT** the directors of the Company (the “**Directors**”) be and are hereby authorised to allot and issue new ordinary Shares of HK\$0.01 each in the capital of the Company (“**Ordinary Shares**”) arising from the exercise of the conversion rights attaching to the 5 per cent. guaranteed convertible bonds (the “**Convertible Bonds**”) issued/to be issued by Richtech Holdings Limited (the “**Issuer**”), a wholly-owned subsidiary of the Company, pursuant to an agreement dated 12th September, 2002 entered into between the Issuer, the Company and Faith Master Limited (the “**Purchaser**”) (the “**Agreement**”), in an aggregate principal amount of up to HK\$70,000,000 (comprising the existing issued Convertible Bonds in an aggregate principal amount of HK\$20,000,000 and the optional bonds in an aggregate principal amount of up to HK\$50,000,000 that may be issued upon the exercise of an option granted by the Issuer to the Purchaser pursuant to the Agreement).”

### ORDINARY RESOLUTION NO. 2

“**THAT:**

- (1) resolution 4(B) as set out in the notice of the annual general meeting of the Company dated 19th April, 2002 (as approved by the shareholders of the Company in the Company’s annual general meeting held on 12th June, 2002) be revoked (to the extent not being fully exercised by the Directors);
- (2) the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to issue, allot and dispose of additional Ordinary Shares (including making and granting offers, agreements and options which would or might require Ordinary Shares to be issued, allotted or disposed of, whether during or after the end of the Relevant Period) be and is hereby generally and unconditionally approved, provided that, otherwise than pursuant to a rights issue where Ordinary Shares are offered to shareholders on a fixed record date in proportion to their then holdings of Ordinary Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong), the additional Ordinary Shares issued, allotted or disposed of (including Ordinary

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## NOTICE OF THE SPECIAL GENERAL MEETING

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Shares agreed conditionally or unconditionally to be issued, allotted or disposed of, whether pursuant to an option or otherwise) shall not in aggregate exceed 20% of the aggregate nominal amount of the Ordinary Shares of the Company in issue as at the date of this Resolution, and the said approval shall be limited accordingly”; and

- (3) for the purpose of this Resolution, “**Relevant Period**” means the period from the passing of this Resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting is required by the Bye-laws of the Company or The Companies Act 1981 of Bermuda or any other applicable law of Bermuda to be held; and
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders in general meeting.”

By Order of the Board  
**Eliza Lam Sau Fun**  
*Company Secretary*

Hong Kong  
30th January, 2003

*Head office and principal place of business:*  
18th Floor, Paliburg Plaza  
68 Yee Wo Street  
Causeway Bay  
Hong Kong

*Registered office:*  
Rosebank Centre  
11 Bermudiana Road  
Pembroke  
Bermuda

### Notes:

1. A member entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company but must be present in person at the meeting in order to represent the member.
2. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the office of the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting, as the case may be. Completion and return of the form of proxy will not preclude members from attending and voting at the meeting if members so desire.