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## ANNOUNCEMENT

### Partial Repurchase of 5% Guaranteed Convertible Bonds due 2004 convertible into ordinary shares of and guaranteed by Regal Hotels International Holdings Limited

The Directors wish to announce that on 15th January, 2003, the Issuer entered into a Repurchase Agreement with, inter alia, the Purchaser in relation to the partial repurchase of a principal amount of HK\$30,000,000 of the Firm Bonds.

Reference is made to the announcements made by Regal dated 16th September, 2002 and 15th October, 2002 in relation to the issue by the Issuer of the Bonds (the "Announcements"). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements unless defined otherwise.

#### REPURCHASE AGREEMENT

The Directors wish to announce that on 15th January, 2003, the Issuer entered into an agreement with, inter alia, the Purchaser (the "Repurchase Agreement").

Pursuant to the Repurchase Agreement, the Issuer agreed to repurchase from the Purchaser, and the Purchaser agreed to sell to the Issuer, a principal amount of HK\$30,000,000 of the Firm Bonds (together with interest accrued thereon) (the "Subject Bonds") at a cash consideration of HK\$30,500,000 (the "Consideration"). Upon completion of the Subscription Agreement on 15th October, 2002, the Issuer had issued the Firm Bonds in the aggregate principal amount of HK\$50,000,000 in full to the Purchaser. The Purchaser has the right to subscribe for the Optional Bonds within 15 months from 15th October, 2002. As at the date of this announcement, no Optional Bonds have yet been subscribed for.

The Consideration was agreed after arm's length negotiation between the Issuer and the Purchaser with reference to the principal amount of the Subject Bonds and interest accrued thereon of approximately HK\$400,000 (calculated at the interest rate of 5% per annum). The Consideration was settled by certain proceeds derived from the realisation of certain security provided for the Bonds.

Completion of the Repurchase Agreement took place on 15th January, 2003.

The Subject Bonds have been cancelled immediately after completion of the Repurchase Agreement and will not be re-issued and resold by the Issuer. The Purchaser currently holds the outstanding Bonds in the principal amount of HK\$20,000,000.

#### Reason for the Repurchase of the Bonds

The Directors consider that the partial repurchase of the Bonds can help reduce the interest expenditure of the Regal Group and hence is in the interests of the Regal Group.

#### 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 Shares million	%	Number of Shares million	%	Number of Shares million	%
Paliburg and its associates Purchaser/Bondholders	4,717.1	74.9	4,717.1	71.4	3,010.6	45.6
Other shareholders	—	—	307.7	4.7	307.7	4.7
	1,580.0	25.1	1,580.0	23.9	3,286.5	49.7
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 Shares million	%	Number of Shares million	%	Number of Shares million	%
Paliburg and its associates Purchaser/Bondholders	4,717.1	74.9	4,717.1	64.0	3,010.6	40.8
Other shareholders	—	—	1,076.9	14.6	1,076.9	14.6
	1,580.0	25.1	1,580.0	21.4	3,286.5	44.6
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 Announcements.

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

Hong Kong, 16th January, 2003