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## ANNOUNCEMENT

### **5% Guaranteed Convertible Bonds due 2004 convertible into ordinary shares of, and guaranteed by, Regal Hotels International Holdings Limited and General mandate to issue Shares**

The Directors (as defined below) wish to announce that Regal intends to seek its shareholders' approval for the Resolutions (as defined below).

A circular, containing, inter alia, details of the Resolutions and the notice of the Special General Meeting (as defined below), will be despatched by Regal to its shareholders as soon as practicable.

Reference is made to the announcements of Regal dated 16th September, 2002 (the "1st Announcement"), 15th October, 2002 and 16th 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 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)). Capitalised terms used in this announcement have the same meanings as those defined in the 1st Announcement unless otherwise stated.

The directors of Regal (the "Directors") wish to announce that Regal intends to seek its shareholders' approval in respect of: (i) the Shares to be allotted and issued upon conversion of the relevant Bonds (the "Specific Mandate"); and (ii) the general mandate to be granted to the Directors to issue additional Shares (together, the "Resolutions").

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 announcement, Firm Bonds in an aggregate principal amount of HK\$20 million in issue are held by the Purchaser.

Pursuant to the Subscription Agreement, approval by Regal's shareholders is required before the new Shares may be allotted and issued upon conversion of the Optional Bonds. The obtaining of such approval from Regal's 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 Shares falling to be issued on conversion of the Firm Bonds would be issued under the general mandate to allot, issue and deal with Shares granted to the Directors at the annual general meeting of Regal held on 12th June, 2002. Given that the 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 obtaining the Specific Mandate from Regal's shareholders at the special general meeting to be convened (the "Special General Meeting"), the Shares falling to be issued on conversion of the Firm Bonds in issue will also be issued under the Specific Mandate.

The Directors wish to seek the approval of Regal's shareholders to authorise the Directors to allot and issue the new 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).

A circular, containing, inter alia, details of the Resolutions and the notice of the Special General Meeting, will be despatched by Regal to its shareholders as soon as practicable.

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

Hong Kong, 29th January, 2003