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

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**If you are in any doubt** as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Regent Pacific Group Limited, you should, without delay, hand this document, together with the accompanying proxy form, to the purchaser or to the stockbroker, bank manager or other agent through whom the sale was effected for transmission to the purchaser.

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**Regent Pacific Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

**Re-election of Directors;  
General Mandate to Issue New Shares;  
General Mandate to Repurchase the Company's Own Shares;  
Amendments to the Memorandum and Articles of Association;  
and Annual General Meeting for Year 2012**

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A notice convening the annual general meeting of Regent Pacific Group Limited for Year 2012 is set out in Pages 25 to 33 of this document. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 am on Monday, 28 May 2012. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

20 April 2012

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## TABLE OF CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	4
2. Audited Financial Statements 2011 .....	5
3. Re-election of Directors .....	5
4. Re-appointment of Auditor .....	13
5. Share Issue Mandate .....	13
6. Repurchase Mandate .....	13
7. Extension of Share Issue Mandate .....	18
8. Amendments to the Memorandum and Articles of Association and adoption of the New Memorandum and Articles of Association .....	18
9. The 2012 Annual General Meeting .....	22
10. Directors' recommendation .....	23
11. Documents available for inspection .....	24
<b>Notice of Annual General Meeting</b> .....	25

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## DEFINITIONS

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*In this document, the following expressions have the following meanings unless the context requires otherwise:*

<b>“2011 Annual General Meeting”</b>	the last annual general meeting of the Company held on 1 June 2011
<b>“2011 Repurchase Mandate”</b>	the unconditional general mandate granted to the Directors, authorising them to repurchase, on the HK Stock Exchange, up to a maximum of 387,247,052 Shares, being 10 per cent of the fully paid voting Shares in issue as at the date of the 2011 Annual General Meeting
<b>“2012 AGM Notice”</b>	the notice convening the 2012 Annual General Meeting as set out in Pages 25 to 33 of this document
<b>“2012 Annual General Meeting”</b>	the annual general meeting of the Company for Year 2012 convened to be held on Wednesday, 30 May 2012, the notice of which is set out in Pages 25 to 33 of this document
<b>“Annual Report 2011”</b>	the annual report of the Company for the year ended 31 December 2011, which accompanies this document
<b>“Articles of Association”</b>	the existing articles of association of the Company
<b>“Audited Financial Statements 2011”</b>	the audited financial statements of the Company for the year ended 31 December 2011 as set out in the Annual Report 2011, which accompanies this document
<b>“Audit Committee”</b>	the audit committee of the Company
<b>“Auditor”</b>	BDO Limited, being the auditor of the Company
<b>“Board”</b>	the board of directors of the Company
<b>“Company”</b>	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“connected person(s)”</b>	shall have the meaning defined in Chapter 14A of the HK Listing Rules
<b>“Connected Transactions Committee”</b>	the connected transactions committee of the Company, which reviews and monitors any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof

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## DEFINITIONS

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<b>“Director(s)”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK Listing Rules”</b>	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
<b>“HK Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“HK Takeovers Code”</b>	The Hong Kong Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission, as amended from time to time
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency in Hong Kong
<b>“Investment Committee”</b>	the investment committee of the Company, which oversees the investments of the Group
<b>“Latest Practicable Date”</b>	Monday, 16 April 2012, being the latest practicable date prior to the printing of this document for ascertaining certain information for inclusion in this document
<b>“Long Term Incentive Plan 2007”</b>	the long term incentive plan of the Company named the “Long Term Incentive Plan 2007” established with the shareholders’ approval on 8 December 2007
<b>“March Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company held on 28 March 2012
<b>“March Repurchase Mandate”</b>	the unconditional general mandate granted to the Directors, authorising them to repurchase, on the HK Stock Exchange, up to a maximum of 348,573,052 Shares, being 10 per cent of the fully paid voting Shares in issue as at the date of the March Extraordinary General Meeting
<b>“Memorandum and Articles of Association”</b>	the existing memorandum and articles of association of the Company
<b>“New Memorandum and Articles of Association”</b>	the amended and restated memorandum and articles of association of the Company proposed to be adopted at the 2012 Annual General Meeting, having incorporated the amendments set out in Paragraphs 8(A) to (C) in the Letter from the Board in Pages 18 to 22 of this document
<b>“Nomination Committee”</b>	the nomination committee of the Company
<b>“Option(s)”</b>	the options granted and exercisable under the Share Option Scheme (2002)

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## DEFINITIONS

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<b>“Performance Bonus Plan”</b>	the performance bonus plan of the Group established on 18 October 2002
<b>“Remuneration Committee”</b>	the remuneration committee of the Company
<b>“Repurchase Mandate”</b>	an unconditional general mandate to be granted to the Directors, authorising them to repurchase, on the HK Stock Exchange, up to a maximum of 10 per cent of the fully paid voting Shares in issue as at the date of the 2012 Annual General Meeting or otherwise as at the date when the relevant resolution is passed
<b>“SFO”</b>	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
<b>“Share(s)”</b>	the ordinary shares, with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“Share Issue Mandate”</b>	an unconditional general mandate to be granted to the Directors, authorising them to issue, allot and otherwise deal with additional Shares up to a maximum of 20 per cent of the issued voting share capital of the Company as at the date of the 2012 Annual General Meeting or otherwise as at the date when the relevant resolution is passed
<b>“Share Option Scheme (2002)”</b>	the share option scheme of the Company named the “Share Option Scheme (2002)” established on 15 November 2002
<b>“Technical Committee”</b>	the technical committee of the Company, which reviews and monitors the compliance of the Company with the requirements of Chapter 18 of the HK Listing Rules (together with associated provisions of the HK Listing Rules)
<b>“Unit(s)”</b>	the units granted under the Long Term Incentive Plan 2007
<b>“US\$”</b>	United States dollars, the lawful currency in the United States

*Note: Unless otherwise specified herein, amounts denominated in US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.80.*

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## LETTER FROM THE BOARD

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### **Regent Pacific Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

*Executive Director:*

Jamie Gibson (*Chief Executive Officer*)

*Registered office:*

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

*Non-Executive Directors:*

James Mellon (*Co-Chairman*)  
Stephen Dattels (*Co-Chairman*)  
David Comba<sup>#</sup>  
Julie Oates<sup>#</sup>  
Mark Searle<sup>#</sup>  
Jayne Sutcliffe

*Principal place of business in Hong Kong:*

8th Floor  
Henley Building  
5 Queen's Road Central  
Hong Kong

<sup>#</sup> Independent Non-Executive Directors

20 April 2012

*To the shareholders of Regent Pacific Group Limited*

Dear Sir or Madam

**Re-election of Directors;  
General Mandate to Issue New Shares;  
General Mandate to Repurchase the Company's Own Shares;  
Amendments to the Memorandum and Articles of Association;  
and Annual General Meeting for Year 2012**

#### **1 INTRODUCTION**

This document provides shareholders with all the information reasonably necessary to enable them to make an informed decision as to whether to vote in favour of the following resolutions proposed at the 2012 Annual General Meeting, as set out in detail in the 2012 AGM Notice:

- a. To receive the Audited Financial Statements 2011 and the relevant reports of the Directors and Auditor.

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## LETTER FROM THE BOARD

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- b. To re-elect the Directors who will retire at the 2012 Annual General Meeting pursuant to the Articles of Association.
- c. To re-appoint the retiring Auditor.
- d. To approve the Share Issue Mandate.
- e. To approve the Repurchase Mandate.
- f. To approve the extension of the Share Issue Mandate.
- g. To approve the amendments to the Memorandum and Articles of Association and the adoption of the New Memorandum and Articles of Association.

### 2 AUDITED FINANCIAL STATEMENTS 2011

The Audited Financial Statements 2011 and the relevant reports of the Directors and the Auditor to be received under Resolution numbered 1 at the 2012 Annual General Meeting are set out in the Annual Report 2011, which accompanies this document.

### 3 RE-ELECTION OF DIRECTORS

In accordance with Article 86(3) of the Articles of Association, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any Director appointed after the close of the last annual general meeting of the Company shall retire at the next annual general meeting of the Company but shall then be eligible for re-election. Any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In accordance with Article 87 of the Articles of Association, at each annual general meeting of the Company one-third of the Directors for the time being, who have been longest in office since their last re-election or appointment, shall retire from office by rotation. A retiring Director shall be eligible for re-election.

No Directors will retire pursuant to Article 86(3) at the 2012 Annual General Meeting, and James Mellon, Jamie Gibson and David Comba will retire by rotation pursuant to Article 87 at the 2012 Annual General Meeting. All of them, being eligible, offer themselves for re-election under Resolution numbered 2 at the 2012 Annual General Meeting.

Biographical details of the retiring Directors are as follows:

- a. **James Mellon**, aged 55, British, was appointed as an Executive Director of the Company in July 1991, and was re-designated as a Non-Executive Director in May 2002, and is currently Non-Executive Co-Chairman of the Board of Directors. He holds a Master's degree in Politics, Philosophy and Economics from Oxford University and, since graduating

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## LETTER FROM THE BOARD

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in 1978, his whole career has been spent in asset management. Mr Mellon worked for GT Management Plc from 1978 to 1984. In July 1984, he joined the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an executive director of Tyndall Holdings Plc responsible for business expansion and corporate development. In 1990, Mr Mellon co-founded and became Chief Executive of Regent Pacific Group. In 1994, he became Chairman of Regent Pacific Group. Mr Mellon has over 20 years' investment experience in Asia. He specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. He is also director of certain subsidiaries of Regent Pacific Group. Mr Mellon is also: (i) a non-executive director of Charlemagne Capital Limited, an executive co-chairman of the board of West African Minerals Corporation (formerly known as Emerging Metals Limited), the executive chairman of the board of Manx Financial Group plc, the executive chairman of the board of Speymill plc and a non-executive director of Webis Holdings plc, all of which are listed on the Alternative Investment Market ("AIM") of the London Stock Exchange; (ii) a director of Brazilian Gold Corporation, which is listed on the TSX Venture Exchange; (iii) a non-executive director of Polo Resources Limited, which is dually listed on AIM and the TSX Venture Exchange; and (iv) the non-executive chairman of the board of Speymill Deutsche Immobilien Company plc (which was delisted from AIM on 31 May 2011).

According to the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Part XV of the SFO, as at the Latest Practicable Date, Mr Mellon held:

- (i) personal interests in 74,986,180 Shares, being 2.15 per cent of the Company's existing issued voting share capital; and (ii) through companies wholly owned by the trustee of a settlement, of which he is a beneficiary, interests in 375,821,131 Shares, being 10.78 per cent of the Company's existing issued voting share capital;
- an outstanding Option, which was granted on 2 October 2007 and was fully vested, entitling him to subscribe for 13,000,000 Shares at the exercise price of HK\$1.152 per Share (Note 1); and
- (i) an outstanding Unit, which was granted on 1 November 2011 in respect of 50,000,000 Shares, which will be vested in full on the happening of the "trigger event" (as referred to in the offer letter dated 7 November 2011) or otherwise on 1 November 2014; and (ii) an outstanding Unit, which was granted on 3 April 2012 in respect of 60,000,000 Shares, which will be vested in three equal tranches on the first, second and third anniversary date of the offer date, providing that all Shares (then remaining outstanding) will be vested in full on the happening of the "trigger event" (as referred to in the offer letter dated 10 April 2012) (Note 2).



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## LETTER FROM THE BOARD

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Mr Mellon's remuneration package is as follows:

- Pursuant to his letter of appointment for his position as Non-Executive Co-Chairman of the Board, Mr Mellon receives an annual fee of US\$25,000 (approximately HK\$195,000) from the Company. The Company determined the amount of fee payable to Mr Mellon on what it believes a comparable company would pay to a non-executive chairman of the board.
- Pursuant to his advisory agreement with the Company, Mr Mellon receives an annual advisory fee of US\$157,500 (approximately HK\$1,228,500) from the Company.
- Mr Mellon is also entitled to participate in the Performance Bonus Plan from time to time. During the year ended 31 December 2011, an amount of US\$2,888,000 (approximately HK\$22,526,400) was paid by the Company to Mr Mellon in respect of a discretionary bonus for the year ended 31 December 2010 and in accordance with the Performance Bonus Plan. Subsequent to the year end date and prior to the Latest Practicable Date, no bonuses were paid by the Company to Mr Mellon under the Performance Bonus Plan. (Note 3)
- During the year ended 31 December 2011, an amount of US\$82,478 (approximately HK\$643,328) was amortised in respect of the Unit granted on 1 November 2011 to Mr Mellon under the Long Term Incentive Plan 2007 (see above). Subsequent to the year end and prior to the Latest Practicable Date, an amount of US\$122,527 (approximately HK\$955,711) was amortised in respect of the said Unit. (Note 4)

Mr Mellon's letter of appointment (for the position as Non-Executive Co-Chairman of the Board) does not specify a term for his appointment. However, his appointment may be terminated by either party giving 30 calendar days' notice, and he is also subject to the directors' retirement provisions as set out in the Articles of Association. His new advisory agreement, which was executed on 16 April 2012, specifies that his appointment may be terminated by either party giving one year's notice.

Mr Mellon is a member of the Audit Committee and the Remuneration Committee and is the Chairman of the Nomination Committee and the Investment Committee.

As first disclosed in the shareholders' circular issued by the Company on 13 November 2003, an arrest warrant was issued by the Korean prosecutor's office on 19 December 2000 against James Mellon, pertaining to his alleged involvement in a conspiracy with Seung-Hyun Jin and Chang-Kon Koh to manipulate the share price of Regent Securities Co., Ltd (which was merged with Ileun Securities Co., Ltd in January 2002 and subsequently renamed Bridge Securities Co., Ltd) in Korea in November/December 2000. As updated in the Company's annual report for the year ended 31 March 2004, the Directors were informed by Mr Mellon that the arrest warrant was renewed in January 2004. As far as the Board is aware, no proceedings have been issued or served against James Mellon since that time and neither have there been any further developments involving the Company and Mr Mellon.

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## LETTER FROM THE BOARD

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James Mellon has informed the Board that he categorically denies these allegations and has retained leading Korean counsel to act on his behalf in disproving the Korean prosecutor's claims. James Mellon has also informed the Board that on 28 March 2001, he also submitted, via his Korean counsel, a comprehensive sworn affidavit disproving the alleged share manipulation. The Board was informed by James Mellon on 15 July 2004 that the arrest warrant was re-issued on 14 January 2004 and will remain valid and effective until 12 March 2010 or otherwise such time as James Mellon returns to South Korea to assist with the investigation. James Mellon's Korean lawyer is endeavouring to confirm whether or not the arrest warrant remains valid. As noted above, as far as the Board is aware, no proceedings have been issued or served on James Mellon to date. In these circumstances, the Board, including the Independent Non-Executive Directors, considers that Mr Mellon can fulfil his fiduciary duties and perform the requisite duties of skill, care and diligence as a Director of the Company to the standard at least commensurate with the standard established by the laws of Hong Kong and therefore it is entirely appropriate for Mr Mellon to remain on the Board.

- b. **Jamie Alexander Gibson**, aged 46, British, joined Regent Pacific Group in April 1996 and was appointed as an Executive Director and Chief Operating Officer of the Company in January 2002. In May 2002, he became Chief Executive Officer of the Company. Mr Gibson has spent most of his professional career with the Company specialising in corporate finance, direct equity investments and structuring emerging market investment products. Prior to joining the Company, he worked at Clifford Chance, Coopers & Lybrand and KPMG. Mr Gibson has a law degree from Edinburgh University. He is also director of a number of subsidiaries of Regent Pacific Group, including Amerinvest Coal Industry Holding Company Limited, which in turn holds a 25% equity interest in West China Coking & Gas Company Limited.

According to the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Part XV of the SFO, as at the Latest Practicable Date, Mr Gibson held:

- personal interests in 4,419,138 Shares, being 0.13 per cent of the Company's existing issued voting share capital;
- (i) an outstanding Option, which was granted on 9 September 2004 and was fully vested, entitling him to subscribe for 11,000,000 Shares at the exercise price of HK\$0.266 per Share; (ii) an outstanding Option, which was granted on 4 April 2006 and was fully vested, entitling him to subscribe for 45,600,000 Shares at the exercise price of HK\$0.300 per Share; and (iii) an outstanding Option, which was granted on 2 October 2007 and was fully vested, entitling him to subscribe for 13,000,000 Shares at the exercise price of HK\$1.152 per Share (Note 1);
- (i) an outstanding Unit, which was granted on 1 November 2011 in respect of 100,000,000 Shares, which will be vested on the happening of the "trigger event" (as referred to in the offer letter dated 7 November 2011) or otherwise on 1 November 2014; and (ii) an outstanding Unit, which was granted on 3 April 2012 in respect of

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## LETTER FROM THE BOARD

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70,000,000 Shares, which will be vested in three equal tranches on the first, second and third anniversary date of the offer date, providing that all Shares (then remaining outstanding) will be vested in full on the happening of the “trigger event” (as referred to in the offer letter dated 10 April 2012) (Note 2); and

- personal interests in 225,000 shares in the capital of AstroEast.com Limited (a 51 per cent owned subsidiary of the Company), being 0.80 per cent of its existing issued share capital.

Mr Gibson’s remuneration package is as follows:

- Pursuant to his service contract, Mr Gibson received a salary of US\$1,450,000 (approximately HK\$11,310,000) from the Group during the year ended 31 December 2011. His salary has been increased to US\$1,500,000 (approximately HK\$11,700,000) per annum with effect from 1 January 2012 pursuant to a new service contract executed with a company of the Group on 16 April 2012. The Company determined the amount of salaries payable to Mr Gibson on what it believes a comparable company would pay to its chief executive officer.
- Mr Gibson is also entitled to participate in the Performance Bonus Plan from time to time. During the year ended 31 December 2011, an amount of US\$6,600,000 (approximately HK\$51,480,000) was paid by the Company to Mr Gibson in respect of a discretionary bonus for the year ended 31 December 2010 and in accordance with the Performance Bonus Plan. Subsequent to the year end date and prior to the Latest Practicable Date, no bonuses were paid by the Company to Mr Gibson under the Performance Bonus Plan. (Note 3)
- During the year ended 31 December 2011, an amount of US\$841,134 (approximately HK\$6,560,845) was amortised in respect of the Units granted on 7 January 2009 (Note 5) and 1 November 2011 (see above) to Mr Gibson under the Long Term Incentive Plan 2007. Subsequent to the year end and prior to the Latest Practicable Date, an amount of US\$245,053 (approximately HK\$1,911,413) was amortised in respect of the Unit granted on 1 November 2011. (Note 4)

Mr Gibson’s service contract does not specify a term for his appointment. However, his appointment may be terminated by either party giving one year’s notice (his new service contract executed on 16 April 2012 (to take effect on 1 January 2012) has extended the notice period from 180 calendar days to one year). Further, Mr Gibson is also subject to the directors’ retirement provisions as set out in the Articles of Association.

Mr Gibson is a member of the Connected Transactions Committee and the Investment Committee and is the Chairman of the Technical Committee.

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## LETTER FROM THE BOARD

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- c. **Charles David Andrew Comba**, aged 68, Canadian, has been an Independent Non-Executive Director of the Company since October 2005. He is currently director of three Canadian listed companies, namely: (i) First Nickel Inc (listed on TSX-T); (ii) Cogitore Resources Inc (formerly Woodruff Capital Management Inc (listed on TSX-V)); and (iii) North American Palladium Ltd (listed on TSX-T and AMEX). Until his retirement in May 2005, he held senior staff positions as Director Issues Management and more recently as Director of Regulatory Affairs with the Prospectors and Developers Association of Canada. Mr Comba also served the association as a Director prior to joining staff in 1998. He served on or lead mineral exploration teams that have made eleven significant discoveries of base and precious metals, primarily for Falconbridge Group companies. Five discoveries were taken to production. After holding Falconbridge Regional Exploration Manager positions in Timmins, Ontario and Sudbury, Ontario, Mr Comba was transferred to Toronto, Ontario in 1990 as Vice President Exploration Falconbridge Gold Corporation. Subsequent to the sale of FGC to Kinross Gold Corporation he became a director, President and Chief Executive Officer of a Kinross controlled exploration company, Pentland Firth Ventures Limited. Mr Comba obtained two geological degrees from Queen's University Kingston, Ontario, Canada, an MSc (1975) and a Hon BSc (1972).

According to the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Part XV of the SFO, as at the Latest Practicable Date, Mr Comba held:

- no interests in Shares;
- an outstanding Option, which was granted on 2 October 2007 and was fully vested, entitling him to subscribe for 5,000,000 Shares at the exercise price of HK\$1.152 per Share (Note 1); and
- no Units.

Pursuant to his letter of appointment, Mr Comba received an annual fee of US\$30,000 (approximately HK\$234,000) from the Company in respect of his position as an Independent Non-Executive Director during the year ended 31 December 2011. The fee payable to the Company's Independent Non-Executive Directors has been increased to US\$40,000 (approximately HK\$312,000) per annum with effect from 1 January 2012. The Company determined the amount of fee payable to Mr Comba on what it believes a comparable company would pay to its independent directors. Shareholders shall note that Independent Non-Executive Directors are excluded from the Performance Bonus Plan (Note 3).

Mr Comba's letter of appointment does not specify a term for his appointment. However, his appointment may be terminated by either party giving 30 calendar days' notice, and he is also subject to the directors' retirement provisions as set out in the Articles of Association.

Mr Comba is a member of the Technical Committee.

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## LETTER FROM THE BOARD

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In compliance of the existing Rule 3.10(1) and the new 3.10A (which was recently introduced for compliance before 31 December 2012) of the HK Listing Rules, the Board currently comprises three Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, representing more than one-third of the Board. Pursuant to paragraph 12B of Appendix 16 to the HK Listing Rules, each of the Independent Non-Executive Directors, including David Comba, has confirmed by an annual confirmation: (i) that he/she complies with each of the independence criteria referred to in Rule 3.13(1) to (8); (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any connected person (as such term is defined in the HK Listing Rules) of the Company; and (iii) that there are no other factors that may affect his/her independence at the same time as the submission of his/her Declaration and Undertaking in Form B of Appendix 5 to the HK Listing Rules. The Directors consider that all three Independent Non-Executive Directors are independent under these independence criteria and are capable to efficiently exercise independent judgement.

*Notes:*

1. The Options entitle the optionholders to exercise one-third of the Option at each of the first, second and third anniversary dates after the date of grant, provided that the optionholder remains as an eligible participant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. Any entitlements then remain unexercised will lapse.
2. Under the Long Term Incentive Plan 2007, the Board may grant to an eligible participant a Unit, being a conditional award of Shares subject to such conditions (if any) as the Remuneration Committee may direct on their vesting. A trustee appointed by the Company will acquire Shares from the market at the cost of the Company. To the extent that the vesting conditions of the Unit specified by the Remuneration Committee at the date of grant and the vesting conditions set out in the rules have been satisfied, the relevant number of Shares subject to the Unit will be transferred to the unitholder at no cost.
3. All employees, Executive Directors, Non-Executive Directors (but excluding Independent Non-Executive Directors), advisers and consultants of the Group are entitled to participate in the Performance Bonus Plan. In respect of each financial year, a maximum of 20 per cent of the Group's consolidated operating profits before tax for the relevant year shall be retained as the bonus pool. However, the determination of a discretionary bonus award may be subject to performance targets as set by the Remuneration Committee that oversees the administration of the Performance Bonus Plan.
4. Amounts in respect of the Units granted under the Long Term Incentive Plan 2007, being the number of Shares subject to the Units multiplied by the closing price of the Shares on the HK Stock Exchange on the date of grant, will be amortised over three financial years and debited to the "Employee Benefit Expenses" in the consolidated statement of comprehensive income for the relevant year. In the event that the Units are vested in full prior to the expiry of the three-year vesting period, all unamortised amounts will be debited to the "Employee Benefit Expenses" in the consolidated statement of comprehensive income on the date when the Units are vested in full.
5. On 11 July 2011, in accordance with the rules of the Long Term Incentive Plan 2007 and as approved by the Remuneration Committee, all Units granted under the Long Term Incentive Plan 2007 before 2 December 2010, which remained outstanding then, were vested in full to the respective unitholders who remained as "Eligible Persons" under the plan. Accordingly, an amount of pre-paid cash of HK\$2,569,208 (approximately US\$329,386) in respect of the Unit granted to Mr Gibson on 7 January 2009 was debited to the "Employee Benefit Expenses" in the consolidated statement of comprehensive income for the six months ended 30 June 2011, and the remaining

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## LETTER FROM THE BOARD

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amount of HK\$2,696,958 (approximately US\$345,764) that would otherwise have been recognised over the remaining vesting period was fully recognised as “Employee Benefit Expenses” in the consolidated statement of comprehensive income in July 2011. (Note: A Unit in respect of 99,000,000 Shares was granted to Mr Gibson, who received his entitlement on 7 January 2009 in the full cash equivalent of HK\$15,543,000 (approximately US\$1,992,692), being at HK\$0.157 per Share. Such cash equivalent was made available to Mr Gibson for allowing him to buy the number of Shares which he was entitled under the Long Term Incentive Plan 2007 in the market in accordance with the amendment to the extension of the “black out” period for dealing in securities by Directors that was then being introduced by the HK Stock Exchange, and such payment should be amortised over three years in line with the share scheme starting in the financial year ended 31 December 2009.)

None of the Directors proposed for re-election at the 2012 Annual General Meeting has any unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment (other than statutory compensation), except that as noted above, the advisory agreement and service contract of James Mellon and Jamie Gibson respectively is determinable by either party by giving one year’s notice.

None of the Directors of the Company has any unexpired service contract with the Company or any of its subsidiaries, which was entered into on or before 31 January 2004 and was exempt from the shareholders’ approval requirement under Rule 13.68 of the HK Listing Rules but is required to be disclosed in the Company’s annual report pursuant to Paragraph 14A of Appendix 16 to the HK Listing Rules.

Save for disclosed above, none of the retiring Directors:

- (1) holds any directorships in any listed company; or
- (2) has any relationships (either financial or business or family or other material/relevant relationship(s)) with any other Directors, senior management or substantial or controlling shareholders of the Company; or
- (3) has any connections (either being a director or an employee) with any company which has an interest in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or
- (4) has to disclose any issues under Rule 13.51(2)(h) to 2(v) of the HK Listing Rules.

There are no other matters, to the best knowledge of the Directors, that need to be brought to the attention of the holders of securities of the Company.

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## LETTER FROM THE BOARD

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### 4 RE-APPOINTMENT OF AUDITOR

BDO Limited will retire at the 2012 Annual General Meeting and, being eligible, offer themselves for re-appointment under Resolution numbered 3.

### 5 SHARE ISSUE MANDATE

The general mandate granted to the Directors at the 2011 Annual General Meeting to issue, allot and otherwise deal with additional Shares up to a maximum of 20 per cent of the Company's then issued voting share capital will expire at the conclusion of the 2012 Annual General Meeting provided that it is not revoked or varied by a shareholders' resolution before then. Accordingly, the Directors have proposed Ordinary Resolution numbered 4 at the 2012 Annual General Meeting to renew the share issue mandate.

The proposed Ordinary Resolution numbered 4 set out in the 2012 AGM Notice will, if passed, grant the Share Issue Mandate to the Directors authorising them to issue, allot and otherwise deal with additional Shares up to a maximum of 20 per cent of the issued voting share capital of the Company as at the date when the relevant resolution is passed. The Share Issue Mandate, if approved at the 2012 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by a shareholders' resolution before then.

As at the Latest Practicable Date, there were 3,485,730,523 voting Shares in issue. Accordingly, on the assumption that prior to the date of the 2012 Annual General Meeting, (i) no additional Shares will be issued either upon exercise of any Options or otherwise; and (ii) no Shares will be repurchased by the Company, exercise in full of the Share Issue Mandate would result in up to 697,146,104 Shares being issued by the Company during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 4 in the 2012 AGM Notice). Approval has been obtained from the HK Stock Exchange for the listing of and permission to deal in the new Shares to be issued upon exercise of the Options. Any other issue of new Shares is subject to approval from the HK Stock Exchange for the listing of and permission to deal in such new Shares.

### 6 REPURCHASE MANDATE

The general mandate granted to the Directors at the March Extraordinary General Meeting to repurchase, on the HK Stock Exchange, up to a maximum of 348,573,052 Shares, being 10 per cent of the Company's then issued and fully paid voting share capital will expire at the conclusion of the 2012 Annual General Meeting provided that it is not revoked or varied before then. Accordingly, the Directors have proposed Ordinary Resolution numbered 5 at the 2012 Annual General Meeting to renew the repurchase mandate.

The proposed Ordinary Resolution numbered 5 set out in the 2012 AGM Notice will, if passed, grant the Repurchase Mandate to the Directors authorising them to repurchase, on the HK Stock Exchange, up to a maximum of 10 per cent of the fully paid voting Shares in issue as at the date when the relevant resolution is passed. The Repurchase Mandate, if approved at the 2012 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by a shareholders' resolution before then.

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## LETTER FROM THE BOARD

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Given the 3,485,730,523 voting Shares in issue as at the Latest Practicable Date and on the same assumptions set out in (i) and (ii) of Paragraph 5 above, exercise in full of the Repurchase Mandate would result in up to 348,573,052 Shares being repurchased by the Company during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 5 in the 2012 AGM Notice).

The Directors have confirmed to the HK Stock Exchange that the proposed Repurchase Mandate has no unusual features, and have undertaken to the HK Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the HK Listing Rules and the laws of the Cayman Islands.

**(a) Reasons for repurchases**

The Directors believe that it is in the best interests of the Company and its shareholders for the Directors to have a general authority from shareholders to enable the Company to repurchase its Shares. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

**(b) Funding of repurchases**

In repurchasing Shares, the Company may only apply funds legally available for such purposes in accordance with its Memorandum and Articles of Association and the laws of the Cayman Islands. Such funds may include capital paid up on the purchased Shares, profits otherwise available for dividends or the proceeds of a new issue of Shares.

If the Repurchase Mandate were exercised in full, there could be a material adverse impact on the Group's working capital position or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Group (as compared with the position disclosed in the Audited Financial Statements 2011). The Directors therefore do not propose to exercise the Repurchase Mandate to such an extent unless the Directors determine that such repurchases are, taking account of all relevant factors, in the best interests of the Group.

**(c) Dealing restrictions**

The Company shall not purchase its Shares on the HK Stock Exchange if the purchase price is higher by 5 per cent or more than the average closing market price for the five preceding trading days on which its Shares were traded on the HK Stock Exchange. In addition, the Company shall not purchase its Shares on the HK Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the HK Stock Exchange from time to time.



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## LETTER FROM THE BOARD

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The Company shall not purchase its Shares on the HK Stock Exchange at any time after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information is made publicly available. In particular, unless the circumstances are exceptional, the Company may not purchase its Shares on the HK Stock Exchange during the period of one month immediately preceding the earlier of:

- (i) the date of the Board meeting of the Company (as such date is first notified to the HK Stock Exchange in accordance with the HK 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 HK Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the HK Listing Rules, or quarterly or any other interim period (whether or not required under the HK Listing Rules),

and ending on the date of the results announcement.

The Company may not purchase its Shares on HK Stock Exchange if that purchase would result in the number of its Shares in the hands of the public being reduced to less than 25 per cent of the Shares then in issue. However, shareholders please note that exercise of the Repurchase Mandate in full will not result in the Company's public float being reduced to less than the requirement prescribed in the HK Listing Rules for the Company.

The Company shall not knowingly purchase its Shares from a connected person and a connected person shall not knowingly sell his Shares to the Company, on the HK Stock Exchange. None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has a present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such mandate is approved by shareholders. No other connected persons have notified the Company that they intend to sell Shares to the Company. However, none of the Directors (or any of their associates) or other connected persons has undertaken to the Company not to do so, in the event that the Repurchase Mandate is approved by shareholders.

**(d) Status of repurchased securities**

The listing of all securities repurchased by a listed company (whether on the HK Stock Exchange or otherwise) shall be automatically cancelled upon repurchase and the corresponding certificates will be cancelled and destroyed as soon as reasonably practicable following the settlement of any such purchases. Under the Cayman Islands law, the Shares so repurchased will be treated as having been cancelled.

Repurchase of Shares will not cause any change in the authorised share capital of the Company.

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## LETTER FROM THE BOARD

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(e) **Repurchase of Shares**

During the six months immediately preceding the Latest Practicable Date, an aggregate of 143,600,000 Shares were repurchased by the Company on the HK Stock Exchange, under the 2011 Repurchase Mandate, details of which are set out below:

<b>Date (DD/MM/YYYY)</b>	<b>Number of Shares Repurchased</b>	<b>Highest price paid per Share (HK\$)</b>	<b>Lowest price paid per Share (HK\$)</b>	<b>Total amount paid (HK\$)</b>
03/10/2011	10,000,000	0.187	0.176	1,800,550
06/10/2011	5,000,000	0.180	0.171	882,860
07/10/2011	5,000,000	0.195	0.184	954,980
14/10/2011	10,000,000	0.182	0.175	1,787,480
17/10/2011	8,900,000	0.190	0.187	1,687,370
19/10/2011	20,000,000	0.192	0.187	3,797,470
20/10/2011	20,000,000	0.194	0.187	3,803,990
21/10/2011	10,150,000	0.195	0.194	1,978,470
24/10/2011	4,320,000	0.200	0.200	864,000
25/10/2011	36,230,000	0.200	0.194	7,172,870
27/10/2011	<u>14,000,000</u>	<u>0.204</u>	<u>0.199</u>	<u>2,828,740</u>
	<u>143,600,000</u>			<u>27,558,780</u>

All of the above repurchases were duly reported in the Next Day Disclosure Return pursuant to the requirements of the HK Listing Rules.

Prior to the Latest Practicable Date, no Shares were repurchased by the Company on the HK Stock Exchange under the March Repurchase Mandate.

Save for the above, no Shares were repurchased by the Company or any of its subsidiaries, either on the HK Stock Exchange or otherwise, during the six months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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(f) **Market prices**

The highest and lowest prices at which the Shares were traded on the HK Stock Exchange during each of the 12 months preceding the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest traded price per Share (HK\$)</b>	<b>Lowest traded price per Share (HK\$)</b>
<b>2011</b>		
April	0.355	0.320
May	0.340	0.280
June	0.330	0.260
July	0.385	0.305
August	0.355	0.234
September	0.290	0.191
October	0.260	0.168
November	0.265	0.213
December	0.266	0.260
<b>2012</b>		
January	0.280	0.203
February	0.248	0.210
March	0.280	0.232
April (up to the Latest Practicable Date)	0.270	0.230

(g) **HK Takeovers Code**

If, as a result of a share repurchase by the Company, a shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purpose of the HK Takeovers Code. Accordingly, a shareholder, or groups of shareholders acting in concert, could, depending upon the level of increase in shareholding interest(s), obtain or consolidate control of the Company and become obliged to make a mandatory general offer in accordance with Rule 26 of the HK Takeovers Code. However, according to the Register of Interests in Shares and Short Positions of Substantial Shareholders being kept by the Company pursuant to Part XV of the SFO, even if the New Repurchase Mandate were exercised in full, no substantial shareholder or any groups of shareholders acting in concert would hold more than 30 per cent of the Company's total issued voting share capital and become obliged to make a mandatory general offer under the HK Takeovers Code.

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## LETTER FROM THE BOARD

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### 7 EXTENSION OF SHARE ISSUE MANDATE

The proposed Ordinary Resolution numbered 6 set out in the 2012 AGM Notice will, if passed, extend the Share Issue Mandate to include the aggregate number of Shares which may from time to time be repurchased by the Company pursuant to, and in accordance with, the Repurchase Mandate.

If the Repurchase Mandate is exercised in full, the Directors would, under the extended Share Issue Mandate and on the basis of the assumptions set out in (i) and (ii) of Paragraph 5 above in respect of the total issued voting share capital of the Company as at the date of the 2012 Annual General Meeting, be authorised to issue up to 1,045,719,156 Shares during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 4 in the 2012 AGM Notice).

### 8 AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION AND ADOPTION OF NEW MEMORANDUM AND ARTICLES OF ASSOCIATION

#### (A) Amendment to Article 103 (Directors' interests)

The HK Stock Exchange published on 28 October 2011 the Consultation Conclusions on the "Review of the Corporate Governance Code and Associated Listing Rules" and introduced, among other things, an amendment to Rule 13.44 of the HK Listing Rules to take effect on 1 January 2012.

The new Rule 13.44 provides that subject to the exceptions set out in Paragraphs (1), (2), (4) and (5) of Note 1 to Appendix 3, a director of an issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

Appendix 3 to the HK Listing Rules sets out the provisions which the articles of association or equivalent document of an issuer must conform with. As regards "directors", Paragraph 4(1) of Appendix 3 requires that the issuer's articles of association shall provide that subject to such exceptions specified in the articles of association as the HK Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting. Further, Note 1 to Appendix 3 provides that articles of association will be acceptable to the HK Exchange if they provide exceptions from the requirements of Paragraph 4(1) of Appendix 3 in respect of the following matters:

- (1) the giving of any security or indemnity either:
  - (a) to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or

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## LETTER FROM THE BOARD

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- (b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
  - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his associate(s) may benefit; or
  - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

Article 103(1) of the Company's Articles of Association was formerly amended on 26 August 2004 to comply with the former Rule 13.44 (effective on 31 March 2004), which included all the exceptions set out in Paragraphs (1) to (5) of Note 1 to Appendix 3. Given that Paragraph (3) of Note 1 has been deliberately removed from the new Rule 13.44, the Directors have proposed Special Resolution numbered 7(a) at the 2012 Annual General Meeting to amend Article 103 of the Company's Articles of Association, by deleting Article 103(1)(iii) (which is the equivalent of the said Paragraph (3) of Note 1 to Appendix 3) and Article 103(2) (setting out the exception for the interest held under Article 103(1)(iii)), so that it complies with the requirements under the new Rule 13.44 of the HK Listing Rules.

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## LETTER FROM THE BOARD

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### (B) Amendment to Article 87 (Retirement of Directors)

Code Provision A.4.2 of the Corporate Governance Code (effective on 1 January 2005) set out in Appendix 14 to the HK Listing Rules requires that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

Article 87(1) of the Company's Articles of Association does provide that at each annual general meeting of the Company one-third of the Directors for the time being shall retire from office by rotation. However, as Article 87(1) provides that if the number of the Directors is not a multiple of three, "such number nearest to but not greater than one-third of the Directors" shall retire from office by rotation at each annual general meeting, the Directors have, for the sake of clarity, proposed Special Resolution numbered 7(b) at the 2012 Annual General Meeting to amend Article 87(1) of the Company's Articles of Association so that it complies with the requirements under Code Provision A.4.2 of the Corporate Governance Code and reads as "Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, providing that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years."

Shareholders please note that since 1 January 2005, each of the Directors of the Company retired by rotation at least once every three years in compliance of Code Provision A.4.2 of the Corporate Governance Code.

### (C) Other amendments

Other amendments have also been proposed to the Company's Memorandum and Articles of Association in view of the updates on the laws of the Cayman Islands, the details of which are set out below:

- (i) The existing Clause 2 of the Memorandum of Association shall be deleted in its entirety and be replaced by the following new clause:

"2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other place as the Directors may from time to time decide."

- (ii) The existing Clause 7 of the Memorandum of Association shall be deleted in its entirety and be replaced by the following new clause:

"7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (Revised) and, subject to the provisions of the Companies Law (Revised) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands."

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## LETTER FROM THE BOARD

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- (iii) The existing definition of “electronic” in Article 2(1) of the Articles of Association shall be deleted in its entirety and be replaced by the following new definition:

“ “electronic”                      the meaning attributed to it by the Electronic Transactions Law.”

- (iv) The following new definition of “Electronic Transactions Law” shall be inserted to Article 2(1) of the Articles of Association:

“ “Electronic                      The Electronic Transactions Law (Revised) of the Cayman  
Transactions Law”              Islands and every modification thereof.”

- (v) A new sub-paragraph (h) shall be inserted to Article 2(2) of the Articles of Association so that the new Article 2(2) shall read:

“(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include both gender and the neuter;
- (c) words importing persons include companies, associations and bodies of persons whether corporate or not;
- (d) the words:
  - (i) “may” shall be construed as permissive; and
  - (ii) “shall” or “will” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form;
- (f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context; and
- (h) Sections 8 and 19 of the Electronic Transactions Law shall not apply.”

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## LETTER FROM THE BOARD

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In short, Section 8 of the Electronic Transactions Law provides that electronic communications shall be delivered in the format and means which are acceptable to the parties and where the sender of the electronic communications states that the receipt of the electronic communications is to be acknowledged, the communications shall be delivered when the addressee has knowingly acknowledged the receipt. Section 19 provides that where the signature of a person is required by a statutory provision, rule of law, contract or deed, that requirement shall be met in relation to an electronic record if an electronic signature is used that is as reliable as was appropriate for the purpose for which the electronic record was generated or communicated.

The exception of Sections 8 and 19 of the Electronic Transactions Law facilitates the operation of the Company's Articles of Association under the electronic disclosure regime of the HK Stock Exchange.

### **(D) Adoption of the New Memorandum and Articles of Association**

Arrangements have been made to incorporate all previous amendments (including the proposed amendments set out in Paragraphs (A) to (C) above) in a consolidated copy of the New Memorandum and Articles of Association, and the Directors have proposed under Special Resolution numbered 7(c) at the 2012 Annual General Meeting that the New Memorandum and Articles of Association be adopted.

The Company's legal advisers have confirmed to the Company that the proposed amendments to the Company's Memorandum and Articles of Association comply with the requirements of the HK Listing Rules and the laws of the Cayman Islands. The Directors have confirmed to the HK Stock Exchange that there is nothing unusual about the proposed amendments to the Company's Articles of Association for a company listed in Hong Kong.

## **9 THE 2012 ANNUAL GENERAL MEETING**

The 2012 AGM Notice is set out in Pages 25 to 33 of this document. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power of attorney, to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 am on Monday, 28 May 2012. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

Under Article 66 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, present by a representative duly authorised), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid Share



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## LETTER FROM THE BOARD

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of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or instalments is treated for the foregoing purposes as paid up on the Share. Where a member is, under the HK Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required under the HK Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- a. by the chairman of such meeting; or
- b. by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- c. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or
- d. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

According to Rule 13.39(4) of the HK Listing Rules, the chairman of the 2012 Annual General Meeting will demand a poll on all resolutions proposed at the meeting.

### **10 DIRECTORS' RECOMMENDATION**

Shareholders are encouraged to study the information contained in this document and the Annual Report 2011 relevant to the resolutions proposed at the 2012 Annual General Meeting so as to make decision as to whether to vote in favour of the resolutions.

The Directors consider that the re-election of the retiring Directors, the Share Issue Mandate, the Repurchase Mandate, the extension of the Share Issue Mandate and the amendments to the Company's Memorandum and Articles of Association and the adoption of the New Memorandum and Articles of Association are in the best interests of the Group and the shareholders of the Company as a whole. Accordingly, the Directors recommend that all shareholders vote in favour of Ordinary Resolutions numbered 2, 4, 5 and 6 and Special Resolution numbered 7 proposed at the 2012 Annual General Meeting.

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## LETTER FROM THE BOARD

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### 11 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during the normal business hours up to and including Tuesday, 29 May 2012 and at the 2012 Annual General Meeting to be held on Wednesday, 30 May 2012:

- a. the existing Memorandum and Articles of Association; and
- b. the New Memorandum and Articles of Association.

Yours faithfully  
On behalf of the Board of  
**Regent Pacific Group Limited**

James Mellon  
*Co-Chairman*

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## NOTICE OF ANNUAL GENERAL MEETING

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### **Regent Pacific Group Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

### **Notice of Annual General Meeting**

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company for Year 2012 will be held at Salons 1 and 2, Level 1, MGM Macau\*, Avenida Dr. Sun Yat Sen, NAPE, Macau on Wednesday, 30 May 2012 at 11:00 am for the following purposes (\*Shuttle buses of MGM Macau will depart from the New Macau Maritime Ferry Terminal from time to time):

1. To receive and consider the audited financial statements of the Company and the reports of the directors and auditor for the year ended 31 December 2011.
2. To re-elect directors of the Company and to confirm their remuneration.
3. To re-appoint auditor of the Company and to authorise the directors of the Company to fix their remuneration.
4. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution

#### **As an Ordinary Resolution**

**“THAT** there be granted to the directors of the Company (the **“Directors”**) an unconditional general mandate to issue, allot and otherwise deal with additional shares of US\$0.01 each in the capital of the Company (**“Shares”**) and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for and are convertible into Shares) in respect thereof, subject to the following conditions:

- (a) such mandate shall not extend beyond the Relevant Period (as hereinafter defined) save that the Directors may, during the Relevant Period, make or grant offers, agreements and options (including warrants, bonds, debentures, notes and any securities which carry rights to subscribe for and are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate number of Shares to be allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to this Resolution, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of Shares upon the exercise of rights of subscription or conversion under the terms of any securities issued by the Company carrying rights to subscribe for or purchase or

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## NOTICE OF ANNUAL GENERAL MEETING

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convert into Shares; or (iii) an issue of Shares as scrip dividends pursuant to the Articles of Association of the Company from time to time; or (iv) an issue of Shares upon the exercise of share options under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or other eligible participants of Shares or rights to acquire Shares, shall not exceed 20 per cent of the issued voting share capital of the Company as at the date of the passing of this Resolution; and

(c) for the purposes of this Resolution:

“**Relevant Period**” means the period from the date of 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 of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company at a general meeting.

“**Rights Issue**” means the allotment, issue or grant of Shares pursuant to an offer (open for a period fixed by the Directors) made to holders of the Shares or any class thereof on the Register of Members of the Company on a fixed record date pro rata to their then holdings of such Shares or class thereof (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, or in any territory outside, Hong Kong).”

5. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution

### As an Ordinary Resolution

“**THAT** there be granted to the directors of the Company (the “**Directors**”) an unconditional general mandate to repurchase, on The Stock Exchange of Hong Kong Limited, the shares of US\$0.01 each in the capital of the Company (“**Shares**”), subject to and in accordance with all applicable laws, rules and regulations and the following conditions:

(a) such mandate shall not extend beyond the Relevant Period (as defined below);

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such prices as the Directors may at their discretion determine;
  - (c) the aggregate number of Shares to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the issued voting share capital of the Company as at the date of the passing of this Resolution; and
  - (d) for the purposes of this Resolution, “**Relevant Period**” means the period from the date of 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 of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and
    - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company at a general meeting.”
6. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution

### As an Ordinary Resolution

“**THAT**, conditional upon the passing of Ordinary Resolutions numbered 4 and 5 above, the aggregate number of Shares which may from time to time be repurchased by the Company pursuant to, and in accordance with, the general mandate granted under Ordinary Resolution numbered 5 shall be added to the aggregate number of Shares that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to, and in accordance with, the general mandate granted under Ordinary Resolution numbered 4.”

7. As special business, to consider and, if thought fit, pass the following resolution

### As a Special Resolution

- (a) “**THAT** the memorandum of association of the Company be amended:
  - (i) by deleting the existing Clause 2 in its entirety and replacing the following new clause therefor:
    - “2. The Registered Office of the Company shall be at the offices of Maples Corporate Services Limited, P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other place as the Directors may from time to time decide.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (ii) by deleting the existing Clause 7 in its entirety and replacing the following new clause therefor:

“7. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (Revised) and, subject to the provisions of the Companies Law (Revised) and the Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.” ”

- (b) **“THAT** the articles of association of the Company be amended:

- (i) by deleting the existing definition of “electronic” in Article 2(1) in its entirety and replacing the following new definition therefor:

“ “electronic”                      the meaning attributed to it by the Electronic Transactions Law.”

- (ii) by inserting the following new definition of “Electronic Transactions Law” to Article 2(1):

“ “Electronic                      The Electronic Transactions Law (Revised) of the Cayman Transactions Law”              Islands and every modification thereof.”

- (iii) by inserting the following new sub-paragraph (h) to Article 2(2) so that the new Article 2(2) shall read:

“(2) In these Articles, unless there be something within the subject or context inconsistent with such construction:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include both gender and the neuter;

(c) words importing persons include companies, associations and bodies of persons whether corporate or not;

(d) the words:

(i) “may” shall be construed as permissive; and

(ii) “shall” or “will” shall be construed as imperative;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form;
- (f) references to any law, ordinance, statute or statutory provision shall be interpreted as relating to any statutory modification or re-enactment thereof for the time being in force;
- (g) save as aforesaid words and expressions defined in the Statutes shall bear the same meanings in these Articles if not inconsistent with the subject in the context; and
- (h) Sections 8 and 19 of the Electronic Transactions Law shall not apply.”

- (iv) by deleting the existing Article 87 in its entirety and replacing the following new article therefor:

“87. (1) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation, providing that every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

- (2) A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.”

- (v) by deleting the existing Articles 103(1)(iii) and 103(2) in their entirety so that the new Article 103 reads as follows:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or any other proposal in which he or his associate(s) is materially interested, but this prohibition shall not apply to any of the following matters namely:

- (i) the giving of any security or indemnity either:
  - (a) to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by the Director or his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries; or

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
  - (ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
  - (iii) *[deleted by the Special Resolution passed on 30 May 2012]*;
  - (iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
    - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme, under which the Director or his associate(s) may benefit; or
    - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
  - (v) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.
- (2) *[deleted by the Special Resolution passed on 30 May 2012]*
- (3) If any question arises at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or any of his associate(s) or as to the entitlement of any Director (other than such chairman) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting. The chairman's ruling in relation to such other Director shall be final and conclusive, except in a case where the nature or extent of the interest of the Director concerned or his associate(s) as known



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## NOTICE OF ANNUAL GENERAL MEETING

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to the Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting or any of his associate(s), such question shall be decided by a resolution of the Board (for which purpose such chairman shall not vote thereon) and such resolution shall be final and conclusive, except in a case where the nature or extent of the interest of such Director or any of his associate(s) as known to such chairman has not been fairly disclosed to the Board.” ”

- (c) “**THAT** the new memorandum and articles of association of the Company (the “**New Memorandum and Articles of Association**”), having incorporated all previous amendments made to the Company’s memorandum and articles of association (including the amendments set out in sub-paragraphs (a) and (b) above) in a consolidated copy (copy of which is produced at the meeting and signed by the chairman of the meeting for the purpose of identification), be and are hereby adopted.”

By Order of the Board of  
**Regent Pacific Group Limited**

Jamie Gibson  
*Director*

**Directors of the Company:**

James Mellon (*Co-Chairman*)\*

Stephen Dattels (*Co-Chairman*)\*

Jamie Gibson (*Chief Executive Officer*)

David Comba<sup>#</sup>

Julie Oates<sup>#</sup>

Mark Searle<sup>#</sup>

Jayne Sutcliffe\*

\* *Non-Executive Directors*

<sup>#</sup> *Independent Non-Executive Directors*

Hong Kong, 20 April 2012

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. The audited financial statements of the Company and the reports of the directors and auditor for the year ended 31 December 2011 are set out in the Company's annual report (the "**Annual Report 2011**").
2. The directors standing for re-election under Resolution numbered 2 are James Mellon, Jamie Gibson and David Comba. Biographical details of the retiring Directors are set out in the shareholders' circular dated 20 April 2012 issued by the Company (the "**Circular**"), which accompanies the Annual Report 2011.
3. BDO Limited will retire at the Company's annual general meeting for Year 2012 being convened by this notice (the "**2012 Annual General Meeting**") and, being eligible, offer themselves for re-appointment under Resolution numbered 3.
4. The general mandate granted to the Directors of the Company at its last annual general meeting held on 1 June 2011 (the "**2011 Annual General Meeting**") to issue, allot and otherwise deal with additional shares up to a maximum of 20 per cent of the Company's then issued voting share capital will expire at the conclusion of the 2012 Annual General Meeting. Accordingly, the Directors propose Ordinary Resolution numbered 4 to renew the share issue mandate.

The share issue mandate, if approved at the 2012 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by a shareholders' resolution before then. Shareholders are recommended to read the Circular, which contains important information concerning Ordinary Resolution numbered 4 in respect of the share issue mandate.

5. The general mandate granted to the Directors of the Company at the extraordinary general meeting held on 28 March 2012 to repurchase, on The Stock Exchange of Hong Kong Limited, the Company's shares up to a maximum of 10 per cent of the Company's then issued and fully paid voting share capital will expire at the conclusion of the 2012 Annual General Meeting. Accordingly, the Directors propose Ordinary Resolution numbered 5 to renew the repurchase mandate.

The repurchase mandate, if approved at the 2012 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by a shareholders' resolution before then. Shareholders are recommended to read the Circular, which contains important information concerning Ordinary Resolution numbered 5 in respect of the repurchase mandate.

6. The proposed Ordinary Resolution numbered 6 is to seek shareholders' approval to extend the share issue mandate to be granted under Ordinary Resolution numbered 4 to include the shares from time to time repurchased by the Company under the repurchase mandate pursuant to the repurchase mandate to be granted under Ordinary Resolution numbered 5.

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## NOTICE OF ANNUAL GENERAL MEETING

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7. The proposed Ordinary Resolution numbered 7 is to seek shareholders' approval to amend certain provisions of the Company's memorandum and articles of association so that they comply with the recent amendments introduced to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and to adopt the amended and restated memorandum and articles of association of the Company, which have incorporated all previous amendments made to the Company's memorandum and articles of association in a consolidated copy. Shareholders are recommended to check the proposed amendments as set out in the Circular.
8. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if he so wishes.
9. In order for it to be valid, the form of proxy, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited with the Company Secretary at the Company's principal place of business in Hong Kong at 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the meeting or its adjourned meeting.
10. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members of the Company in respect of such joint holding.
11. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.