



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 575)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the Company will be held at The Lagoon Ballroom, The Landmark Macau*, 555 Avenida de Amizade, Macau on Thursday, 23 November 2006 at 11:00 a.m. to consider and, if thought fit, pass (with or without amendments) the following resolutions (*Shuttle buses of The Landmark Macau will depart from the New Macau Maritime Ferry Terminal at 10:15 a.m. and 10:45 a.m.):

AS ORDINARY RESOLUTIONS

1. **“THAT** the directors (the **“Directors”**) of the Company be and they are hereby authorised to issue 21,514,256 ordinary shares of US\$0.01 par value each in the share capital of the Company to Stephen Dattels on the terms of an introduction agreement (the **“Introduction Agreement”**) between the Company and Stephen Dattels, a copy of which is produced to the meeting and initialled by the Chairman of the meeting for identification **AND THAT** the Directors be and they are hereby authorised to do all such things and acts and sign all such documents which they consider desirable or expedient to implement and/or give effect to any matter relating to or in connection with the transactions contemplated under the Introduction Agreement.”
2. **“THAT**, subject to the passing of Resolution 4, the Directors be and they are hereby authorised to issue (i) up to 3,750 fixed dividend-bearing non-voting redeemable convertible preference shares of US\$0.01 each par value in the share capital of the Company (**“Redeemable Convertible Preference Shares”**) having the rights set out in resolution 4 to certain Directors at a subscription price of US\$1,000 per share and otherwise materially on the terms of a subscription agreement between the Company, certain of its Directors, Libra Fund L.P., Libra Offshore Ltd and MLP Investments (Caymans), Ltd., a copy of which is produced to the meeting and initialled by the Chairman of this meeting for identification (the **“Subscription Agreement”**) and (ii) the ordinary shares of US\$0.01 par value each in the capital of the Company to be issued upon conversion of such Redeemable Convertible Preference Shares **AND THAT** the Directors be and they are hereby authorised to do all such things and acts and sign all such documents which they consider desirable or expedient to implement and/or give effect to any matter in relation thereto or in connection therewith.”
3. **“THAT**, subject to the passing of Resolution 4, the Directors be and they are hereby authorised to issue (i) up to 1,620 Redeemable Convertible Preference Shares to Libra Fund L.P., 380 Redeemable Convertible Preference Shares to Libra Offshore Ltd and

500 Redeemable Convertible Preference Shares to MLP Investments (Caymans), Ltd. at a subscription price of US\$1,000 per share and otherwise materially on the terms of the Subscription Agreement and (ii) the ordinary shares of US\$0.01 par value each in the capital of the Company to be issued upon conversion of such Redeemable Convertible Preference Shares **AND THAT** the Directors be and they are hereby authorised to do all such things and acts and sign all such documents which they consider desirable or expedient to implement and/or give effect to any matter in relation thereto or in connection therewith.”

AS A SPECIAL RESOLUTION

- 4 “**THAT**, subject to the passing of either or both of Resolutions 2 and 3, the share capital of the Company be increased from US\$55,500,000 comprising 5,000,000,000 ordinary shares of US\$0.01 par value each (“**Ordinary Share(s)**”) and 550,000,000 unclassified shares of US\$0.01 each which may be issued as Ordinary Shares or as non-voting convertible deferred shares of US\$0.01 par value each (“**Deferred Shares**”) to US\$55,500,062.50 comprising 5,000,000,000 Ordinary Shares, 550,000,000 unclassified shares of US\$0.01 each which may be issued as Ordinary Shares or as Deferred Shares and 6,250 Redeemable Convertible Preference Shares of US\$0.01 par value each **AND THAT** the articles of association (the “**Articles of Association**”) of the Company be amended by the insertion of a new article, to be designated Article 8A, into the Articles of Association setting out the rights attaching to the Redeemable Convertible Preference Shares as follows:

“REDEEMABLE CONVERTIBLE PREFERENCE SHARES

- 8A The rights attaching to the Redeemable Convertible Preference Shares are as follows:

1. **Income**

Out of the profits and share premium of the company available for distribution and resolved by the Board to be distributed, the holders of the Convertible Preference Shares shall be entitled in priority to any payment of dividend to the holders of any other class of shares (other than any Further Preference Shares referred to in paragraph 6 below) to be paid in respect of each financial year or other accounting period of the Company a fixed cumulative preferential dividend (“**preferential dividend**”) at the rate of 8.5% per cent per annum on the subscription price for the time being paid up or credited as paid up thereon, such dividend to be paid half-yearly on 30 November and 31 May (or, if any such date shall be a Saturday, Sunday or public holiday in New York, on the first business day following such date) (“**fixed dividend dates**”) in each year in respect of the half-years ending on those respective dates. Payments of preferential dividends shall be made to holders on the Register at any date selected by the Directors up to 42 days prior to the relevant fixed dividend date. Dividends may only be paid out of profits of the Company (including retained earnings) or, subject to section 37(6) of the Law, the share premium of the Company. The holders of the Convertible Preference Shares shall not be entitled to any further dividends declared by the Company.

2. **Capital**

On a return of capital on winding-up or (other than on conversion, redemption or purchase of shares) otherwise, the holders of the Convertible Preference Shares shall be entitled in priority to any payment to the holders of any other class of shares (other than any Further Preference Shares referred to in paragraph 6 below which may rank *pari passu* with, but not in priority to, the Convertible Preference Shares) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the Convertible Preference Shares held by them respectively together with a premium of US\$999.99 per share and a sum equal to all arrears and accruals (if any) of the said preferential dividend irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated down to and including the date of commencement of the winding-up (in the case of a winding-up) or the return of capital (in any other case). The holders of the Convertible Preference Shares shall not be entitled to any further right of participation in the assets of the Company.

3. **Voting and General Meetings**

- 3.1 The holders of the Convertible Preference Shares shall, by virtue of and in respect of their holdings of Convertible Preference Shares, have the right to receive notice of, attend, speak and vote at a general meeting of the Company only if a resolution is to be proposed abrogating, varying or modifying any of the rights or privileges of the holders of the Convertible Preference Shares, or for the winding-up of the Company, or for sanctioning the sale of the undertaking of the Company, in which case they shall only be entitled to vote on such resolution.

Save as aforesaid, whether or not the conversion rights set out in paragraph 4 of this Article shall have expired, the Convertible Preference Shares shall not confer on the holders thereof the right to receive notice of, attend, speak or vote at any general meeting of the Company but they shall entitle the holders to receive copies of notices of general meetings for information only.

- 3.2 Whenever the holders of the Convertible Preference Shares are entitled to vote at a general meeting of the Company, upon any resolution proposed at such a general meeting, on a show of hands every holder thereof who is present in person or (being a corporation) by a representative shall have one vote and on a poll every holder thereof who is present in person or by proxy or (being a corporation) by a representative shall have one vote in respect of each fully-paid Convertible Preference Share registered in the name of such holder.

4. **Conversion**

(a) ***Conversion Right***

- (i) *Conversion Period*: Subject as hereinafter provided, holders of the Convertible Preference Shares have the right to convert their Convertible Preference Shares into Ordinary Shares at any time during the Conversion Period.

- (ii) *Conversion Right*: The right of a holder of Convertible Preference Shares to convert any Convertible Preference Shares into Ordinary Shares is called the “**Conversion Right**”. Subject to and upon compliance with, the provisions of this paragraph, the Conversion Right attaching to any Convertible Preference Share may be exercised, at the option of the holder thereof at any time on and after 30 November 2006 up to the close of business (at the place where the certificate evidencing such Convertible Preference Share is deposited for conversion) on 23 November 2009 (but in no event thereafter) or if such Convertible Preference Share shall have been called for redemption before the Final Redemption Date (as defined in paragraph 5.3), the close of business on such earlier date which is seven (7) days before any date fixed for redemption of the Convertible Preference Shares by the Company (the “**Conversion Period**”). The number of Ordinary Shares to be issued on conversion of a Convertible Preference Share will be determined by dividing the subscription price of the Convertible Preference Share to be converted (translated into Hong Kong Dollars at the fixed rate of US\$1.00 = HK\$7.80) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined). If more than one Convertible Preference Share held by the same holder is converted at any one time by the same holder, the number of Ordinary Shares to be issued upon such conversion will be calculated on the basis of the aggregate subscription price of the Convertible Preference Shares to be converted.
- (iii) *Fractions of Ordinary Shares*: Fractions of Ordinary Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Ordinary Shares by operation of law or otherwise occurring after 30 November 2006 which reduces the number of Ordinary Shares outstanding, the Company will upon conversion of Convertible Preference Shares pay in cash (in United States dollars by means of a United States dollar cheque drawn on a bank in New York) a sum equal to such portion of the subscription price of the Convertible Preference Share or Convertible Preference Shares evidenced by the certificate deposited in connection with the exercise of Conversion Rights as corresponds to any fraction of an Ordinary Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10.
- (iv) *Conversion Price*: The price at which Ordinary Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$0.29 per Ordinary Share but will be subject to adjustment in the manner provided in paragraph 4(c) and paragraphs 4(d)(iii), (v) and (vi).

(v) *Meaning of “Ordinary Shares”*: As used in this Article, the expression “Ordinary Shares” means ordinary shares of par value US\$0.01 each of the Company or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company.

(b) *Conversion Procedure*

(i) *Conversion Notice*: To exercise the Conversion Right attaching to any Convertible Preference Share, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of the Company a notice of conversion (a “**Conversion Notice**”) in duplicate in the form (for the time being current) obtainable from the specified office of the Company or any agent of the Company, together with the relevant Convertible Preference Share certificate and any amounts required to be paid by the holder of Convertible Preference Shares under paragraph 4(b)(ii). “**Specified Office**” shall mean the Registration Office if such has been designated by the Company or the Office if not.

The conversion date in respect of a Convertible Preference Share (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Convertible Preference Share is expressed in these Conditions to be exercisable and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the later of (a) the date of the surrender of the certificate in respect of such Convertible Preference Share and (b) (if they are not delivered on the same day) delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Company consents to such withdrawal. “Stock Exchange Business Day” means any day (other than a Saturday or Sunday) on which the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in paragraph 4(c) below), as the case may be, is open for business.

(ii) *Stamp Duty etc.*: A holder of Convertible Preference Shares delivering a certificate in respect of a Convertible Preference Share for conversion must pay to the Company any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in the Cayman Islands, Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, by the Company in respect of the allotment and issue of Ordinary Shares and listing of the Ordinary Shares on the Hong

Kong Stock Exchange or the Alternative Stock Exchange on conversion) (the “**Taxes**”) and such holder of Convertible Preference Shares must pay to the relevant authorities all, if any, Taxes arising by reference to any disposal or deemed disposal of a Convertible Preference Share in connection with such conversion. The holder of Convertible Preference Shares must also pay the conversion charges of the agent through whom conversion is effected and the Company will pay all other expenses arising on the issue of Ordinary Shares on conversion of Convertible Preference Shares. The holder of Convertible Preference Shares (and, if applicable, the person other than the holder of Convertible Preference Shares to whom the Shares are to be issued) must provide the Company with details of the relevant tax authorities to which the Company must pay monies received in settlement of Taxes payable pursuant to this paragraph 4(b)(ii). The Company is under no obligation to determine whether a holder of Convertible Preference Shares is liable to pay any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this paragraph 4(b)(ii).

- (iii) *Registration*: As soon as practicable, and in any event not later than five Trading Days (as defined below) after the Conversion Date, the Company will, in the case of Convertible Preference Shares converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant certificate and amounts payable by the relevant holder of Convertible Preference Shares deposited as required by subparagraphs (i) and (ii), register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Ordinary Shares in the Register and will, if the holder of Convertible Preference Shares has also requested in the Conversion Notice, take all necessary actions to procure that the beneficial interest in the Ordinary Shares is delivered through the Central Clearing and Settlement System of Hong Kong for so long as the Ordinary Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Company’s share registrar in Hong Kong (currently Tengis Limited) notified to holders of Convertible Preference Shares in accordance with paragraph 7 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer

thereof, in which case a single certificate will be issued in respect of all Ordinary Shares issued on conversion of Convertible Preference Shares subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Convertible Preference Share shall be on or after a date with effect from which an adjustment to the Conversion Price takes retroactive effect pursuant to any of the provisions referred to in paragraph 4(c) and the relevant Registration Date (as defined below) falls on a date when the relevant adjustment has not yet been reflected in the then current Conversion Price, the provisions of this sub-paragraph (iii) shall be applied mutatis mutandis to such number of Ordinary Shares as is equal to the excess of the number of Ordinary Shares which would have been required to be issued on conversion of such Convertible Preference Share if the relevant retroactive adjustment had been given effect as at the said Registration Date over the number of Ordinary Shares previously issued (or which the Company was previously bound to issue) pursuant to such conversion.

The person or persons specified for that purpose will become the holder of record of the number of Ordinary Shares issuable upon conversion with effect from the date he is or they are registered as such in the Register (the “**Registration Date**”). The Ordinary Shares issued upon conversion of the Convertible Preference Shares will in all respects rank pari passu with the Ordinary Shares in issue on the relevant Registration Date. Save as set out in these Articles, a holder of Ordinary Shares issued on conversion of Convertible Preference Shares shall not be entitled to any rights the record date for which precedes the relevant Registration Date. If the record date for the payment of any dividend or other distribution in respect of the Ordinary Shares is on or after the Conversion Date in respect of any Convertible Preference Share, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this sub-paragraph (iii) prior to the time such retroactive adjustment shall have become effective), the Company will pay to the converting holder of Convertible Preference Shares or his designee an amount (the “**Equivalent Amount**”) equal to any such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a Hong Kong dollar cheque drawn on a bank in Hong Kong and sent to the address specified in the relevant Conversion Notice.

(c) *Adjustments to Conversion Price*

The Conversion Price will be subject to adjustment in the following events:

- (1) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Ordinary Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

- A is the nominal amount of one Ordinary Share immediately after such alteration; and
B is the nominal amount of one Ordinary Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalisation of Profits or Reserves*:

- (i) If and whenever the Company shall issue any Ordinary Shares credited as fully paid to the Members by way of capitalisation of profits or reserves (including any share premium account) including Ordinary Shares paid up out of distributable profits or reserves and/or share premium account issued (except any Scrip Dividend) and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

- A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue; and
B is the aggregate nominal amount of the issued Ordinary Shares immediately after such issue.

(ii) In the case of an issue of Ordinary Shares by way of a Scrip Dividend where the Current Market Price of such Ordinary Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Ordinary Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate nominal amount of the issued Ordinary Shares immediately before such issue;
- B is the aggregate nominal amount of Ordinary Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and
- C is the aggregate nominal amount of Ordinary Shares issued by way of such Scrip Dividend;
or by making such other adjustment as an Independent Investment Bank shall certify is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or if a record date is fixed therefor, immediately after such record date.

(3) *Distributions:*

Where the aggregate of interim and final distributions in respect of a financial year produces a yield greater than 0 per cent., 10 per cent., 13 per cent., 15 per cent and 18 per cent. for the financial years ended 31 March 2007, 2008, 2009, 2010 and 2011 respectively, the Conversion Price shall be adjusted by multiplying

the Conversion Price in force immediately before the issue of such Ordinary Shares by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share immediately preceding the announcement of such Distribution; and
- B is the Distribution per Ordinary Share in excess of the yield,

where “yield” is calculated based on the Current Market Price of a Ordinary Share immediately preceding the announcement of such Distribution.

- (4) *Rights Issues of Ordinary Shares or Options over Ordinary Shares:* If and whenever the Company shall issue Ordinary Shares to all or substantially all Members as a class by way of rights, or issue or grant to all or substantially all Members as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any Ordinary Shares, in each case at less than the Current Market Price per Ordinary Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before such announcement;
- B is the number of Ordinary Shares which the aggregate amount (if any) payable for the Ordinary Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Ordinary Shares comprised therein would purchase at such Current Market Price per Ordinary Share; and
- C is the aggregate number of Ordinary Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be).

- (5) *Rights Issues of Other Securities*: If and whenever the Company shall issue any securities (other than Ordinary Shares or options, warrants or other rights to subscribe or purchase Ordinary Shares) to all or substantially all Members as a class by way of rights or grant to all or substantially all Members as a class by way of rights, of options, warrants or other rights to subscribe for or purchase any securities (other than Ordinary Shares or options, warrants or other rights to subscribe or purchase Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be).

- (6) *Issues at less than Current Market Price*: If and whenever the Company shall issue (otherwise than as mentioned in paragraph 4(c)(4) above) any Ordinary Shares (other than Ordinary Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Ordinary Shares) or the issue or grant (otherwise than as mentioned in paragraph 4(c)(4) above) of options, warrants or other rights to subscribe or purchase Ordinary Shares in each case at a consideration receivable which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before the issue of such additional Ordinary Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Ordinary Shares;
- B is the number of Ordinary Shares which the aggregate consideration receivable for the issue of such additional Ordinary Shares would purchase at such Current Market Price per Ordinary Share; and
- C is the number of Ordinary Shares in issue immediately after the issue of such additional Ordinary Shares.

References to additional Ordinary Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Ordinary Shares, mean such Ordinary Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Ordinary Shares or, as the case may be, the issue of such options, warrants or other rights.

- (7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this paragraph 4(c)(7), if and whenever the Company or any of its Subsidiaries (otherwise than as mentioned in paragraphs 4(c)(4), 4(c)(5) or 4(c)(6)), or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Convertible Preference Shares) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Ordinary Shares to be issued by the Company on conversion, exchange or subscription at a consideration receivable which is less than the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the

Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before such issue;
- B is the number of Ordinary Shares which the aggregate consideration receivable by the Company for the Ordinary Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Ordinary Share; and
- C is the maximum number of Ordinary Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities

- (8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in paragraph 4(c)(7) (other than in accordance with the terms of such securities) so that the consideration per Ordinary Share (for the number of Ordinary Shares available on conversion, exchange or subscription following the modification) is less than the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion

Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the number of Ordinary Shares in issue immediately before such modification;
- B is the number of Ordinary Shares which the aggregate consideration receivable by the Company for the Ordinary Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Ordinary Share or, if lower, the existing conversion, exchange or subscription price; and
- C is the maximum number of Ordinary Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the modified conversion, exchange or subscription price or rate but giving credit in such manner as an Independent Investment Bank, consider appropriate (if at all) for any previous adjustment under this paragraph 4(c)(8) or paragraph 4(c)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Members*: If and whenever the Company or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which the Members generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under paragraph 4(c)(4), paragraph 4(c)(5), paragraph

4(c)(6) or paragraph 4(c)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

Where:

- A is the Current Market Price of one Ordinary Share on the last Trading Day preceding the date on which such issue is publicly announced; and
- B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Ordinary Share.

Such adjustment shall become effective on the date of issue of the securities.

- (10) *Other Events*: If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this paragraph 4, the Company shall, at its own expense, consult an Independent Investment Bank, to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the circumstances giving rise to any adjustment pursuant to this paragraph 4 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this paragraph 4 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.
- (11) *More than One Event in Quick Succession*: Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate for that purpose to give such intended result.

- (12) *Rounding and Minor Adjustments*: On any adjustment, the resultant Conversion Price, if not an integral multiple of 1/100 Hong Kong cent, shall be rounded to the nearest 1/100 Hong Kong cent., 0.005 being rounded down. No adjustment shall be made to the Conversion Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustments shall be given to holder of Convertible Preference Shares in accordance with paragraph 7 as soon as practicable after their determination.
- (13) *No Discount to Par Value*: The Conversion Price may not be reduced below the price that, on conversion of the Convertible Preference Shares, Ordinary Shares would fall to be issued at a discount to their nominal value or to be issued in any other circumstances not permitted by applicable law.
- (14) *No upward reset*: No adjustment involving an increase in Conversion Price will be made, except in the case of consolidation of the Ordinary Shares referred to in paragraph 4(c)(1) or to correct an error.
- (15) *Selection of Independent Investment Bank*: If the Company fails to select an Independent Investment Bank when required for the purposes of this paragraph 4, a holder of Convertible Preference Shares holding more than 50 per cent, in subscription price of the Convertible Preference Shares for the time being outstanding may by a resolution of holders of Convertible Preference Shares select such bank (as the case may require) at the expense of the Company.
- (16) *Post-Record Date Adjustments*: If the Conversion Date in relation to any Convertible Preference Share shall be after the record date for any such issue, distribution or grant as is mentioned in paragraphs 4(c)(2) to 4(c)(5) and 4(c)(9), or any such issue as is mentioned in paragraphs 4(c)(6) and 4(c)(7) which is made to the Members or any of them, but before the relevant adjustment becomes effective under paragraph 4(c), the Company shall (conditional on such adjustment becoming effective) procure that there be issued to the converting holder of Convertible Preference Shares or in accordance with the instructions contained in the Conversion Notice such additional number of Ordinary Shares as, together with the Ordinary Shares issued or to be issued on conversion of the relevant Convertible Preference Share, is equal to the number of Ordinary Shares which would have been required to be issued on conversion of such Convertible Preference Share if the relevant adjustment (more particularly referred to in the said Conditions above) to the

Conversion Price had in fact been made and become effective immediately after the relevant record date. Such additional Ordinary Shares will be allotted as at, and within one month after, the relevant Conversion Date or, if the adjustment results from the issue of Ordinary Shares, the date of issue of Ordinary Shares. Certificates for such Ordinary Shares will be dispatched within such period of one month.

- (17) *Employee Share Scheme*: Notwithstanding any of the provisions of this paragraph 4, no adjustment will be made to the Conversion Price when Ordinary Shares or other securities (including rights or options) are issued, offered or granted to employees (including Directors) of the Company pursuant to the Ordinary Share Option Scheme 2002 (as defined in paragraph 4(d)(iii) below).

For the purposes of these Articles:

“**Alternative Stock Exchange**” means at any time, in the case of the Ordinary Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, any of the London Stock Exchange, the London Alternative Investment Market, the Toronto Stock Exchange, the American Stock Exchange, the New York Stock Exchange or the Nasdaq Stock Market on which the Ordinary Shares are then listed or quoted or dealt in.

“**Closing Price**” for the Ordinary Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such day.

“**Current Market Price**” means, in respect of a Ordinary Share at a particular date, the average of the Closing Prices for one Ordinary Share (being a Ordinary Share carrying full entitlement to dividend) for the five consecutive Trading Days ending on the Trading Day immediately preceding such date, provided that if at any time during the said five Trading Day period the Ordinary Shares shall have been quoted ex-dividend and during some other part of that period the Ordinary Shares shall have been quoted cum-dividend then:

- (i) if the Ordinary Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share; or

- (ii) if the Ordinary Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Ordinary Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Ordinary Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Ordinary Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Ordinary Share.

“Consideration Receivable” shall mean the price at which Ordinary Shares are subscribed or converted or exchanged into plus the consideration, if separate, for the grant of the right or option to acquire Ordinary Shares or securities convertible or exchangeable into Ordinary Shares.

“Distribution” means any dividend or distribution (whether of cash or assets in specie) by the Company for any financial period (whenever paid or made and however described) (and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Ordinary Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect thereof under paragraph 4(c)(2)(i)) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend).

“Fair Market Value” means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, provided that (i) the fair market value of a cash dividend paid or to be paid per Ordinary Share shall be the amount of such cash dividend per Ordinary Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment banks) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

“Independent Investment Bank” means an independent investment bank of international repute (acting as expert) selected by the Company.

“**Relevant Cash Dividend**” means any cash dividend specifically declared by the Company.

“**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be, an Alternative Stock Exchange, is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days.

“**Scrip Dividend**” means any Ordinary Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the shareholders concerned would or could otherwise have received and which would not have constituted a Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under paragraph 4(c)(3) in respect of the amount by which the Current Market Price of the Ordinary Shares exceeds the Relevant Cash Dividend or part thereof).

(d) *Undertakings*

The Company undertakes that so long as any Convertible Preference Share remains outstanding, save with the approval of a resolution passed at a meeting duly convened and held in accordance with these Articles by holders of Convertible Preference Shares holding not less than 75 per cent., in subscription price of the Convertible Preference Shares for the time being outstanding (an “**Extraordinary Resolution**”):

- (i) it will use its best endeavours (a) to maintain a listing for all the issued Ordinary Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Ordinary Shares issued on the exercise of the Conversion Rights attaching to the Convertible Preference Shares on the Hong Kong Stock Exchange, and if the Company is unable to obtain or maintain such listing, to use its best endeavours to obtain and maintain a listing for all the issued Ordinary Shares on an Alternative Stock Exchange as from time to time selected by the Company and will forthwith give notice to the holders of Convertible Preference Shares in accordance with paragraph 7 below of the listing or delisting of the Ordinary Shares (as a class) by any of such stock exchange;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Ordinary Shares arising on conversion of the Convertible Preference Shares;
- (iii) (a) it will not issue or pay up any securities, by way of capitalisation of profits or reserves unless, in any such case, such issuance or payment gives rise (or would, if the

adjustment would be one per cent. or more of the Conversion Price then in effect, otherwise give rise) to an adjustment of the Conversion Price, provided that the Company may issue or pay up any security by way of capitalisation of profits or reserves (a) by the issue of fully paid Ordinary Shares to its Members and other persons entitled to them, (b) by the issue of Ordinary Shares paid up in full out of profits or reserves in accordance with applicable law and issued in lieu of a cash dividend or (c) by the issue of fully paid share capital (other than Ordinary Shares) to the holders of share capital of the same class and other persons entitled thereto, subject in each case to the provisions of paragraph 4(c);

- (b) it will not issue or grant any additional options, other than pursuant to the Company's existing employee share option scheme, which is known as "Share Option Scheme 2002", nor will it create any other scheme under which options, warrants or other securities which can be converted into shares are granted to Company officers, directors or employees;
- (iv) it will not issue any other class of ordinary share capital carrying any rights which are more favourable than the rights attaching to Ordinary Shares but so that nothing in this paragraph 4(d)(iv) shall prevent (a) the issue, offer or grant of Ordinary Shares or other securities to employees (including directors) of the Company or any of its Subsidiaries or associated companies, or the Company's holding company or subsidiaries of such holding company, by virtue of their office or employment pursuant to any employee share option scheme, (b) a consolidation or subdivision of the Ordinary Shares or the conversion of any Ordinary Shares into stock or vice versa, or (c) any alteration to the Articles of the Company made in connection with the matters described in this paragraph 4(d)(iv) or which are supplemental or incidental to any of the foregoing (including amendments made to enable or facilitate procedures relating to such matters and amendments dealing with the rights and obligations of holders of securities (including Ordinary Shares) dealt with under such procedures) or (d) any issue of share capital which results (or would, if the adjustment would be one per cent. or more of the Conversion Price then in effect, otherwise result) in an adjustment of the Conversion Price;
- (v) it will procure that no securities (whether issued by the Company or any of its Subsidiaries) issued without rights to convert into or subscribe for Ordinary Shares shall subsequently be granted such rights at a consideration per Ordinary Share which is less than the Current Market Price per Ordinary Share at close of business on the Trading Day last preceding the date of the announcement of the proposed inclusion of such rights unless the same gives rise (or

would, if the adjustment would be one per cent. or more of the Conversion Price then in effect, give rise) to an adjustment of the Conversion Price and that at no time shall there be in issue Ordinary Shares of differing par values;

- (vi) it will not make any issue, grant or distribution or take any other action the effect of which would be to reduce the as adjusted Conversion Price below the par value of the Ordinary Shares;
- (vii) it will simultaneously with the announcement of the terms of any issue pursuant to paragraph 4(c)(6) or 4(c)(7) and the announcement of any proposed modification pursuant to paragraph 4(c)(8) give notice to the holders of Convertible Preference Shares in accordance with paragraph 7 (such notice to be signed by an authorised officer of the Company) advising them of the date on which the relevant adjustment of the Conversion Price is likely to become effective and of the effect of exercising their rights of conversion before then;
- (viii) if an offer is made to all (or as nearly as may be practicable all) its Members, or all (or as nearly as may be practicable all) such Members other than the offeror and/or any associate or associates of the offeror to acquire all or a majority of the issued share capital of the Company, or if any person proposes a scheme with regard to such acquisition, it will give notice of such offer or scheme to the holders of Convertible Preference Shares at the same time as any notice thereof is sent to its Members (or as soon as practicable thereafter) stating that details concerning such offer or scheme may be obtained from the specified offices of the Company and, where such an offer or scheme has been recommended by the Board of Directors of the Company or where such an offer has become or been declared unconditional in all respects, use its reasonable endeavours to procure that a like offer or scheme is extended to the holders of Convertible Preference Shares and the holders of any Ordinary Shares issued during the period of the offer or scheme arising out of Conversion Rights;
- (ix) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by law or by means of a purchase or reduction of the share capital of the Company permitted by paragraph 4(c) or where the reduction has resulted in an adjustment to the Conversion Price under paragraph 4(c));
- (x) unless so required by applicable law or regulation or in order to establish a dividend or other rights attaching to the Ordinary Shares or entitlements of its Members, it will not close the Register or take any other action which prevents the transfer of Ordinary Shares

generally and ensure that the Convertible Preference Shares may be converted legally and the Ordinary Shares issued on conversion may (subject to any limitation imposed by law) be transferred (as between transferor and transferee although not as against the Company) at all times while the Register is closed or such other action is effective, nor take any action which prevents the conversion of the Convertible Preference Shares or the issue of Ordinary Shares in respect of them; and

- (xi) it will pay the expenses of the issue of, and all expenses of obtaining and maintaining a listing for, Ordinary Shares arising on conversion of the Convertible Preference Shares.

(e) ***Notices Relating to the Conversion Rights***

- (i) *Requirement to give notice:* If after the date of issue of the Convertible Preference Shares:
 - (a) the Company authorises the grant, issue or offer to the holders of Ordinary Shares of options, rights or warrants to subscribe for or purchase either any Ordinary Shares or any securities convertible into, or exchangeable for or which confer rights to purchase, Ordinary Shares;
 - (b) the Company declares, or pays or makes a Distribution, or authorises the grant, issue or offer to the holders of Ordinary Shares of rights or warrants to subscribe for or purchase any shares or securities other than Ordinary Shares or any securities convertible into or exchangeable for or which confer rights to purchase Ordinary Shares which will, upon declaration or payment, or when made, or upon grant, issue or offer give rise to an adjustment to the Conversion Price pursuant to paragraph 4(c);
 - (c) there is a re-classification of the Ordinary Shares (including a sub-division or consolidation of the Company's outstanding Ordinary Shares) or a consolidation, merger or amalgamation to which the Company is a party or any sale or transfer of all or substantially all of the assets or business of the Company which will, upon such event, give rise to an adjustment to the Conversion Price pursuant to paragraph 4(e);
 - (d) the Company authorises the issue of any securities convertible into or exchangeable for Ordinary Shares or rights or warrants to subscribe for or purchase Ordinary Shares or securities (other than those referred to in paragraphs i(a) or i(b) above) which will, or authorises the issue of any Ordinary Shares which will, (or, if in any such case a relevant consideration or

offering price fixed by the Board of Directors of the Company to be recommended at a relevant general meeting of shareholders is adopted, will) upon issue give rise to an adjustment to the Conversion Price pursuant to paragraph 4(c); or

- (e) there is a voluntary or involuntary dissolution, liquidation or winding-up of the Company,

the Company shall forthwith give written notice thereof to the holders of Convertible Preference Shares and, in addition, it will at least 14 days before the applicable (in the case of paragraph (A) below) record date or (in the case of paragraph (B) below) record date or date of submission, whichever is earlier, or (in the case of paragraph (C) below) date of submission, or (in the case of paragraph (D) below) date of issue or (in the case of paragraph (E) below) record date or effective date, whichever is earlier, give notice to the holders of Convertible Preference Shares stating, as the case may require:

- (A) the record date in the Cayman Islands for such grant, issue or offer of options, rights or warrants, dividend, distribution or payment or such re-classification (and, in the case of the grant, issue or offer of options, rights or warrants, the period during which such options, rights or warrants may be exercised);
- (B) the date in the Cayman Islands (1) on which such re-classification, consolidation, merger, amalgamation, sale, transfer, dissolution, liquidation or winding-up is to be submitted to a general meeting of shareholders of the Company for approval, and (2) which is the record date for the same (if applicable), and (3) on which such re-classification, consolidation, merger, amalgamation, sale, transfer, dissolution, liquidation or winding-up is expected to become effective, and (4) as of which it is expected that holders of Ordinary Shares will be entitled, if at all, to exchange their Ordinary Shares for securities or other property deliverable upon such re-classification, consolidation, merger, amalgamation, sale, transfer, dissolution, liquidation or winding-up;
- (C) (in the event of the declaration of a Distribution referred to in paragraph i(b) above, the payment of which must be submitted for approval to a general meeting of its shareholders or to a meeting of the Board of Directors of the Company before such Distribution may be paid or made) the date of such submission;

(D) (in the event of an issue referred to in paragraph i(d) above) the date of such issue; or

(E) (in the event of such re-classification, consolidation, merger, amalgamation, sale, transfer, dissolution, liquidation or winding-up not being submitted to a general meeting of shareholders of the Company for approval) (1) the record date for the same (if applicable), and (2) the date when the same becomes effective;

provided that if the exact date of any such submission referred to in paragraph (B) or (C) above is not known at the time of such notice to the holders of Convertible Preference Shares, such notice shall indicate the approximate date thereof and the Company shall give a second notice to the holders of Convertible Preference Shares as soon as practicable, specifying the exact date of submission, and provided further that if the period referred to in paragraph (A) above or the effective date or exchange date referred to in paragraph (B) above or the date of issue or effective date referred to in paragraph (D) or (E) above is not known at the time of such first notice to the holders of Convertible Preference Shares the Company shall give a second notice (which shall be in writing) to the holders of Convertible Preference Shares at least 14 days before the commencement of such period or (as the case may be) before such date specifying such period (and the date of its commencement) and/or such date and shall also (in a case within paragraph (A), (B) or (E) above) cause such second notice to be given to holders of Convertible Preference Shares at least 14 days before the commencement of the applicable period or (as the case may be) before the effective date or exchange date except where such period or date has already been specified in the first notice to the holders of Convertible Preference Shares. However, in the case of any issue referred to in paragraph (i)(d) above, the Company need not give any notice mentioned above before the date on which the relevant consideration per Ordinary Share for such issue is fixed by the Company but in such case the Company shall promptly upon the fixing of such consideration give notice in accordance with this paragraph. Nothing in this paragraph shall obligate the Company to disclose any information which is not public information to the holders of Convertible Preference Shares or where it is not legally permissible to disclose such information.

(ii) *Where Adjustment to Conversion Price Required:* If the event referred to in the notice required pursuant to paragraph 4(e) would result in an adjustment to the Conversion Price, such notice shall also state the Conversion Price in effect at the time

such notice is required to be given and the Conversion Price which will result after giving effect to such event or, if such adjusted Conversion Price is not then determinable, the fact that an adjustment in the Conversion Price may result.

- (iii) *Notice of Adjustment*: If, while any Conversion Right is or is capable of being or becoming exercisable, there shall be any adjustment to the Conversion Price, the Company shall (1) as soon as practicable notify the holders of Convertible Preference Shares of particulars of the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price, the date on which the adjustment takes effect and (2) promptly after the adjustment takes effect, give notice to the holders of Convertible Preference Shares stating that the Conversion Price has been adjusted and setting out the event giving rise to the adjustment, the Conversion Price in effect before the adjustment, the adjusted Conversion Price and the effective date of the adjustment.
- (iv) *Notification of Closed Periods*: The Company shall give not less than 15 days' nor more than 60 days' notice to the holders of Convertible Preference Shares of any days during the Conversion Period on which the Company's register of shareholders is to be closed by reason of Hong Kong or Cayman Islands law or regulation or for the purpose of establishing any dividend or other rights attaching to the Ordinary Shares. The notice shall state the reason for such closure.
- (v) *Notification of end of Conversion Period*: The Company shall give not less than 60 days' nor more than 90 days' notice to the holders of Convertible Preference Shares in writing prior to the end of the Conversion Period, which notice shall specify the Conversion Rights of the holders of Convertible Preference Shares and the Conversion Price then in effect (as adjusted pursuant to paragraph 4, if applicable).

5. Redemption and purchase

- 5.1 Where a holder of Convertible Preference Shares has given a Conversion Notice in respect thereof, such Convertible Preference Shares may be converted in such a manner permitted by law as the Directors consider in the best interests of the Company. Without prejudice thereto, Convertible Preference Shares may be redeemed at par at the option of the Company and in the case of any such redemption, the redemption moneys payable on redemption shall be sufficient for, and shall be applied for the purpose of, the exercise of the conversion rights in paying up Ordinary Shares into which the Convertible Preference Shares are converted so that such Ordinary Shares are issued credited as fully paid.

5.2 The Company shall have the right, subject to relevant legislation, at any time on or after 31 March 2008, upon the giving of not less than 14 days notice in writing to the holders of Convertible Preference Shares, at the Company's option, either:

- (a) redeem all but not some only of the Convertible Preference Shares for the time being outstanding at their subscription price together with all dividends accrued to the date fixed for redemption (the "**Redemption Date**"); or
- (b) compulsorily convert, subject to the second proviso below, all but not some only of the Convertible Preference Shares at the then prevailing Conversion Price into Ordinary Shares

provided

- (c) that, in either case, within a period of thirty (30) consecutive Trading Days ending within five (5) Trading Days prior to the date on which the relevant notice of redemption or conversion is given to the holders of Convertible Preference Shares, the price of an Ordinary Share (as derived from the Daily Quotations Sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange) on the Hong Kong Stock Exchange for twenty (20) Trading Days shall have been at least one hundred and fifty per cent. (150 per cent.) of the Conversion Price in effect on each of such Trading Days; and
- (d) that, if the Company reasonably believes that a notice to compulsorily convert all of the Preference Shares could result in the declared Concert Party Group comprising James Mellon, Jayne Sutcliffe and Anderson Whamond who are regarded as acting in concert for the purpose of the Takeovers Code and have registered the combined voting rights of the Company held by them (being 646,989,090 Shares in aggregate) with the Securities and Futures Commission under the transitional provisions in Rule 26.6 of the Hong Kong code on Takeovers and Mergers, as amended from time to time (and/or other persons with whom the Connected Persons might then be acting in concert) having to make a mandatory general offer ("**MGO**") for the Ordinary Shares, the Company may exclude all or part of the Preference Shares held by the Connected Persons from the compulsory purchase notice so that no such MGO will result. Such excluded Convertible Preference Shares may instead be made the subject of a redemption notice or left outstanding (and, if left outstanding, may be made the subject of notices to redeem or compulsorily convert at such date or dates thereafter as the Company may at its discretion determine, provided that any such future notice may only be given if proviso (c) above is satisfied at the relevant time).

- 5.3 Unless previously redeemed, converted or purchased and cancelled, the Convertible Preference Shares, subject to the Law, will be redeemed at one hundred per cent. of their subscription price on 30 November 2011 (or so soon thereafter as the Company shall be able to comply with the provisions section 37 of the Law, regarding the redemption of redeemable shares) (the “**Final Redemption Date**”).
- 5.4 Any notice given under sub-paragraph 5.2 above shall specify the applicable Redemption Date and the place at which the certificates for the Convertible Preference Shares are to be presented for redemption. Upon the Redemption Date or Final Redemption Date, as applicable, the Company shall redeem the Convertible Preference Shares to be redeemed on that date and each holder of the Convertible Preference Shares concerned shall be bound to deliver to the Company at such place the certificates for such of the Convertible Preference Shares concerned as are held by him or, in lieu of such certificate, an indemnity in appropriate form. Upon such delivery, the Company shall pay to such holder the amount due to him in respect of such redemption. If any certificate so delivered to the Company evidences any Convertible Preference Shares not to be redeemed on the relevant Redemption Date, a fresh certificate for such Convertible Preference Shares shall be issued free of charge to the holder delivering such certificate to the Company.
- 5.5 There shall be paid on each Convertible Preference Share redeemed under sub-paragraph 5.2 above or 5.3 below the amount paid up thereon together with a premium of US\$999.99 per share and a sum equal to all arrears and accruals (if any) of the preferential dividend thereon irrespective of whether or not such dividend has been declared or earned or become due and payable, to be calculated down to and including the Redemption Date.
- 5.6 As from the Redemption Date of Convertible Preference Shares to be redeemed under sub-paragraph 5.2 above, the preferential dividend shall cease to accrue thereon and such Convertible Preference Shares shall be treated as having been redeemed, whether or not the certificate therefor shall have been delivered and the redemption moneys paid, and such redemption moneys, if remaining unpaid, shall constitute a debt of the Company subject to all the provisions of these Articles relating to moneys payable on or in respect of a share.
- 5.7 If any holder of any of the Convertible Preference Shares to be redeemed shall fail or refuse to deliver up the certificate or certificates held by him at the time and place fixed for the redemption of such shares or shall fail or refuse to accept payment of the redemption moneys payable in respect thereof, the redemption moneys payable to such holder shall be set aside and paid into a separate interest-bearing account with the Company’s bankers (designated for the benefit of such holder) and such setting aside shall be deemed for all purposes hereof to be a payment to such holder

and all the said holder's rights as a holder of the relevant Convertible Preference Shares shall cease and determine as from the date fixed for the redemption of such shares and the Company shall thereby be discharged from all obligations in respect thereof. The Company shall not be responsible for the safe custody of the moneys so placed on deposit or for interest thereon except such interest as the said moneys may earn while on deposit less any expenses incurred by the Company in connection therewith.

5.8 The receipt of the registered holder for the time being of any Convertible Preference Shares or in the case of joint registered holders the receipt of any of them for the moneys payable on redemption thereof or application of the same as provided on any conversion thereof shall constitute an absolute discharge to the Company in respect thereof.

5.9 Subject to compliance with the Law but without any further consent or sanction on the part of the holders of the Convertible Preference Shares, the Company may at any time purchase Convertible Preference Shares (1) in the market, or (2) by tender (available alike to all holders of Convertible Preference Shares).

5.10 If any of the following triggering events ("**Triggering Events**") occurs:

- (a) full revocation by any governmental or regulatory authority of the People's Republic of China of mining permit 5300000520208 and 5327010110012 issued to Simao Shanshui Minerals Ltd and Simao Lianyou Minerals Limited, respectively; and/or
- (b) expropriation by any governmental or regulatory authority of the People's Republic of China of more than half the asset, property and economic interest of Yunnan Simao Shanshui Copper Company Limited and/or Simao Regent Minerals Limited,

then, for a period of 45 days after the occurrence of such Triggering Event, any holder of Convertible Preference Shares shall have the right (the "**Redemption Right**"), upon giving not less than 15 and nor more than 45 days notice in writing to the Company, to require the Company, subject to the Law, to redeem all but not some only Convertible Preference Shares held by that holder of Convertible Preference Shares on the expiry date of the notice.

5.11 To exercise the Redemption Right arising from paragraph 5.10, the holder of a Convertible Preference Share must complete, execute and deposit at his own expense during normal business hours at the specified office of the Company a notice of redemption (a "**Redemption Notice**") in duplicate in the form (for the time being current) obtainable from the specified office of the Company or any agent of the Company, together with the relevant Convertible Preference Share certificate.

6. **Further issues**

The Company may from time to time create and issue further preference shares (in this Article called “**Further Preference Shares**”) ranking as regards participation in the profits and assets of the Company *pari passu* with (but not in priority to) the Convertible Preference Shares. Any such Further Preference Shares may either carry rights and restrictions as regards participation in the profits and assets of the Company which are identical in all respects with the Convertible Preference Shares or with any other series of Further Preference Shares or rights and restrictions differing therefrom in any respect including but without prejudice to the generality of the foregoing in that:

- 6.1 the rate of dividend may differ;
- 6.2 the Further Preference Shares may rank for dividend as from such date as may be provided by the terms of issue thereof and the dates for payment of dividend may differ;
- 6.3 the Further Preference Shares may be redeemable on such terms and conditions as may be prescribed by the terms of the issue thereof and/or the Articles of Association of the Company for the time being;
- 6.4 the Further Preference Shares may be convertible into Ordinary Shares or any other class of shares ranking as regards participation in the profits and assets of the Company after the Further Preference Shares.

7. **Indemnity in lieu of return of share certificate**

Where these Articles require the delivery of a share certificate by a Member to the Company, such obligations may be satisfied instead by the delivery of

an indemnity in form and substance satisfactory to the Directors, in circumstances where the relevant share certificate has been mislaid, destroyed etc.””

By Order of the Board of
Regent Pacific Group Limited
Stella Fung
Company Secretary

Directors of the Company:

James Mellon (*Chairman*)*
Jamie Gibson (*Chief Executive Officer*)
Clara Cheung
David Comba#
Julie Oates#
Patrick Reid#
Mark Searle#
Jayne Sutcliffe*
Anderson Whamond*

* Non-Executive Directors

Independent Non-Executive Directors

Hong Kong, 27 October 2006

Notes:

1. Shareholders are recommended to read the shareholders' circular dated 27 October 2006 issued by the Company, which contains detailed information concerning the resolutions proposed for the meeting being convened by this notice.
2. 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.
3. 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 Suite 1401, 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.
4. 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.

5. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.

Please also refer to the published version of this announcement in The Standard.