
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

This document includes particulars given in compliance with The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to iRegent Group Limited. The directors of iRegent Group Limited collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.



iRegent Group Limited

(Incorporated in the Cayman Islands with limited liability)

**GENERAL MANDATE TO ISSUE NEW SHARES;
GENERAL MANDATE TO REPURCHASE THE COMPANY'S
OWN SHARES AND WARRANTS;
GENERAL MANDATE TO ISSUE DEFERRED SHARES
AND INCREASE IN SHARE CAPITAL;
APPROVAL OF CERTAIN ASPECTS OF THE BONUS PLAN;
ESTABLISHMENT OF A NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING EMPLOYEE SHARE OPTION SCHEME;
AND
CHANGE OF COMPANY NAME**

A notice convening the annual general meeting of iRegent Group Limited for the year 2002, together with the Company's annual report for the year ended 31 March 2002, accompany 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's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Wednesday, 13 November 2002. 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.

18 October 2002

TABLE OF CONTENTS

	<i>Page</i>
Definitions	1
 Letter from the Chairman	
1. Introduction	3
2. Share Issue Mandate	4
3. Repurchase Mandate	5
4. Extension of the Share Issue Mandate.....	9
5. Deferred Share Issue Mandate and increase in share capital	9
6. Approval of certain aspects of the Bonus Plan.....	9
7. Establishment of the Share Option Scheme (2002)	11
8. Termination of the Existing Employee Share Option Scheme	14
9. Change of company name	14
10. The 2002 Annual General Meeting	15
11. Recommendation	16
12. General.....	16
13. Documents available for inspection	16
 Appendix 1 — Rights and restrictions applicable to the Deferred Shares	 17
 Appendix 2 — Summary of the Bonus Plan	 20
 Appendix 3 — Summary of the rules of the Share Option Scheme (2002)	 22

DEFINITIONS

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

“2002 AGM Notice”	the notice convening the 2002 Annual General Meeting
“2002 Annual General Meeting”	the annual general meeting of the Company for the year 2002 to be held on Friday, 15 November 2002
“Board”	the board of Directors
“Bonus Plan”	the iRegent Group Performance Bonus Plan
“Chairman”	the chairman of the Board who is a Director
“Chief Executive Officer”	the chief executive officer of the Company who is a Director
“Company”	iRegent Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares and Warrants 2003 of which are listed on the HK Stock Exchange
“Connected Person(s)”	shall have the meaning defined in the HK Listing Rules
“Deferred Shares”	the non-voting convertible deferred shares of US\$0.01 each in the capital of the Company
“Deferred Share Issue Mandate”	an unconditional general mandate to be granted to the Directors, authorising them to issue, allot and otherwise deal with additional Deferred Shares up to a maximum of 20 per cent of the aggregate nominal amount of Deferred Shares in issue as at the date of the 2002 Annual General Meeting or otherwise as at the date when the relevant resolution is passed
“Directors”	the directors of the Company
“Existing Employee Share Option Scheme” or “Existing Scheme”	the existing employee share option scheme of the Company, which was adopted by its shareholders at an extraordinary general meeting held on 24 July 1996 (and deemed to have commenced on 15 July 1994) and amended by its shareholders at an extraordinary general meeting held on 27 May 1998 and, subject to otherwise provided in the rules thereof, shall continue in force until 14 July 2004
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, lawful currency in Hong Kong

DEFINITIONS

“HK Listing Rules”	The Rules Governing the Listing of Securities on the HK Stock Exchange
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Hong Kong Securities and Futures Commission
“Latest Practicable Date”	Friday, 11 October 2002, being the latest practicable date prior to the printing of this document for ascertaining certain information for inclusion in this document
“Listing Agreement”	the listing agreement entered into by the Company with the HK Stock Exchange, in the form set out in Appendix 7b of the HK Listing Rules (as from time to time amended)
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company (as from time to time amended)
“Repurchase Mandate”	an unconditional general mandate to be granted to the Directors, authorising them to repurchase, on the HK Stock Exchange, up to (i) 10 per cent of the fully paid voting Shares in issue and (ii) 10 per cent of the outstanding Warrants 2003 as at the date of the 2002 Annual General Meeting or otherwise the date when the relevant resolution is passed
“Share(s)”	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
“Share Issue Mandate”	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 2002 Annual General Meeting or otherwise the date when the relevant resolution is passed
“Share Option Scheme (2002)”	a new share option scheme proposed for the Company
“US\$”	United States dollars, lawful currency in the United States
“Warrants 2003”	the registered warrants issued by the Company exercisable during the period from 9 June 2000 to and including 30 June 2003, both days inclusive, at an initial subscription price of HK\$2.80 per Share, subject to adjustment, which are listed on the HK Stock Exchange

LETTER FROM THE CHAIRMAN



iRegent Group Limited

(Incorporated in the Cayman Islands with limited liability)

Executive Directors:

Jamie Gibson (*Chief Executive Officer*)
Mark Child
Julian Mayo (*Alternate to James Mellon*)
Karin Schulte

Non-Executive Directors:

James Mellon (*Chairman*)
Anthony Baillieu #
David McMahon
Mark Searle #
Jayne Sutcliffe
Anderson Whamond

Independent Directors

Registered office:

Ugland House
South Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

Principal place of business:

Suite 1501
Henley Building
5 Queen's Road Central
Hong Kong

18 October 2002

*To the shareholders and, for information only,
warrantholders of iRegent Group Limited*

Dear Sir or Madam

**GENERAL MANDATE TO ISSUE NEW SHARES;
GENERAL MANDATE TO REPURCHASE THE COMPANY'S
OWN SHARES AND WARRANTS;
GENERAL MANDATE TO ISSUE DEFERRED SHARES
AND INCREASE IN SHARE CAPITAL;
APPROVAL OF CERTAIN ASPECTS OF THE BONUS PLAN;
ESTABLISHMENT OF A NEW SHARE OPTION SCHEME AND
TERMINATION OF THE EXISTING EMPLOYEE SHARE OPTION SCHEME;
AND
CHANGE OF COMPANY NAME**

1. INTRODUCTION

The following general mandates granted to the Directors at the annual general meeting of the Company held on 28 September 2001 will expire at the conclusion of the 2002 Annual General Meeting provided that they are not revoked or varied before then:

- (a) the general mandate to issue, allot and otherwise deal with additional Shares up to a maximum of 20 per cent of the Company's then issued share capital; and

LETTER FROM THE CHAIRMAN

- (b) the general mandate to repurchase, on the HK Stock Exchange, (i) its own Shares up to a maximum of 10 per cent of the Company's then issued share capital and (ii) Warrants 2003 up to a maximum of 10 per cent of the then outstanding Warrants 2003.

Accordingly, the Directors have proposed Ordinary Resolutions numbered 4 and 5 for the 2002 Annual General Meeting to renew the above general mandates.

It is also proposed that the Deferred Share Issue Mandate be granted to the Directors to issue, allot and otherwise deal with Deferred Shares up to a maximum of 20 per cent of the aggregate nominal amount of Deferred Shares in issue in the capital of the Company at the date of granting such mandate, and that the Directors be authorised to give effect to the terms of the Deferred Shares and to issue ordinary Shares upon conversion of the Deferred Shares. The Deferred Shares Issue Mandate will be used in connection with the Bonus Plan (as described below). The Board intends to use the Share Issue Mandate and the Deferred Share Issue Mandate to issue either ordinary Shares or Deferred Shares in lieu of cash bonus payments under this Bonus Plan so as to enhance flexibility as to how such performance bonus payments are made to employees. The Bonus Plan is based on existing cash bonus arrangements and the only material difference is the introduction of this flexibility to pay bonuses in ordinary Shares or Deferred Shares in lieu of cash. This feature will allow for cash otherwise payable to employees as bonuses to be retained by the Company where it is in the interests of the Company to do so. The Bonus Plan will serve to further align the interests of participants in the Bonus Plan with those of shareholders by giving participants direct equity ownership in the Company. The Bonus Plan is described in more detail in paragraph 6 below.

In addition, on 1 September 2001, the HK Stock Exchange introduced certain amendments to Chapter 17 of the HK Listing Rules with respect to requirements for share option schemes of Hong Kong listed companies and their subsidiaries. The Directors have proposed that a new share option scheme in compliance of the new requirements be established for the Company. In order to differentiate this new scheme from the Company's existing employee share option scheme, the new scheme is named "Share Option Scheme (2002)". The Directors have also proposed that the Existing Employee Share Option Scheme be terminated, provided that the provisions of the Existing Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination. The Share Option Scheme (2002) is based on the Existing Scheme and the material differences relate to matters now required by Chapter 17 of the HK Listing Rules.

Finally, the Directors have proposed that the name of the Company be changed to its original name "Regent Pacific Group Limited".

This document provides shareholders with all the information reasonably necessary to enable them to make informed decisions as to whether to vote in favour of the resolutions proposed at the 2002 Annual General Meeting to approve the above matters.

2. SHARE ISSUE MANDATE

The proposed Ordinary Resolution numbered 4 set out in the 2002 AGM Notice will, if passed, grant the Share Issue Mandate to the Directors authorising them to issue, allot and otherwise

LETTER FROM THE CHAIRMAN

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. For the avoidance of doubt, Deferred Shares shall not be counted in the Company's issued voting share capital for the purpose of calculating the aforesaid 20 per cent limit. The Share Issue Mandate, if approved at the 2002 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 1,100,174,288 voting Shares in issue. Accordingly, on the assumption that prior to the date of the 2002 Annual General Meeting, (i) no additional Shares will be issued, (ii) no Deferred Shares will be converted into Shares; (iii) no subscription rights attaching to the Warrants 2003 will be exercised; and (iv) no Shares will be repurchased by the Company, exercise in full of the Share Issue Mandate would result in up to 220,034,857 Shares being issued by the Company during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 4 in the 2002 AGM Notice).

3. REPURCHASE MANDATE

The proposed Ordinary Resolution numbered 5 set out in the 2002 AGM Notice will, if passed, grant the Repurchase Mandate to the Directors authorising them to repurchase, on the HK Stock Exchange, up to 10 per cent of the fully paid voting Shares in issue and 10 per cent of the outstanding Warrants 2003 as at the date when the relevant resolution is passed. For the avoidance of doubt, Deferred Shares shall not be counted in the Company's issued voting share capital for the purpose of calculating the aforesaid 10 per cent limit. The Repurchase Mandate, if approved at the 2002 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 1,100,174,288 voting Shares in issue and 237,877,087 units of Warrants 2003 outstanding. Accordingly, on the same assumptions set out in (i) to (iv) of paragraph 2 above, exercise in full of the Repurchase Mandate would result in up to 110,017,428 Shares and 23,787,708 units of Warrants 2003 being repurchased by the Company during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 5 in the 2002 AGM Notice).

The Directors have undertaken to the HK Stock Exchange that, so far as the same may be applicable, they will exercise 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 securities. 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.

LETTER FROM THE CHAIRMAN

(b) Funding of repurchases

In repurchasing Shares or Warrants 2003, the Company may only apply funds legally available for such purpose 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 securities, 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 effect on the working capital position of the Group 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 consolidated financial statements as at 31 March 2002). 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

In any one calendar month, the Company shall not purchase securities on the HK Stock Exchange more than 25 per cent of the total number of that kind of securities which were traded on the HK Stock Exchange in the preceding calendar month, as stated in the HK Stock Exchange's daily quotations sheets for the previous month. The Company shall not purchase securities 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.

The Company may not purchase securities 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 should not purchase securities on the HK Stock Exchange during the period commencing 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 paragraph 12 of Listing Agreement) for the approval of the Company's interim or annual results for any financial year; and
- (ii) the deadline for the Company to publish its interim or annual results announcement for any financial year under its Listing Agreement,

and ending on the date of the results announcement.

Any purchase of Shares which would result in the number of Shares held by the public being reduced to less than 25 per cent of the Shares then in issue could only be implemented with the agreement of the HK Stock Exchange to waive the HK Listing Rules requirements regarding the public shareholding.

LETTER FROM THE CHAIRMAN

The Company shall not knowingly purchase securities from a Connected Person and a Connected Person shall not knowingly sell his securities 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 intends to sell any Shares or Warrants 2003 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 or Warrants 2003 to the Company or have 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 securities so repurchased will be treated as having been cancelled.

Repurchases of Shares or Warrants 2003 will not cause any change in the authorised share capital of the Company.

(e) Repurchases of securities

During the six months immediately preceding the Latest Practicable Date, no Shares or Warrants 2003 were repurchased by the Company or any of its subsidiaries, either on the HK Stock Exchange or otherwise.

LETTER FROM THE CHAIRMAN

(f) Market prices

The highest and lowest prices at which the Shares and Warrants 2003 were traded on the HK Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

Month	Shares		Warrants 2003	
	Highest traded price per Share (HK\$)	Lowest traded price per Share (HK\$)	Highest traded price per unit (HK\$)	Lowest traded price per unit (HK\$)
2001				
October	0.218	0.120	0.010	0.010
November	0.170	0.130	0.010	0.010
December	0.173	0.117	0.010	0.010
2002				
January	0.173	0.130	0.010	0.010
February	0.155	0.135	–	–
March	0.230	0.138	–	–
April	0.430	0.210	0.020	0.010
May	0.345	0.227	0.010	0.010
June	0.320	0.227	–	–
July	0.320	0.255	–	–
August	0.300	0.249	–	–
September	0.255	0.220	0.010	0.010

(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 offer in accordance with Rule 26 of the HK Takeovers Code. As at the Latest Practicable Date, according to the Register of Substantial Shareholders' Interests being kept by the Company pursuant to the Securities (Disclosure of Interests) Ordinance of Hong Kong, James Mellon holds a 23.32 per cent interest in the total issued voting share capital of the Company. Besides, he also holds 86,728,147 Deferred Shares. Upon full conversion of such Deferred Shares, Mr Mellon would hold a 28.92 per cent interest in the enlarged issued voting share capital of the Company. Accordingly, if 86,728,147 Deferred Shares were fully converted into ordinary Shares and the Repurchase Mandate were exercised in full, James Mellon would hold more than 30 per cent of the Company's total issued voting share capital.

LETTER FROM THE CHAIRMAN

4. EXTENSION OF THE SHARE ISSUE MANDATE

The proposed Ordinary Resolution numbered 6 set out in the 2002 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) to (iv) of paragraph 2 above in respect of the total issued voting share capital of the Company as at the date of the 2002 Annual General Meeting, be authorised to issue up to 330,052,285 Shares during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 4 in the 2002 AGM Notice).

5. DEFERRED SHARE ISSUE MANDATE AND INCREASE IN SHARE CAPITAL

The proposed Ordinary Resolution numbered 8 set out in the 2002 AGM Notice will, if passed, grant the Deferred Share Issue Mandate to the Directors authorising them to issue, allot and otherwise deal with Deferred Shares up to a maximum of 20 per cent of the aggregate nominal amount of Deferred Shares in issue at the date of granting such mandate, and that the Directors be authorised to give effect to the terms of the Deferred Shares and to issue ordinary Shares upon conversion of the Deferred Shares for the purposes of the Bonus Plan. The Deferred Share Issue Mandate will not be used for any other purpose. For the avoidance of doubt, ordinary Shares shall not be counted in the Company's issued non-voting share capital for the purpose of calculating the aforesaid 20 per cent limit. Accordingly, the proposed Ordinary Resolution numbered 7 set out in the 2002 AGM Notice will, if passed, increase the Company's authorised share capital by the creation of 463,271,853 unclassified shares of US\$0.01 each which may be issued as ordinary Shares or as Deferred Shares. The rights and restrictions attaching to the Deferred Shares are set out in Appendix 1 to this document. Deferred Shares are not listed on the HK Exchange or any other stock exchange.

As at the Latest Practicable Date, 86,728,147 Deferred Shares were in issue in the capital of the Company. Accordingly, on the assumption that prior to the date of the 2002 Annual General Meeting, no Deferred Shares will be converted into ordinary Shares, exercise in full of the Deferred Share Issue Mandate would result in up to 17,345,629 Deferred Shares being issued by the Company during the Relevant Period (as defined in the proposed Ordinary Resolution numbered 8 in the 2002 AGM Notice).

6. APPROVAL OF CERTAIN ASPECTS OF THE BONUS PLAN

Since before it was listed, the Company has operated an incentive bonus arrangement, pursuant to which it pays cash bonuses to employees from a cash bonus pool set aside from the Group's consolidated operating profits before tax. Employees who have been paid such bonuses have in the past included executive directors of the Group companies. The Board has decided that it is in the best interests of the Company to formalise these arrangements and adopted the Bonus Plan on 18 October 2002. The Board has also decided to seek shareholders' approval for the issue of ordinary Shares or Deferred Shares in lieu of cash payments made under the Bonus Plan under the proposed Ordinary Resolution numbered 9 set out in the 2002 AGM Notice. The aspects of

LETTER FROM THE CHAIRMAN

the Bonus Plan which allow for such issue of ordinary Shares or Deferred Shares in lieu of cash remain conditional on such shareholders' approval.

The Board intends to use the Share Issue Mandate and Deferred Share Issue Mandate to issue ordinary Shares or Deferred Shares in lieu of cash payments under the Bonus Plan. The Bonus Plan will operate for the Company's first half financial year ending 30 September 2002 and for each half financial year thereafter up until the financial year ending 31 March 2012 when it will automatically terminate unless terminated earlier at the discretion of the Chairman and the Chief Executive Officer. Under the Bonus Plan, the Chairman and the Chief Executive Officer have a general discretion to award cash bonuses to employees or executive directors of the Group and may also set performance criteria which must be satisfied before a bonus will be awarded. Awards of bonuses will be made twice a year following the end of both the first and second halves of the Company's financial year. For the Company's first half financial year ending 30 September 2002 and onwards, the total amount of any bonus payments (including any bonus payments made in the form of ordinary Shares or Deferred Shares) must not exceed a maximum of 20 per cent of the Group's consolidated operating profits before tax (and before such bonus payments are made) for the relevant half financial year in which the Bonus Plan operates.

Where the Chairman and the Chief Executive Officer decide to pay part of the bonus in ordinary Shares or Deferred Shares in lieu of cash, the number of ordinary Shares or Deferred Shares to be awarded is the lower of:

- (a) the cash amount to be paid in ordinary Shares or Deferred Shares divided by the closing price of the ordinary Shares as stated in the HK Stock Exchange's daily quotation sheet on the date of the award which must be a business day; and
- (b) the cash amount to be paid in ordinary Shares or Deferred Shares divided by the net asset value of the ordinary Shares based on the latest audited financial statements of the Company, or if those are not available then the latest management accounts of the Company, less a 20 per cent discount.

By way of illustration, if the Company issued ordinary Shares or Deferred Shares in lieu of the full amount of all cash bonus payments for the 6 months' financial period from 1 October 2001 to 31 March 2002, then the cash bonus pool would be US\$937,000 (i.e. 20 per cent of Group's profits before tax (and before such payments are made)) and this amount would be converted into 15,978,854 ordinary Shares or Deferred Shares (if the conversion was based on the net asset value of the ordinary Shares and Deferred Shares as at 31 March 2002 less a 20 percent discount), to be issued as payment of bonuses under the Bonus Plan. This would represent a 1.4 per cent dilution to existing shareholders.

Where it is proposed to pay part of a bonus to a Connected Person by way of ordinary Shares or Deferred Shares, specific approval of the shareholders of the Company will be sought under Chapter 14 of the HK Listing Rules and any such Connected Person and their associates (as defined in the HK Listing Rules) will abstain from voting.

The terms of the Bonus Plan are summarised in Appendix 2 to this document and the particular provisions for which shareholders' approval is sought are in paragraph 5 (in relation to which shareholders' approval will be sought once only) and paragraph 6 (in relation to which separate

LETTER FROM THE CHAIRMAN

shareholders' approval will be required) thereof. Shareholders' approval for other aspects of the Bonus Plan is not required. Bonuses pay to employees under the Bonus Plan form part of their remuneration package. Where any bonus is paid in ordinary Shares or Deferred Shares in lieu of cash, this will not result in a reduction of the employee's salary or wages. Participation in the Bonus Plan and the amount of any awards made pursuant to the Bonus Plan are at the discretion of the Company.

The Bonus Plan does not involve the grant of options and is not within the scope of Chapter 17 of the HK Listing Rules. The Bonus Plan serves a different purpose to the Company's Share Option Scheme (2002) (being proposed under paragraph 7 below). The Bonus Plan is essentially a cash based scheme and the issue of ordinary Shares or Deferred Shares under the Bonus Plan is in lieu of cash. The Share Option Scheme (2002) does not operate on this basis and is provided as an additional benefit.

The purpose of the Share Option Scheme (2002) (as described in Appendix 3 to this document) is to provide the Company with flexible means of either retaining, incentivising, awarding, remunerating, compensating and/or providing benefits to Eligible Participants (as defined in Appendix 3) and for other general purposes as the Directors may approve from time to time. The purpose of the Bonus Plan is more specifically aimed at incentivising the Participants (as defined in Appendix 2 to this document) by allowing them to share in the pre-tax profits of the Company in the relevant financial year. The group of people who are eligible to participate in the Bonus Plan (i.e. Participants as defined in Appendix 2) is a narrower group of people than those who are eligible to participate in the Share Option Scheme (2002) (i.e. Eligible Participants as defined in Appendix 3). The benefits provided under the Bonus Plan are part of the Participant's remuneration but are dependant on the participant's performance. Such profit sharing has been on a cash basis and the benefit should continue to be regarded as predominately a cash benefit. The issue of ordinary Shares or Deferred Shares under the Bonus Plan will also give the participants a shareholding in the Company which will align their interests with those of the shareholders. This differs from the Share Option Scheme (2002) under which employees may be more likely to dispose of shares issued to them following the exercise of an option. The Bonus Plan therefore operates on a very different basis to the Share Option Scheme (2002).

The proposed Ordinary Resolution numbered 9 set out in the 2002 AGM Notice seeks the approval of the shareholders for the issue of ordinary Shares or Deferred Shares in lieu of cash under the Bonus Scheme.

7. ESTABLISHMENT OF THE SHARE OPTION SCHEME (2002)

(a) The scheme

The Existing Employee Share Option Scheme was adopted by the Company's shareholders at an extraordinary general meeting held on 24 July 1996 (and was deemed to have commenced on 15 July 1994) and amended by its shareholders at an extraordinary general meeting held on 27 May 1998 and, subject to otherwise provided in the rules thereof, shall continue in force until 14 July 2004.

LETTER FROM THE CHAIRMAN

In view of the new requirements introduced on 1 September 2001 by the HK Stock Exchange to Chapter 17 of the HK Listing Rules with respect to share option schemes of Hong Kong listed companies and their subsidiaries, the Directors have proposed establishing, subject to approval by the Company's shareholders at a general meeting, a new share option scheme. The eligible participants of the new share option scheme include directors (including executive, non-executive and independent directors), executives, employees, consultants and service providers of the Company and its subsidiaries. In order to differentiate this new share option scheme from the Existing Employee Share Option Scheme, the new scheme is named "Share Option Scheme (2002)". Ordinary Resolution numbered 10 set out in the 2002 AGM Notice has been proposed to approve, inter alia, the establishment of the Share Option Scheme (2002).

The adoption of the Share Option Scheme (2002) shall not affect outstanding options under the Existing Employee Share Option Scheme. The Existing Scheme will remain in effect in relation to outstanding options previously granted under that scheme. No further options will be granted under the Existing Scheme prior to the date of the 2002 Annual General Meeting.

(b) Benefit to participants

The Share Option Scheme (2002) is to provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to eligible participants or for such other purposes as the Directors may approve from time to time, subject to any necessary consent or approval being obtained from shareholders or independent non-executive Directors of the Company or the HK Stock Exchange or any other stock exchange or any other relevant regulatory body where such consent or approval is required by the Company's Memorandum and Articles of Association or any applicable law or regulatory requirement (including, for the avoidance of doubt, Chapter 17 of the HK Listing Rules). The Share Option Scheme (2002) may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

A summary of the rules of the Share Option Scheme (2002) is set out in Appendix 3 to this document.

The new scheme provides that options shall be exercisable no earlier than the first anniversary date of the date of grant (or after such period as specified by the Directors) up to a maximum of 10 years from the date of grant. Within such exercise period, the option holder is entitled to exercise one-third of the option granted at each of the first, second and third anniversary dates after the date of grant. 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. All entitlements of the option that remain unexercised at the tenth anniversary date of the date of grant will lapse. The Directors may specify that any exercisable date of any options be subject to certain performance targets being achieved by the Company. Such performance targets, if specified, will be set out in the option certificate issued upon acceptance of the relevant options. The rules of the Share Option Scheme (2002), as required by Chapter 17 of the HK

LETTER FROM THE CHAIRMAN

Listing Rules, provide that the exercise price of options shall be fixed at a price being at least the higher of (i) the closing price of the Shares as stated in the daily quotations sheets of the HK Stock Exchange on the date of grant, which must be a business day and (ii) the average closing price of the Shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of grant (or such minimum price as from time to time specified in the HK Listing Rules) provided that the exercise price must be at least the nominal amount of the Shares.

As the option holder needs to hold the option for one year before he is entitled to exercise the option and subscribe for the underlying Shares in three tranches in the following three years, the option holder is encouraged to stay with the Company for at least three years so as to exercise his option in full. Further, in view of the basis of fixing the exercise price, the option holder will anticipate a price appreciation in the Shares in order for them to benefit from the results of the Company. Accordingly, the Share Option Scheme (2002) will serve as an incentive scheme for awarding long service staff.

(c) Value of the options

The Directors consider that it is not appropriate to state the value of all options that can be granted under the Share Option Scheme (2002) as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Company's shareholders, taking in account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables such as the options may become lapsed or cancelled prior to the normal expiry of their respective exercise periods on the happening of certain events as specified in the rules of the scheme which are not predictable or controllable by the Directors.

(d) Listing application

Application will be made to the Listing Committee of the HK Stock Exchange for the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of the options granted under the Share Option Scheme (2002). Implementation of the scheme is subject to such approval of listing and permission to deal being granted.

As at the Latest Practicable Date, there were 1,100,174,288 voting Shares in issue. Accordingly, on the assumption that prior to the date of the 2002 Annual General Meeting, (i) no additional Shares will be issued, (ii) no Deferred Shares will be converted into ordinary Shares; (iii) no subscription rights attaching to the Warrants 2003 will be exercised; and (iv) no Shares will be repurchased by the Company, the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme (2002), when aggregated with any Shares which may be issued upon the exercise of options to be granted under any other schemes of the Company (including the Existing Employee Share Option Scheme), shall not exceed 110,017,428 Shares. As no further options will be granted under the Existing Scheme prior to the date of the 2002 Annual General Meeting, an application will be made to the Listing Committee of the HK

LETTER FROM THE CHAIRMAN

Stock Exchange for the approval of the listing of and permission to deal in an aggregate of 110,017,428 Shares which are issuable pursuant to the exercise of the options granted under the Share Option Scheme (2002).

(e) Administration

The Board or a duly constituted committee of the Board will have responsibility for administering the Share Option Scheme (2002). There are no trustees appointed for the purposes of the scheme.

8. TERMINATION OF THE EXISTING EMPLOYEE SHARE OPTION SCHEME

Approval of the shareholders will also be sought under the proposed Ordinary Resolution numbered 10 at the 2002 Annual General Meeting to terminate the Existing Employee Share Option Scheme, subject to the adoption of the Share Option Scheme (2002) and the grant of approval by the HK Stock Exchange of the listing of and permission to deal in the Shares falling to be issued pursuant to the exercise of any options granted under the Share Option Scheme (2002). Following the termination, the provisions of the Existing Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior to the date of the termination. As at the Latest Practicable Date, there were outstanding options under the Existing Scheme entitling the holders to subscribe in stages from 20 July 2001 to 3 May 2006 for an aggregate of 13,600,000 ordinary Shares at exercise prices ranging from HK\$0.16 to HK\$1.40 per Share.

9. CHANGE OF COMPANY NAME

Upon review of the Company's current strategy and operations, the Directors have proposed to change the Company's name to its original name "Regent Pacific Group Limited". The proposed change of name reaffirms the Company's commitment to value focussed asset management both of our own and of client assets.

(a) Conditions for the proposed change of company name

The proposed change of company name is subject to approval by shareholders of the proposed Special Resolution numbered 11 as set out in the 2002 AGM Notice and approval by the Registrar of Companies of the Cayman Islands.

The new name, once approved at the 2002 Annual General Meeting, will be effective from the date of the passing of the relevant special resolution pending issue of the Certificate of Incorporation on Change of Name by the Registrar of Companies of the Cayman Islands. Shareholders and warrant holders will be advised of the effective date of the change by a press announcement.

Upon receipt of the Certificate of Incorporation on Change of Name from the Cayman Islands, the Company will register the change with the Registrar of Companies of Hong Kong in accordance with Part XI of the Companies Ordinance of Hong Kong, under which the Company is registered as an overseas company.

LETTER FROM THE CHAIRMAN

(b) Listing

The change of the Company's name will not affect the listing status of the Shares and the Warrants 2003 on the HK Stock Exchange.

(c) New certificates

Upon the change of company name becoming effective, all certificates to be issued by the Company will bear the new company name. However, existing certificates for the Shares and the Warrants 2003 bearing the existing name of the Company will continue to be good evidence of legal title to the Shares and the Warrants 2003 and will be valid for trading and settlement. New certificates for the Shares and the Warrants 2003 will be purple and green in colour in order to be distinguishable from the existing certificates which are blue and red respectively in colour.

It is expected that new certificates will be available for exchange two weeks after the date of the 2002 Annual General Meeting. Shareholders and warrant holders are therefore urged to exchange their share and warrant certificates as soon as possible after 2 December 2002. Certificates may be exchanged free of charge up to and including 2 January 2003 at the offices of the branch share registrars of the Company in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Thereafter, certificates will only be exchanged on payment of a scrip fee of HK\$2.50 (or such higher amount as may be prescribed or allowed under the HK Listing Rules and the Company's Articles of Association from time to time) for each certificate submitted or each certificate issued, whichever is the higher.

Unless otherwise instructed, new share certificates will, so far as practicable, be issued in board lots of 1,000 Shares and HK\$28,000 representing 10,000 units of Warrants 2003.

10. THE 2002 ANNUAL GENERAL MEETING

The 2002 AGM Notice, together with the annual report of the Company for the year ended 31 March 2002, accompany 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's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Wednesday, 13 November 2002. 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.

Following the close of the 2002 Annual General Meeting, the Company will publish in the newspapers an announcement on the outcome of the meeting in respect of the relevant proposed resolutions.

LETTER FROM THE CHAIRMAN

11. RECOMMENDATION

The Directors consider that the Share Issue Mandate, the Repurchase Mandate, the extension of the Share Issue Mandate, the increase in the Company's authorised share capital, the Deferred Shares Issue Mandate, the approval of certain aspects of the Bonus Plan, the establishment of the Share Option Scheme (2002) and termination of the Existing Employee Share Option Scheme and the change of the Company's name are in the best interests of the Group. Accordingly, the Directors recommend that all shareholders vote in favour of the Ordinary Resolutions numbered 4 to 10 and Special Resolution numbered 11 proposed at the 2002 Annual General Meeting.

12. GENERAL

Your attention is drawn to the rights and restrictions applicable to the Deferred Shares and the summaries of the Bonus Plan and the rules of the Share Option Scheme (2002) set out in the appendices to this document.

13. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the rules of the Share Option Scheme (2002) will be available for inspection during normal business hours (Saturdays and public holidays excepted) at the Company's principal place of business in Hong Kong at Suite 1501, Henley Building, 5 Queen's Road Central, Hong Kong from the date of this document and at the 2002 Annual General Meeting.

On Behalf of the Board of
iRegent Group Limited

James Mellon
Chairman

Pursuant to an ordinary resolution of the shareholders of the Company passed on 16 May 2000, an aggregate of 86,728,147 unclassified shares of US\$0.01 each were created in the capital of the Company, which may be issued as ordinary Shares or as Deferred Shares. An important feature of the Deferred Shares for the purposes of this document is that they are non-voting shares and are not listed on the HK Stock Exchange or any other stock exchange and therefore not freely tradable. They are more restricted class of shares than ordinary Shares (as defined in this document) but they are intended to confer the benefits of share ownership in terms of capital value and dividend entitlements. On 17 May 2000, those unclassified shares were issued as Deferred Shares, which are subject to the following rights and restrictions (as provided in the ordinary resolution passed on 16 May 2000):

1. As regards income

The Deferred Shares shall rank for dividends *pari passu* to ordinary Shares of the Company from time to time in issue.

2. As regards capital

Each Deferred Share shall confer on the holder thereof *pari passu* rights to ordinary Shares on a winding up (except as provided in paragraph 3(e) below) or other return of capital.

3. As regards conversion

- (a) Any holder of Deferred Shares shall be entitled at any time after the date falling six months from their date of issue (subject to sub-paragraph (b) below) to convert Deferred Shares held by him into fully paid ordinary Shares in the capital of the Company on the basis (subject to the provisions of sub-paragraph (d) below) of one ordinary Share for every one Deferred Share.
- (b) The right to convert may be exercised in whole or in part (not involving a fraction of one share) by the holder of Deferred Shares delivering the certificate for such shares to the Company at the office of its registrars for the time being (or such other place as shall be specified from time to time by the Company) with the conversion notice on the reverse of such certificate (the “**Conversion Notice**”) duly completed in respect of the whole or any part of his Deferred Shares as he may in the Conversion Notice specify, together with such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right. The thirtieth day after receipt by the Company of a Conversion Notice is hereinafter referred to as a “**Conversion Date**” provided that such date shall not be earlier than the date specified in sub-paragraph (a) above. A Conversion Notice duly completed in accordance with the instructions thereon shall be irrevocable after receipt thereof by the Company at the office of its registrars for the time being (or such other place as aforesaid) except with the consent in writing of the Directors of the Company.
- (c) (i) Conversion shall take effect (by means of a repurchase of the relevant Deferred Shares and immediate allotment of a corresponding number (subject to sub-paragraph (d) below) of ordinary Shares) on the relevant Conversion Date and not later than 14 days following the relevant Conversion Date, the Company shall issue the relevant ordinary Shares arising from the conversion and not later than 28 days following the relevant Conversion Date, shall despatch certificates for such ordinary

Shares and, if appropriate, certificates for the balance of the Deferred Shares remaining unconverted and remittances in respect of any fractional entitlements. All certificates despatched pursuant to this sub-paragraph (i) shall be at the risk of the shareholder entitled thereto.

- (ii) The ordinary Shares which are issued on conversion shall be credited as fully paid and rank *pari passu* and form one class in all respects with the ordinary Shares then in issue.
 - (iii) The Company will not do any act or thing if as a result the exercise of conversion rights would involve the issue of ordinary Shares at a discount.
- (d) If whilst any Deferred Share remains capable of conversion may offer or invitation is made to the holders of the ordinary Shares of the Company, the Company shall make or, so far as it is able, procure that there is made a like offer or invitation at the same time to each holder of Deferred Shares as if his conversion rights had been exercisable and exercised in full on the record date for such offer or invitation at the rate of conversion then applicable.
- (e) If whilst any Deferred Share remains capable of conversion the Company is placed in liquidation, the Company shall forthwith give notice thereof in writing to the holders of all the Deferred Shares and, to the extent permitted by law, each holder of Deferred Shares shall in respect of all or any of his Deferred Shares be entitled within six weeks after the date of the resolution for winding up the Company or (as the case may be) after the date of the Order of the Court for such winding up (such respective dates being referred to in this sub-paragraph as the “**Operative Date**”) by notice in writing to the Company to elect to be treated as if a Conversion Date has occurred on the day immediately preceding the Operative Date and his conversion rights had been exercisable and had been exercised as at that date at the rate of conversion then applicable. Any holder of Deferred Shares so electing shall participate in the assets available in the liquidation *pari passu* with the holders of the ordinary Shares as if he were the holder of the ordinary Shares (including any fraction of a share) to which he would have become entitled by virtue of such conversion. At the expiration of the said period of six weeks, any outstanding Deferred Share shall cease to be capable of conversion.
- (f) The Company will apply to the Listing Committee of The Stock Exchange of Hong Kong Limited for, and use its best endeavours to obtain, the admission to the official list of all the ordinary Shares arising from conversion of any of the Deferred Shares. (i.e. the approval of the listing of and permission to deal in the ordinary Shares to be issued on conversion of any Deferred Shares).

4. As regards voting

A holder of a Deferred Share shall be entitled to receive notice of general meetings but not to attend or vote thereat.

5. As regards restrictions

So long as any Deferred Share remains capable of conversion, the Company shall be subject to the following restrictions unless it shall have obtained the consent in writing of the holders of three-fourths in nominal value of the Deferred Shares then in issue or the sanction of a special resolution passed at a general meeting of the holders of the Deferred Shares in accordance with the provisions of the Articles of Association of the Company:

- (a) no resolution shall be passed whereby the rights attaching to the Deferred Shares shall be varied or abrogated; and
- (b) no equity share capital shall be in issue which is not in all respects uniform with the Shares in issue on the date of creation of the Deferred Shares save:
 - (i) as to the date from which the capital shall rank for dividend; or
 - (ii) as to restrictions on voting rights; or
 - (iii) for equity share capital issued pursuant to any share incentive or share option scheme approved at any time by the Company in general meeting to staff or employee (including directors holding executive office) of the Company or its subsidiaries; or
 - (iv) for equity share capital issued pursuant to an offer or invitation extended to the holders of the Deferred Shares pursuant to paragraph 3(d) above.

6. As regards transfers

The Deferred Shares may only be transferred with the prior written consent of the Company (to be exercisable by its Directors) and with prior notice to The Stock Exchange of Hong Kong Limited.

7. Miscellaneous

The Deferred Shares shall otherwise be issued and held with such rights and restrictions as the Directors of the Company may specify.

The rights and restrictions that will apply to the Deferred Shares to be issued under the Deferred Share Issue Mandate are set out in the proposed Ordinary Resolution numbered 7 in the 2002 AGM Notice and are the same as those set out above. However, under the proposed Ordinary Resolution numbered 7 set out in the 2002 AGM Notice, an additional restriction will apply to the Deferred Shares to be issued under the Deferred Share Issued Mandate. That restriction is that any holder of a Deferred Share shall not be entitled to convert the Deferred Shares held by him into fully paid ordinary Shares in the capital of the Company if such conversion would result in a mandatory general offer being required to be made for the Company's ordinary Shares under the Codes on Takeovers and Mergers and Share Repurchases issued by the Hong Kong Securities and Futures Commission.

Set out below is a summary of the Bonus Plan:

1. Participants

All employees (including executive and non-executive Directors but excluding independent non-executive Directors) of any member of the Group may be selected for participation in the Bonus Plan.

2. Operation of the Bonus Plan

The Bonus Plan is administered by a committee comprising of the Chairman and the Chief Executive Officer of the Company (the “**Committee**”). The Bonus Plan will operate for the Company’s first half financial year ending 30 September 2002 and for each half financial year thereafter up until the financial year ending 31 March 2012 when it will automatically terminate unless terminated earlier at the discretion of the Chairman and the Chief Executive Officer. The Committee selects which employees will participate in the Bonus Plan and will determine if specified performance targets will apply to that employee. The Committee has discretion to determine whether performance targets will apply and whether those performance targets will differ between the employees participating in the Bonus Plan. On selection for participation in the Bonus Plan, an employee will be notified by the Committee of any performance targets applicable to his participation.

3. Bonus award

The Committee will make awards of bonuses twice a year following the end of both the first and second halves of the Company’s financial year. The total amount of bonus payments must not exceed the amount available in the bonus pool (see paragraph 4 below). At the end of each half of a financial year, the Committee determines whether and to what extent the relevant performance targets applicable to a participant have been satisfied and what amount of bonus (if any) should be paid in respect of each participant. The Committee will also determine whether and to what extent to pay part or all of the bonus awards in cash or ordinary Shares or Deferred Shares in lieu of cash. The Committee will also determine whether to defer payment of half of any bonus award for three calendar months after the bonus is awarded.

4. Bonus pool

The total amount of any bonus payments (including any bonus payments made in the form of ordinary Shares or Deferred Shares) must not exceed a maximum of 20 per cent of the Group’s consolidated operating profits before tax (and before such bonus payments are made) for the relevant half financial year in which the Bonus Plan operates.

5. Payment of bonus in ordinary Shares or Deferred Shares in lieu of cash

Where the Committee decides to pay part of the bonus in ordinary Shares or Deferred Shares in lieu of cash, the number of ordinary Shares or Deferred Shares to be awarded is the lower of:

- (a) the cash amount to be paid in ordinary Shares or Deferred Shares divided by the closing price of the ordinary Shares as stated in the HK Stock Exchange's daily quotation sheet on the date of the award; and
- (b) the cash amount to be paid in ordinary Shares or Deferred Shares divided by the net asset value of the ordinary Shares based on the latest audited financial statements of the Company, or if those are not available then the latest management accounts of the Company, less a 20 per cent discount.

6. Awards to Connected Person(s)

Where the Committee proposes to pay part of a bonus to a Connected Person by way in ordinary Shares or Deferred Shares, then it may only do so with a separate approval of the shareholders of the Company in general meeting with such Connected Persons and their associates (as defined in the HK Listing Rules) abstaining from voting.

7. Effect of a participant leaving employment

Where an employee who has participated in the Bonus Plan ceases to be an employee of any member of the Group, either before completion of the relevant half of the financial year or before any bonus which is subject to deferral is paid (see paragraph 3 above), then the employee will forfeit the right to receive a bonus payment unless otherwise determined by the Committee.

Set out below is a summary of the rules of the Share Option Scheme (2002):

1. Purpose of the scheme

The purpose of the Share Option Scheme (2002) (“**Scheme**”) is to provide the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants under the Scheme or for such other purposes as the Directors may approve from time to time, subject to any necessary consent or approval being obtained from shareholders or independent non-executive Directors of the Company or the HK Stock Exchange or any other stock exchange or any other relevant regulatory body where such consent or approval is required by the Company’s Memorandum and Articles of Association or any applicable law or regulatory requirement (including, for the avoidance of doubt, Chapter 17 of the HK Listing Rules). This Scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

2. Participants of the scheme and the basis of determining the eligibility of participants

Eligible participants of this Scheme include directors (including executive, non-executive and independent directors), executives, employees, consultants and service providers (as the Directors may think fit with reference to their respective contribution to the Group) of any of the Group companies (who, collectively, will be referred to as “**Eligible Participant(s)**” below).

3. Total number of Shares available for grant of options under the scheme

The aggregate number of Shares which may be issued upon exercise of all options to be granted under this Scheme, when aggregated with any Shares which may be issued upon the exercise of options to be granted under any other schemes of the Company, shall not exceed 10 per cent of the Shares in issue as at the date of the 2002 Annual General Meeting or otherwise the date on which this Scheme is adopted by the shareholders of the Company (the “**Commencement Date**”) (or such proportion of the issued share capital of the Company as from time to time specified in the HK Listing Rules). For the avoidance of doubt, options lapsed in accordance with the terms of this Scheme will not be counted for the purpose of calculating the 10 per cent limit.

The Company may seek approval by its shareholders at a general meeting for “refreshing” the limit so that the maximum number of Shares which may be issued upon exercise of all options to be granted under this Scheme, when aggregated with any Shares which may be issued upon the exercise of options to be granted under any other schemes of the Company, shall be 10 per cent of the total issued share capital of the Company as at the date of the approval of the “refreshed” limit. Options previously granted under the schemes (including those outstanding, cancelled or lapsed in accordance with this Scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Company may also seek separate approval by its shareholders at a general meeting for granting options beyond the 10 per cent limit provided the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought. In either case, a shareholders’ circular will be issued and despatched by the Company. In any circumstances, the aggregate limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under this Scheme and any other such schemes of the Company (including the Existing

Employee Share Option Scheme) must not exceed 30 per cent of the Shares in issue from time to time (or such proportion of the issued share capital of the Company as from time to time specified in the HK Listing Rules).

As at the Latest Practicable Date, the Company has 1,100,174,288 ordinary Shares in issue. Accordingly, the total number of Shares which may be issued on the exercise of options to be granted under the Share Option Scheme (2002), when aggregated with any Shares which may be issued upon the exercise of options to be granted under any other schemes of the Company (including the Existing Employee Share Option Scheme), based on the number of the total issued Shares as at the Latest Practicable Date, is 110,017,428 Shares.

4. Maximum entitlement of each participant under the scheme

The aggregate number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant under this Scheme (including both exercised and outstanding options) in any 12-month period shall not exceed 1 per cent of the Shares in issue (or any proportion of the issued share capital of the Company as from time to time specified in the HK Listing Rules), subject to restrictions on grants to the Directors, chief executive or substantial shareholders of the Company set out in paragraph 5 below.

Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent of the Shares in issue (or such proportion of the issued share capital of the Company as from time to time specified in the HK Listing Rules), such further grant must be separately approved by shareholders of the Company at a general meeting with such Eligible Participant and his associates (“**associate**” has the meaning ascribed to it in Rule 1.01 of the HK Listing Rules in relation to any director, chief executive or substantial shareholder) abstaining from voting. In this respect, a shareholders’ circular will be issued and despatched by the Company.

5. Grant of options to Connected Persons

Each grant of options to any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, under this Scheme must be approved by the Company’s independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date on which the Eligible Participant is offered such option:

- (a) representing in aggregate over 0.1 per cent of the Shares in issue (or such proportion of the issued share capital of the Company as from time to time specified in the HK Listing Rules); and

- (b) (where the Shares are listed on the HK Stock Exchange), having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million (or such amount as from time to time specified in the HK Listing Rules),

such further grant of options must be approved by shareholders of the Company. All Connected Persons of the Company must abstain from voting at such general meeting, except that any Connected Person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the shareholders' circular issued by the Company for the purpose of approving such further grant of options. Any vote taken at the meeting to approve such further grant of options must be taken on a poll or in that manner as from time to time required in the HK Listing Rules.

6. Exercise period

Options granted under this Scheme may be exercised at any time after the first anniversary date of the date of grant of the respective options but within 10 years from that date of grant. Within such exercise period, the option holder is entitled to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. 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. All entitlements of the option that remain unexercised at the tenth anniversary date of the date of grant will lapse.

7. Performance targets that must be achieved before options can be exercised

Directors may specify that any exercisable date of any options be subject to certain performance targets being achieved by the Company. Such performance targets, if specified, will be set out in the option certificate issued upon grant of the relevant options.

8. Consideration for grant of options

An offer of the grant of an option shall remain open for acceptance by the Eligible Participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that Eligible Participant (the "Offer Date") or such shorter period as the Directors may in their absolute discretion determine.

An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance and a remittance for HK\$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the Offer Date.

9. Exercise price

Exercise price of options shall be fixed at a price being at least the higher of:

- (a) the nominal amount of a Share;

- (b) the closing price of the Shares as stated in the daily quotations sheet of the HK Stock Exchange on the date of grant, which must be a business day; and
- (c) the average closing price of the Shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of grant

(or such minimum price as from time to time specified in the HK Listing Rules).

10. Subscription of the Shares upon exercise of options

Options may be exercised in whole or in part (but only in the board lot in which Shares are traded on the HK Stock Exchange). The subscription monies in relation to the exercise of an option, being an amount equal to the exercise price multiplied by the number of Shares in respect of which the option is being exercised, shall be paid in full upon exercise of such option.

11. Rights of the Shares issued under the scheme

Shares issued and allotted upon the exercise of an option under this Scheme shall, once the option holder is duly registered as a shareholder, rank pari passu in all respects with the Shares in issue on the date of such allotment and will be subject to all the provisions of the Company's Articles of Association for the time being in force. However, those Shares will be separately designated from the Deferred Shares currently in issue in the capital of the Company.

12. Duration of the scheme

This Scheme shall continue in force until the tenth anniversary of the date of the 2002 Annual General Meeting or otherwise the date on which this Scheme is adopted by the shareholders of the Company (the "**Commencement Date**"). No offer of a grant of an option shall be made which is capable of or open for acceptance after the expiry of the tenth anniversary of the Commencement Date.

13. Circumstances under which options will automatically lapse

Options shall lapse and determine if the option holder ceases to be an Eligible Participant of this Scheme:

- (a) by reason of ill-health, injury, disability or death (in each case evidenced to the satisfaction of the Directors) or on retirement in accordance with his contract of employment or otherwise by agreement with his employing company, then he or (as the case may be) his personal representative(s) may exercise all or any of his options as he shall be entitled at the date when he so ceases to be an Eligible Participant (in whole or in part in accordance with the vesting schedule for the grant of his option) at any time within the earlier of six months after he ceases to be an Eligible Participant and the date on which the option, but for these circumstances, would cease to be exercisable, and any option or options not so exercised shall lapse and determine at the end of such period unless the Directors in their absolute discretion, and whether generally or specifically, determine that all or any of such options shall not so lapse; or

- (b) by reason of his resignation, whether or not in accordance with the provisions of his contract of employment, then all of his options shall lapse and determine on the date upon which such resignation is received by his employing company; or
- (c) for any reason other than as described in sub-paragraphs (a) or (b) above, then all his options shall lapse and determine on the date he so ceases (to the extent not already exercised) unless the Directors determine that his options should be treated in accordance with sub-paragraph (a) above.

In no circumstances shall a person ceasing to be an Eligible Participant for any reason be entitled to any compensation for or in respect of any consequent loss or diminution in the value or extinction of his rights or benefits (actual or prospective) under any options then held by him or otherwise in connection with this Scheme.

14. Adjustments of exercise price or number of Shares subject to options already granted

Upon the occurrence of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company (the “**Relevant Event**”), the number or nominal amount of Shares comprised in each option granted under this Scheme (so far as unexercised) and/or the option price thereunder and/or the total number of Shares issued or issuable or which may be issued under this Scheme (as referred to in paragraph 3 above) may be adjusted in such manner as the Directors may deem appropriate subject to the receipt by them of a statement in writing from the Company’s auditors (acting as experts and not as arbitrators) that in their opinion the adjustments proposed are fair and reasonable, provided always:

- (a) that no increase shall be made in the aggregate subscription price payable on the exercise of any option in respect of the total Shares then comprised therein; and
- (b) that no adjustment shall be made if the same would result in an Eligible Participant not being given the same rights over the same proportion (or as near thereto as is reasonably practicable) of the issued share capital of the Company as that to which he was previously entitled, but no such adjustments may be made to the extent that a Share would be issued at less than its nominal value; and
- (c) that reference herein to options include options that have been exercised prior to the occurrence of the Relevant Event in respect of Shares which shall not have been allotted until after the occurrence of the Relevant Event.

The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the Company’s auditors must confirm to the Directors in writing that the adjustments satisfy the requirements set out in the HK Listing Rules.

15. Cancellation of options granted but not exercised

The Directors may at any time when they think fit cancel any outstanding options under this Scheme. Unless the option holder otherwise agrees, the Directors may only cancel an option if, at the election of the Directors:

- (a) the Company pays to the option holder an amount equal to the fair market value of the option at the date of cancellation as determined by the Directors, after consultation with the Company's auditors or an independent financial adviser appointed by the Directors; or
- (b) the Directors offer to grant to the option holder replacement options (or options under any other scheme) of equivalent value to the options to be cancelled; or
- (c) the Directors make such arrangements as the option holder may agree to compensate him for the loss of the option.

Options so cancelled will not be counted for the purpose of calculating the limit as "refreshed" under paragraph 3 above but shall be counted for the purpose of calculating the number of Shares issued and to be issued upon exercise of all options already granted and to be granted to any Director, chief executive or substantial shareholder of the Company in the 12-month period under paragraph 5 above.

Where the Company cancels options and issues new options to the same option holder, the issue of such new options may only be made under this Scheme with available unissued options (excluding the cancelled options) within the limit approved by shareholders under paragraph 3 above.

16. Termination of the operation of the scheme

The Company by resolution at a general meeting or the Directors may at any time terminate the operation of this Scheme and in such event no further offer will be made to grant options but in all other respects the provisions of the Scheme shall remain in force and all options granted prior to such termination shall continue to be valid and exercisable in accordance therewith.

17. Transferability of options

Options granted under this Scheme shall be personal to the respective option holders and shall not be assignable, and no option holders shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any options.

18. Alteration of the scheme rules

The Directors may from time to time in their absolute discretion waive or amend such of the provisions of this Scheme as they deem desirable, provided that, except with the prior sanction of the Company's shareholders at a general meeting, the Directors may not amend any of the provisions of this Scheme to the advantage of the option holders (present or future) relating to the matters set out in Rule 17.03 of the HK Listing Rules.

No such amendments shall be made which would have the effect of varying or abrogating adversely any of the subsisting rights of option holders except with such consent on their part as would be required under the provisions of the Company's Articles of Association if the options constituted a separate class of share capital and if such provisions applied mutatis mutandis thereto provided that this restriction should not apply to any amendment made by the Directors at the request of the HK Stock Exchange for the purpose of ensuring that this Scheme complies with the requirements of the HK Listing Rules.

As the Shares are listed on the HK Stock Exchange, the amended terms of this Scheme or the options must comply with the relevant requirements in the HK Listing Rules from time to time in force, and any amendments which are of a material nature and any change to the terms of option granted shall be subject to the approval of the shareholders of the Company at a general meeting, save where the alterations take effect automatically under the existing terms of this Scheme.

Any change to the authority of the Directors or the administrators of this Scheme in relation to any alteration to the terms of this Scheme must be approved by the shareholders of the Company at a general meeting.

19. Administration

The Board or a duly constituted committee of the Board will have responsibility for administering the Scheme. There are no trustees appointed for the purposes of the Scheme.

20. Restriction on the time of grant of options

A grant of options may not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in the newspapers. In particular, during the period commencing one month immediately preceding the earlier of:

- (a) the date of the board meeting of the Company (as such date is first notified to the HK Stock Exchange in accordance with paragraph 12 of Listing Agreement) for the approval of the Company's interim or annual results for any financial year; and
- (b) the deadline for the Company to publish its interim or annual results announcement for any financial year under its Listing Agreement,

and ending on the date of the results announcement, no options may be granted.

For the avoidance of doubt, the period during which no options may be granted will cover any period of delay in the publication of a results announcement of the Company.