



THE STOCK EXCHANGE OF HONG KONG LIMITED
(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

24 November 2010

CENSURE

of

Regent Pacific Group Limited (“the Company”) (Stock Code: 575)
for breaching Rule 10.06(2)(a) of the Rules governing the Listing of Securities on the
Main Board of the Stock Exchange of Hong Kong Limited (“the Listing Rules”)

And

CENSURE AND/OR CRITICISM

of

Mr Jamie Alexander Gibson and Ms Cheung Mei Chu Clara for breaching their obligations under the Declaration and Undertaking with regard to Directors given to the Exchange in the form set out in Appendix 5b to the Listing Rules (“the Undertaking”).

The Stock Exchange of Hong Kong Limited (“the Exchange”) hereby publicly censures:

- (1) The Company for its breach of Rule 10.06(2)(a) of the Listing Rules for repurchasing its own shares at a price of five per cent or more above the average closing market price for the five preceding trading days on 17 days in 2008; and
- (2) Mr Jamie Alexander Gibson (“**Mr Gibson**”), Executive Director of the Company for a breach of his Undertaking in failing to use his best endeavours to procure the Company’s compliance with Rule 10.06(2)(a).

The Exchange also hereby publicly criticises:

- (3) Ms Cheung Mei Chu Clara (“**Ms Cheung**”), former Executive Director of the Company (whose resignation took effect from 31 July 2010) for a breach of her Undertaking in failing to use her best endeavours to procure the Company’s compliance with Rule 10.06(2)(a).

Facts

The current Rule 10.06(2)(a) (the “**Rule**”), in force since 31 March 2004, precludes a listed issuer from purchasing its own shares on the Exchange at a price that is five per cent or more than the average closing market price of its shares for the five preceding days.

On 24 January 2008, the Company published an announcement disclosing the Company's share repurchase programme and that the purpose was to use the existing cash resources to help improve liquidity and value for shareholders of the Company, at an otherwise difficult economic time.

Between 30 January 2008 and 31 December 2008, the Company conducted share repurchases on 37 days and publicly disclosed the share repurchases on the following business day as required by the Listing Rules.

In 2008, the Company had two Executive Directors, Mr Gibson and Ms Cheung. Mr Gibson, also the CEO of the Company, was responsible for placing the orders in respect of all share repurchases in 2008 and ensuring that the share repurchases complied with the Listing Rules (on a day to day and practical level).

Investigation

Of the 37 days on which share repurchases were conducted:

- (1) all share repurchases conducted on 12 days were conducted at prices between 6.38 per cent and 68.2 per cent above the ceiling price permitted under the Rule. The repurchased shares on each of these days represented between 7.34 per cent and 63.9 per cent of the total number of the Company's shares traded on the respective days; and
- (2) some of the share repurchases conducted on another five days were conducted at 5.86 per cent to 14.86 per cent above the ceiling price permitted under the Rule.

The Company last conducted a share repurchase on 31 May 2000. In 2008, Mr Gibson was aware of the old Rule (in force before 31 March 2004) which imposed volume restriction on share repurchase. However, he overlooked the revision of the Rule (on 31 March 2004) which imposed a ceiling price for share repurchase. Neither he nor Ms Cheung was aware of the requirement of the Rule in 2008 notwithstanding:

- (a) the Company Secretary's notification to all directors in February 2004 (including Mr Gibson and Ms Cheung) of the revision to a number of the Listing Rules (including the Rule) effective from 31 March 2004; and
- (b) that from 29 September 2008 onwards, albeit after an established, but incorrect share repurchase practice had been developed and applied (since January 2008), Mr Gibson and Ms Cheung received a schedule (in spread sheet format as an email attachment) prepared by the Company Secretary with information including the price ceiling permitted by the Rule in respect of the next day share repurchase, together with any identified historical breach of the Rule in respect of share repurchases conducted since the beginning of 2008. The schedule was updated and circulated after market close on each day on which a share repurchase had taken place. The Company's share repurchases on 3 days after 29 September 2008 continued to breach the Rule. According to the Company and Mr Gibson, on the three days in question, Mr Gibson was away from Hong Kong and working remotely (from Africa) and consequently found it impossible to read spread sheet attachments on his blackberry.

Mr Gibson and Ms Cheung did not take adequate steps to procure the Company's compliance with the Rule in relation to the share repurchases on the 17 days in 2008.

Following an investigation by the Exchange, the Company became aware and informed the Exchange of the breach of the Rule in relation to the share repurchase on the 17 days.

The Listing Division has concluded (and the Listing Committee agrees) that the Company has breached the Rule in relation to its share repurchases on each of the 17 days as set out above.

Share repurchases must be conducted in full compliance with the Listing Rules and any other applicable laws and regulations. The current Rule was introduced for protection of interests of investors and shareholders of the Company. Non-compliance with the Rule has the potential adverse impact of prejudicing the interests of shareholders and investors.

Directors

The Listing Division has also formed the view (and the Listing Committee agrees) that:

- (a) Mr Gibson breached his Undertaking for failing to use his best endeavours to procure the Company's compliance with the Rule in that having personal knowledge and involvement in conducting the share repurchases, he has caused or failed to prevent the repeated breach of the Rule by the Company; and
- (b) Ms Cheung breached her Undertaking for failing to use her best endeavours to procure the Company's compliance with the Rule in that having knowledge of the share repurchases, she has failed to prevent the repeated breach of the Rule by the Company.

For avoidance of any doubt, the Division confirms that it has not made any allegation nor does it consider that the breaches by the Company and the Relevant Directors were intentionally committed.

Remedial Action

Since discovery of the breaches, the Company has promptly and voluntarily implemented and independently tested a number of appropriate remedial measures.

The Company has strengthened its compliance function by: (i) employing a full-time Group General Counsel; (ii) conducting a full review of its existing policies and procedures with respect to the repurchase of its shares; and (iii) adopting, implementing and having independently reviewed and tested the new policies and procedures to enhance the compliance environment in which the Company must operate in respect of the repurchase of shares. According to the Company, all share repurchases conducted after 2008 were in full compliance with the Rule.

The Exchange also wishes to acknowledge the cooperation given by the Company and its Directors during the investigation, including responding to enquiries promptly and openly, together with the prompt supply of documents.

Settlement

As a consequence of a settlement, the Company accepts it has been in breach of Rule 10.06(2)(a). Mr Gibson and Ms Cheung accept that they were in breach of their Undertakings in respect of their conduct set out above. The Company, Mr Gibson and Ms Cheung accept the sanction imposed on each of them by the Listing Committee.

As Chief Executive Officer, Mr Gibson apologises to shareholders and accepts full responsibility for the breaches.

The Company, Mr Gibson and Ms Cheung deeply regret and have taken seriously the share repurchases. The Company, Mr Gibson and Ms Cheung confirm they respect and support the objects of the Listing Rules and Rule 10.06(2)(a).

Sanction

The Listing Committee:

- (1) censures the Company for its breach of Rule 10.06(2) of the Listing Rules;
- (2) censures Mr Gibson for his breach of Undertaking in failing to use his best endeavours to procure the Company's compliance with Rule 10.06(2)(a); and
- (3) criticises Ms Cheung for her breach of Undertaking in failing to use her best endeavours to procure the Company's compliance with Rule 10.06(2)(a).

For the avoidance of doubt, the Exchange confirms that the above public censure and/or criticism apply only to the Company, Mr Gibson and Ms Cheung and not to any other past or present member of the Company's Board of Directors.