

**This document and the personalised proxy form are important and require your IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.**

---



## **FORTUNE OIL PLC**

*Incorporated and registered in England and Wales No. 2173279*

### **NOTICE OF ANNUAL GENERAL MEETING 2010**

The Annual General Meeting is to be held at The Oriental Club, Stratford House, Stratford Place, London W1C 1ES, United Kingdom (nearest tube station: Bond Street), on Tuesday, 15 June 2010 at 11am.

---

Letter from the Chairman and explanatory notes	p.2
Notice of Annual General Meeting	p.6
Notes to the Notice of Annual General Meeting	p.8
Appendices	p.10

# letter from the chairman



7 May 2010

Dear Shareholder

## **Annual General Meeting on Tuesday, 15 June 2010**

The 2010 Annual General Meeting (the "Meeting" or "AGM") of Fortune Oil PLC will be held at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES, United Kingdom on Tuesday, 15 June 2010 at 11am.

The notice of meeting ("Notice") is set out on pages 6 and 7 of this document. A copy of this Notice, and other information required by section 311A of the Companies Act 2006 can be found at [www.fortune-oil.com](http://www.fortune-oil.com)

Resolutions 1 to 10 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 11 to 13 are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1 – Annual Report and Accounts for the year ended 31 December 2009**

The Directors are required to present to the Meeting the Company's audited annual accounts and related Directors' and Auditors' Reports for the financial year ended 31 December 2009. These are contained in the 2009 Annual Report, which is posted on the Company's website at [www.fortune-oil.com](http://www.fortune-oil.com)

### **Resolution 2 – Approval of the Directors' Remuneration Report**

Shareholders are given the opportunity by law to vote on whether or not they approve the Directors' Remuneration Report. In line with the legislation, this vote will be in respect of the content of the Directors' Remuneration Report and not specific to any director's level or terms of remuneration, and will be advisory in nature. Payment of remuneration to the Directors is not dependent on the passing of this Resolution.

### **Resolutions 3 to 8 – Election and re-election of Directors**

Brief biographical details of all directors standing for election and re-election are included in Appendix 1 to this Notice and in the 2009 Annual Report.

TEE Kiam Poon is required by the Company's Articles of Association (the "Articles") to be elected by shareholders at the first AGM after his appointment by the Board during the year (Resolution 3).

The Articles also require that every Director submit himself/herself for re-appointment every three years and will retire and seek re-appointment at the AGM. LI Ching was last re-elected at the AGM in 2007 and accordingly she will retire and seek for re-election as Director at this AGM (Resolution 4).

As required under the provisions A.7.2 of the Combined Code on Corporate Governance Non-executive Directors serving more than nine years should submit themselves for re-election every year. The Board recommends the re-election of Dennis CHIU, a Non-executive Director since 1993, Ian TAYLOR, a Non-executive Director since 1996, QIAN Benyuan, a Non-executive Director since 1997 and ZHI Yulin, a Non-executive Director since 2000 and the Board confirms that it considers them to be independent in character and judgment. Resolutions 5 to 8 deal with the re-appointment of these Non-executive Directors who are retiring under the provisions of the Combined Code.

Following the performance evaluation of the Board, its Committees and individual Directors, conducted shortly after the 2009 year end, the Board is satisfied that each of the Board's Committees (Audit, Remuneration and Executive) carries out its delegated duties effectively and that each Director seeking re-election at the AGM continues to contribute effectively to the Board and the Group and demonstrates commitment to their respective roles as a Director. Accordingly, the Board unanimously recommends the re-election of each Director.

### **Resolution 9 – Reappointment and remuneration of Auditors**

The Company must appoint auditors at each AGM at which the accounts are laid before the Company to hold office until the conclusion of the next such meeting. This Resolution, on the Company's Audit Committee recommendation, proposes the reappointment of Deloitte LLP as Auditors of the Company and authorises the Directors to set their remuneration. Details of the auditors remuneration can be found in note 4 to the group financial statements of the 2009 Annual Report.

### **Resolution 10 – Renewal of the Directors’ authority to allot shares**

The Board currently has in place the following authorities, each granted by shareholders for a one year period (until the next following AGM) at the AGM held on 24 June 2009:

- (1) authority under section 80 of the Companies Act 1985 (the “1985 Act”) to allot relevant securities up to the amount representing one-third of the Company’s then issued ordinary share capital (excluding treasury shares) (the “Allotment Authority”); and
- (2) authority under section 95 of the 1985 Act to allot shares for cash in certain circumstances otherwise than pro rata to all shareholders (the “Pre-emption Authority”).

Both the Allotment Authority and the Pre-emption Authority are due to expire at the conclusion of this year’s Meeting and, in keeping with best practice, shareholders will continue to have the opportunity to vote on the renewal of these authorities each year so that the authorities may be up-to-date and continue to be of equal duration, giving the Company certainty and flexibility in its financing arrangements. The relevant provisions of the 1985 Act have been superseded by similar sections contained in the Companies Act 2006 (the “2006 Act”) and the proposed resolutions for the renewal of these authorities reflect those changes.

Under the Companies Act, the Directors require the authority of the Company’s shareholders to allot any unissued shares in the capital of the Company and, if passed, this resolution would enable the Directors to exercise their power to do so. The authority is limited to approximately 33.3% of the Company’s issued ordinary share capital.

Resolution 10 replaces all previous such authorities and would authorise the Directors to allot a maximum of £6,558,640 in nominal value, representing approximately 33.3% of the issued share capital of the Company excluding shares held in treasury.

The Company will consider the allotment of unissued shares to finance business opportunities and the Directors will act in the best interests of the Company and shareholders generally, in taking advantage of business opportunities as they arise and to manage the Company’s capital base more effectively.

The authority proposed in Resolution 10 will expire at the conclusion of the 2011 AGM unless previously revoked, varied or extended by the Company in general meeting.

### **Resolution 11 – Renewal of the Directors’ authority to disapply pre-emption rights**

When shares are allotted pursuant to a general authority as provided in the Resolution 10, and subscribers are required to pay for them in cash, that allotment is subject to section 561 of the 2006 Act, which requires new shares to be offered first to existing shareholders in proportion to their existing holdings. There may, however, be circumstances where Directors wish to allot shares for cash other than by way of rights issue and this cannot be done unless shareholders have first waived their pre-emption rights.

This resolution asks shareholders to do this by allowing the Directors to allot for cash (a) by way of a rights issue to all shareholders (subject to certain exclusions) and (b) up to 5% of the Company’s present issued ordinary share capital (including treasury shares) to persons other than existing shareholders.

The Directors have no immediate plans to make use of these authorities.

The authority contained in Resolution 11 will expire at the conclusion of the 2011 AGM or upon the earlier expiry of the allotment authority proposed in Resolution 10.

The Company currently does not hold any treasury shares (as defined by section 724 of the 2006 Act).

### **Resolution 12 – Renewal of the Directors’ authority to purchase its own shares**

This Resolution seeks the renewal of an authority for the Board of Directors to purchase up to 10% of its issued ordinary shares at or between the minimum and maximum prices specified in the Resolution. The authority will be used only in circumstances where the Directors, after careful consideration, believe that such a purchase would result in an expected increase in adjusted earnings per share and would be in the best interests of the company and of its shareholders as a whole.

The authority is limited to a maximum of 198,746,672 ordinary shares, representing 10 per cent of the issued share capital as at 7 May 2010, and includes details the minimum and maximum prices that can be paid (exclusive of expenses).

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 allow shares repurchased by the Company to be held as treasury shares. Treasury shares may be cancelled, sold for cash or used for the purpose of employee share schemes. No dividends will be paid on treasury shares while held in treasury, and no voting rights will attach to them.

During the year ended 31 December 2009 the Company made no purchases of its own shares.

The Directors have no present intention of making such purchases, they consider that it is prudent for the authority enabling them to do so to be renewed. This authority given will expire at the conclusion of next year's AGM.

### **Resolution 13 – Adoption of new articles of association**

Resolution 13 seeks to obtain authority to approve the adoption of new articles of association ("New Articles"), which will incorporate a number of amendments to our existing articles of association primarily to reflect the provisions of the 2006 Act.

The 2006 Act, which replaced the 1985 Act entered fully into force on 1 October 2009.

The principal changes introduced in the New Articles are summarised in Appendix 2. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes (including amending certain minor cross-referencing errors in the Company's existing Articles of Association) which merely reflect changes made by the 2006 Act have not been noted in Appendix 2.

The New Articles, if adopted by the Company, will also enable the Company to communicate with shareholders by electronic means and/or by means of website communication and members may choose to receive the notification in hard copy or electronic form. It is intended that the appropriate invitation to shareholders to elect to receive communication electronically will be included in the next mailing to shareholders.

At the Company's AGM held on 19 June 2007, shareholders approved amendments to the Company's Articles of Association which allow the Company to send or supply documents and information to shareholders by making them available on the Company's website.

A copy of the proposed New Articles and the existing Articles of Association are available for inspection, as noted on page 9 of this document.

### **Right to attend and vote at the meeting**

To be entitled to attend and vote at the AGM, shareholders must be registered in the Register of Members of the Company 48 hours before the time of the Meeting or, if the Meeting is adjourned, registered in the Company's Register of Members not later than 48 hours before the time fixed for the adjourned meeting. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the Meeting.

If you are a registered shareholder and do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extra) in the UK or + 44 20 8639 3399 outside the UK.

### **Action to be taken**

Registered shareholders will find enclosed a proxy form and attendance card for use at the AGM. Whether or not you intend to be present at the Meeting, you are requested to complete and return the proxy form in accordance with the instructions thereon, as soon as possible and, in any event, so as to reach the Company's Registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham, BR3 4TU, United Kingdom, not later than 48 hours before the time of the holding of the Meeting. The completion and return of a proxy form will not preclude shareholders from attending and voting in person at the Meeting, if you so wish.

If you hold shares in CREST you may register your votes via your usual CREST link by completing and transmitting a CREST Proxy Instruction to Capita Registrars (CREST participant ID RA10) so that it is received not less than 48 hours prior to the Meeting. The completion and transmission of a CREST Proxy Instruction will not prevent you from attending the Meeting and voting in person should you so wish.

**All registered shareholders or proxies attending the AGM are asked to bring the attendance card with them.**

The Meeting will start at 11am and registration will be available from 10:20am. Please try to arrive by 10:45am at the latest, to allow time for registration.

In order to avoid embarrassment and as a matter of courtesy, shareholders (gentlemen) are asked if possible to wear a tie and jacket; jeans, T-shirts, shorts and trainers are not permitted. However, we have the assurance from the Club Manager that the Club will have ties and jackets available if necessary.

## **Board recommendation**

Your Directors believe each of the proposed resolutions is in the best interests of the Company and shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own shareholdings.

Yours sincerely

**QIAN Benyuan**

*Non-executive Chairman*

# notice of annual general meeting 2010

Notice is hereby given that the Annual General Meeting of Fortune Oil PLC will be held at 11am on Tuesday, 15 June 2010 at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES, United Kingdom (nearest tube station: Bond Street) for the purposes of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 to 10 will be proposed as ordinary resolutions and Resolutions 11 to 13 as special resolutions:

## Ordinary Resolutions

1. To receive the Company's Annual Report and Accounts for the year ended 31 December 2009 together with the Directors' and Auditors' Reports thereon.
2. To receive and approve the Directors' Remuneration Report contained in the Annual Report and Accounts for the financial year ended 31 December 2009.
3. To re-appoint TEE Kiam Poon, who retires in accordance with the Articles of Association, as an Executive Director.
4. To re-appoint LI Ching, who retires by rotation, as an Executive Director.
5. To re-appoint Dennis CHIU<sup>+</sup>, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
6. To re-appoint Ian TAYLOR<sup>+</sup>, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
7. To re-appoint QIAN Benyuan<sup>\*</sup>, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
8. To re-appoint ZHI Yulin, who retires in accordance with A.7.2 of the Combined Code, as a Non-executive Director.
9. To re-appoint Deloitte LLP as Auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the Annual Report and Accounts of the Company are laid before the Company at a remuneration to be determined by the Directors.
10. THAT the Directors be and are hereby generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot and to make offers or agreements to allot shares in the capital of the Company, or grant rights to subscribe for or to convert any security into shares up to a maximum aggregate nominal amount of £6,558,640 provided that this authority shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed or extended prior to such time except that the Company may before such expiry make an offer or agreement which would or might require the shares to be allotted or convertible rights to be granted after such expiry and the Directors may allot shares or grant convertible rights in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

## Special Resolutions

11. THAT subject to the passing of Resolution 10 above, the Directors be and are hereby empowered pursuant to section 571 of the Act to allot equity securities (as defined in section 560 of the Act) for cash under the authority conferred by Resolution 10 above as if section 561(1) of the Act did not apply to the allotment, and this power shall be limited to:
  - (a) the allotment of equity securities in connection with a rights issue or other pre-emptive offer in favour of holders of equity securities where the equity securities held by them subject only to such exclusions or agreements as the Directors may deem necessary to deal with problems arising in any overseas territory in connection with fractional entitlements or otherwise: and
  - (b) the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal value of £993,733 (representing approximately 5% of the present issued share capital)

and that these authorities shall expire at the conclusion of the next Annual General Meeting of the Company unless renewed or extended prior to such time except that the Company may before such expiry make an offer or agreement which would or might require the relevant securities to be allotted after such expiry and the Directors may allot equity securities in pursuant of such offer or agreement as if the power conferred hereby had not expired.

12. THAT, pursuant to section 701 of the Act and Article 41 of the Company's Articles of Association, the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of ordinary shares of 1 pence each in the capital of the Company (Ordinary Shares) on such terms and in such manner as the Directors may from time to time determine provided that:
- (a) the maximum number of such Ordinary Shares in the Company hereby authorised to be acquired is that number of Ordinary Shares being 10% of the Company's share capital in issue;
  - (b) the minimum price (exclusive of expenses) which may be paid for any Ordinary Share is an amount equal to the nominal value of each such Ordinary Share;
  - (c) the maximum price (exclusive of expenses) which may be paid for any Ordinary Share is an amount equal to 105 per cent of the average of the middle market price for the Ordinary Shares in the Company (as set out in the Daily Official List of the London Stock Exchange) for the five business days immediately before the day on which such Ordinary Share is contracted to be purchased;
  - (d) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting; and
  - (e) the Company may enter into a contract or contracts for the purchase of such Ordinary Shares before the expiry of this authority which would or might be completed wholly or partly.
13. THAT,
- (a) the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Act, are to be treated as provisions of the Company's Articles of Association; and
  - (b) the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the entire exclusion of, the existing Articles of Association.

By order of the Board

Fortune Oil PLC  
6/F., Belgrave House  
76 Buckingham Palace Road  
London SW1W 9TQ  
United Kingdom

**Sandi Choi (Ms)**

*Company Secretary*

7 May 2010

\* *Member of the Remuneration Committee*

+ *Member of the Audit Committee*

## **Notes:**

### **1. Proxy appointment**

Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the meeting. In accordance with section 325(1)(b) of the Companies Act 2006 (the "2006 Act"), a shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company.

Members' attention is drawn to the form of proxy accompanying this Notice. A proxy may be appointed by any of the following methods:

- Completing and returning the enclosed form of proxy; or via the CREST electronic proxy appointment service, if you are a member of CREST.
- **IMPORTANT:** To be valid any form of proxy or other such instrument appointing a proxy must be received by no later than 48 hours before the time appointed for holding the meeting.

The return of a completed form of proxy, or such instrument or any CREST proxy appointment will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.

### **2. Nominated persons**

Any person to whom this Notice is sent who is a person nominated under section 146 of the 2006 Act to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the shareholder by whom she/he was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.

### **3. Total voting rights**

As at 6 May 2010 (being the last business day prior to the publication of this Notice) the Company's issued share capital consists of 1,987,466,715 ordinary shares of 1 pence each, carrying one vote each. Therefore, the total voting rights in the Company are 1,987,466,715.

### **4. CREST members**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Capita Registrars (ID RA10) not less than 48 hours prior to the Meeting. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which our registrars are able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of

the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored members, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

#### **5. S.527 of the 2006 Act**

Members should note it is possible, pursuant to requests made by members of the Company under section 527 of the 2006 Act, that the Company may be required to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditors' report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the 2006 Act. The Company may not require the members requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the 2006 Act. Where the Company is required to place a statement on a website under section 527 of the 2006 Act, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the 2006 Act to publish on a website.

#### **6. Documents available for inspection**

The following documents are available for inspection at the registered office of the Company during the usual business hours until the close of the AGM and will be available from 10:45am on the morning of the Meeting at the Oriental Club, Stratford House, Stratford Place, London W1C 1ES:-

- (a) copies of service contract and letters of appointment of the Executive Directors;
- (b) copies of letters of appointment of the Non-executive Directors; and
- (c) a copy of the proposed New Articles of the Company and a copy of the existing Articles of Association (including the Memorandum of Association) marked to show the changes being proposed in resolution 13.

# Appendix 1

Biographies of Directors standing for election and re-election

**TEE Kiam Poon** (aged 59)

**Executive Director, Business Development**

Mr TEE has been a Business Development Director since 1 July 2009. He has over 30 years of experience working for BP and developed many of BP's joint ventures in Asia including BP's first Chinese LNG Joint Venture. His last position, prior to joining Fortune Oil, was as President for the Coal Venture Development. During his career in China, he has won 'Friendship Awards' from the Fuzhou municipal government and the Fujian Provincial government. He has also been actively involved in Guangdong's Governor Advisory conference since its inception in 1999. Mr TEE was educated in Malaysia with B Sc (honors) majoring in Chemistry and MBA.

The Board will appoint TEE Kiam Poon as Chief Executive to succeed Ms LI.

**LI Ching** (aged 52)

**Executive Director, Chief Executive Officer**

Ms LI, Chief Executive since April 2001, was appointed Joint Chief Executive (Operation) in March 1999. Ms LI was a Non-executive Director of Fortune Oil between August 1993 and June 1998. She was appointed in 1990 as Executive Director of Kingsleigh Petroleum Limited, nominated by the PRC minority shareholders in the Kingsleigh Group. Previously she was Deputy Director of China North Industries Corporation (NORINCO) which she joined after graduating from The Economic and Financial Institute of Beijing.

Ms LI will relinquish her role as Chief Executive on 15 June 2010 and remains an Executive Director.

**QIAN Benyuan** (aged 65)

**Non-executive Chairman and member of the Remuneration Committee**

Mr QIAN, Non-executive Chairman since 1997, was President and CEO of China National Electronics Import and Export Corporation (CEIEC) between May 1995 and April 2005. He formally joined Fortune Oil PLC after retiring from CEIEC and continues to serve as Non-executive Chairman based in Beijing. Between 1996 and 2006, Mr QIAN was also Chairman of China Hewlett-Packard Co., Ltd, and between 2004 and 2007 he was a Director of Shenzhen Development Bank. Until 2009, he was a Director of the International Chamber of Commerce, China, a Committee Member of the China Council for Promotion of International Trade (CCPIT). He is currently a Vice-Chairman of China Association of Energy, a Vice-Chairman of the Coal Bed Methane Industry Association of Shanxi Province, China, a Director of China Society of State-owned Assets Administration and a Director of China Association of Promotion of Environment & Culture. His hard work and exceptional contribution in China earned him a number of honorary titles.

**Dennis CHIU** (aged 51)

**Non-executive Director and member of the Audit and Remuneration Committees**

Mr CHIU has been a Director of Fortune Oil since August 1993. He is an Executive Director of Far East Holdings International Limited and Far East Consortium International Limited and a non-executive Director of Far East Hotels and Entertainment Limited in Hong Kong, Far East Group of companies is listed on the Hong Kong Stock Exchange Limited and is principally engaged in property development and hotel operations in China, Singapore and Malaysia. Mr CHIU received a BA degree from the University of Sussex.

**Ian TAYLOR** (aged 54)

**Non-executive Director and member of the Audit and Remuneration Committees**

Mr TAYLOR was an Executive Director of Fortune Oil between August 1993 and June 1996. He relinquished his executive role and became a Non-executive Director on 16 June 1996. Mr TAYLOR is President and Chief Executive of the Vitol Group of companies. Vitol is a leading international petroleum trading company. He was Managing Director of Vitol Asia Pte Limited between 1992 and 1994. He joined Vitol S.A. in 1985 from Shell where he held various positions in shipping, operations and trading. Mr TAYLOR received an MA degree in Politics, Philosophy and Economics from Oxford University in 1978.

**ZHI Yulin** (aged 44)

**Non-executive Director**

Mr ZHI is a Non-executive Director since November 2000. He graduated from Beijing Institute of Technology in 1985, Nanjing Institute of Technology in 1987 and received an EMBA at China Europe International Business School in 2000. He joined NORINCO in 1987 and has held various positions since then. He is currently the Vice President of NORINCO.

# Appendix 2

## **EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S ARTICLES OF ASSOCIATION**

### **1. The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, are deemed to be contained in a company's articles of association but the company can remove these provisions by special resolution.

Further the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's articles of association as of 1 October 2009. Resolution 13 (a) confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the New Articles also contain an express statement regarding the limited liability of the shareholders.

### **2. Articles Which Duplicate Statutory Provisions**

Provisions in the current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006.

### **3. Change of name**

Currently, a company can only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the directors to pass a resolution to change the Company's name.

### **4. Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

### **5. Redeemable shares**

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

### **6. Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital**

Under the law currently in force a company requires specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles of Association.

## **7. Provision for employees on cessation of business**

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

## **8. Use of seals**

A company currently requires authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority is no longer required. However, the Company has chosen to retain a seal and the New Articles reflect that position.

## **9. Execution of documents**

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

## **10. Electronic and web communications**

Provisions of the 2006 Act which came into force in January 2007 enable companies to communicate with members by electronic means or via a website. The New Articles will allow the Company to communicate with shareholders by electronic communications further to the website communication since 2007.

The New Articles also contain provisions concerning electronic communications as to make them more consistent with the "company communication provisions" in the Companies Act. In particular, article 83 provides for the directors to allow the appointment of a proxy to be sent or supplied in electronic form.

## **11. Dividend Payment Procedure**

Article 138 of the New Articles will permit the payment of dividends by any method which the directors consider appropriate (which method may be different for different holders or groups of holders of shares). Such methods may include payment by direct credit, bank transfer and other electronic means. Where a shareholder does not provide any, or a valid, account amounts due may be placed in an account in the Company's name until a valid account has been nominated. The Company shall be deemed to have discharged its obligations by paying the relevant amount into such account and interest will not accrue for shareholders on any such monies pending.

## **12. Suspension of registration of share transfers**

The current Articles permit the directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable and in any event within two months from the date that the transfer is lodged with the Company. The power in the current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

## **13. Vacation of office by directors**

The current Articles specify the circumstances in which a director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.

## **14. General**

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Enterprise and Regulatory Reform.