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

If you have sold or transferred all your shares in Neptune Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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NEPTUNE GROUP LIMITED

海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

PROPOSED REDUCTION OF CAPITAL

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held on Wednesday, 7 October 2009 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. is set out on pages 7 to 8 of this circular. Whether or not shareholders of the Company (“Shareholders”) are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should Shareholders so wish.

14 September 2009

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EXPECTED TIMETABLE

The expected timetable for the Capital Reduction is set out below:

2009

Latest time for lodging proxy forms for the EGM9:00 a.m. on Monday, 5 October
Expected time and date of the EGM9:00 a.m. on Wednesday, 7 October
Effective time and date of the Capital ReductionAfter 4:30 p.m. on Wednesday, 7 October
Commencement of dealings in the Reduced SharesThursday, 8 October
First day for free exchange of existing certificates for Shares for new certificates for Reduced SharesThursday, 8 October
Last day for free exchange of existing certificates for Shares for new certificates for Reduced SharesWednesday, 4 November

Dates and times stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as and when appropriate. All dates and times stated in the timetable refer to Hong Kong dates and times respectively.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 2 September 2009 in relation to the Capital Reduction
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the share capital of the Company including the cancellation of the paid up capital to the extent of HK\$0.19 of each Share in issue from HK\$0.20 to HK\$0.01 and the reduction of the nominal value of all the issued and unissued Shares
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Neptune Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Wednesday, 7 October 2009 at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong at 9:00 a.m. for the purpose of approving, among other things, the Capital Reduction
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9 September 2009, being the latest practicable date prior to the printing of this circular for ascertaining the information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Reduced Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company immediately after the Capital Reduction becoming effective
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company before the Capital Reduction becoming effective
“Shareholder(s)”	registered holder(s) of the Share(s) or the Reduced Share(s) (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD

NEPTUNE GROUP LIMITED

海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

Executive Directors

Mr. Lin Cheuk Fung (*Chairman*)

Mr. Nicholas J. Niglio

Mr. Chan Shiu Kwong, Stephen

Mr. Lau Kwok Hung

Mr. Wan Yau Shing, Ban

Registered Office:

Room 1601

16th Floor, China United Centre

28 Marble Road

North Point

Hong Kong

Independent Non-executive Directors

Mr. Cheung Yat Hung, Alton

Mr. Yue Fu Wing

Mr. Wong Tat Tung

14 September 2009

To the Shareholders

Dear Sir/Madam,

PROPOSED REDUCTION OF CAPITAL

INTRODUCTION

It was disclosed in the Announcement that the Directors propose to put forward a proposal to the Shareholders to effect the Capital Reduction.

The purpose of this circular is to give you further information on the Capital Reduction and to give notice of the EGM to the Shareholders at which resolution will be proposed to consider and, if thought fit, to approve the proposed Capital Reduction.

PROPOSED CAPITAL REDUCTION

The Directors propose to effect the Capital Reduction pursuant to the Companies Ordinance under which the authorised share capital of the Company will be reduced from HK\$10,000,000,000 divided into 50,000,000,000 Shares of HK\$0.20 each to HK\$500,000,000 divided into 50,000,000,000 Reduced Shares of HK\$0.01 each and that such reduction be effected by cancelling HK\$0.19 of the paid up capital on each issued Share and reducing the nominal value of each issued or unissued share in the capital of the Company from HK\$0.20 per Share to HK\$0.01 per Reduced Share.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$10,000,000,000 divided into 50,000,000,000 Shares and the issued share capital of the Company was HK\$769,448,900 divided into 3,847,244,500 Shares.

Assuming no further Shares will be issued between the Latest Practicable Date and the date of the EGM, immediately upon the Capital Reduction becoming effective, the authorised share capital of the Company will be reduced from HK\$10,000,000,000 to HK\$500,000,000 divided into 50,000,000,000 Reduced Shares of HK\$0.01 each and the issued share capital of the Company will be reduced from HK\$769,448,900 to HK\$38,472,445 divided into 3,847,244,500 Reduced Shares, giving rise to a total credit of HK\$730,976,455 which will, in its entirety, be credited to the share premium account of the Company.

As at the Latest Practicable Date, (i) there were outstanding share options carrying the rights to subscribe an aggregate of 167,766,000 Shares; and (ii) there were outstanding convertible bonds carrying the rights to convert into an aggregate of 1,895,000,300 Shares (subject to the adjustments of the relevant conversion price). Save as disclosed above, the Company has no outstanding options, warrants, conversion rights or other similar rights giving rights to subscribe for the Shares as at the Latest Practicable Date.

Conditions of the Capital Reduction

The Capital Reduction will be conditional upon, inter alia, the following:

- (a) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction;
- (b) the registration by the Registrar of Companies in Hong Kong of a copy of resolution passed by the Shareholders, a copy of a minute containing the particulars required under section 61A of the Companies Ordinance and a statement in the prescribed form signed by an officer of the Company certifying that the relevant conditions under the Companies Ordinance have been satisfied; and
- (c) the Listing Committee of the Stock Exchange granting (either unconditionally or subject only to conditions to which the Company does not reasonably object) the listing of, and permission to deal in, the Reduced Shares to be issued and allotted upon the Capital Reduction becoming effective.

Assuming all the conditions are fulfilled, the Capital Reduction will become effective upon the registration of the minute required under section 61A of the Companies Ordinance, which is expected to take place on or around 7 October 2009.

The Capital Reduction does not require confirmation by the court pursuant to section 58(3) of the Companies Ordinance.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Reduced Shares to be issued and allotted upon the Capital Reduction becoming effective.

LETTER FROM THE BOARD

Effect of the Capital Reduction

Implementation of the Capital Reduction would not, by itself, alter the underlying assets, liabilities, businesses, management or financial position of the Group and the Company or the rights of the Shareholders, except for payment of the related expenses. The proportionate interests and the voting rights of the Shareholders in the Company will not be affected by the Capital Reduction.

The Reduced Shares will rank *pari passu* in all respects with each other and the Capital Reduction will not result in any change in the rights of the Shareholders.

The Capital Reduction is expected to give rise to adjustments to the nominal amount of Shares subject to the outstanding share options. The Company will inform holder(s) of the outstanding share options details of the adjustments, if any, in accordance with the respective share option schemes.

Information of the Company and reasons for the Capital Reduction

The Company is an investment holding company and its subsidiaries are principally engaged in investment in gaming related business, the cruise business and trading of listed securities.

Since 16 April 2009, Shares have been traded at prices below their nominal value of HK\$0.20 each and the closing prices of the Share on the Stock Exchange on the date of the Announcement and the Latest Practicable Date were HK\$0.126 and HK\$0.124 per Share respectively. Under the Companies Ordinance, it is not permissible for a company to issue shares at a discount to the nominal value of its share unless, among other things, it is authorised by the Shareholders and sanctioned by the court. As the Company would incur considerable expense and extra time to go through the procedures for each capital raising exercise, in order to provide the Company with greater flexibility for the issue of new shares in the future, the Board proposed the Capital Reduction. The Directors therefore consider that the Capital Reduction is in the interests of the Company and the Shareholders as a whole.

Free Exchange of Certificate

Subject to the Capital Reduction becoming effective, Shareholders may, on or after 8 October 2009 and until 4:30 p.m. on 4 November 2009 (both dates inclusive), submit their existing certificates for the Shares to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, to exchange for certificates at the expense of the Company. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) by the Shareholders for each certificate issued or cancelled, whichever is higher. Certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Reduced Shares at any time at the expense of the Shareholders.

LETTER FROM THE BOARD

EGM

The notice of the EGM is set out on page 7 to page 8 of this circular. A form of proxy for use at the EGM is enclosed. At the EGM, a special resolution will be proposed for Shareholders to consider and, if thought fit, to approve the Capital Reduction.

Whether or not Shareholders are able to attend the EGM, Shareholders are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should Shareholders so wish.

The resolution set out in the notice of the EGM will be taken by poll pursuant to Rule 13.39(4) of the Listing Rules. To the best of the Directors' knowledge, information and belief having made reasonable enquiries, no Shareholder would be required to abstain from voting at the EGM pursuant to the Listing Rules and/or the Articles of Association.

RECOMMENDATION

The Directors believe that the proposal for the Capital Reduction is in the interests of the Company and Shareholders as a whole and recommend Shareholders to vote in favour of the resolution proposed at the EGM to approve the Capital Reduction.

By order of the Board
Neptune Group Limited
Lin Cheuk Fung
Chairman

NOTICE OF EGM

NEPTUNE GROUP LIMITED

海王國際集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00070)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Neptune Group Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on 7 October 2009 at 9:00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting or agreeing to grant (either unconditionally or subject only to conditions to which the Company does not reasonably object) the listing of, and permission to deal in, the Reduced Shares (as defined below) and (ii) the Capital Reduction (as defined below) becoming effective on the registration by the Registrar of Companies in Hong Kong of a copy of resolution passed by the holders of the shares of the Company, a copy of a minute containing the particulars required under section 61A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (the “Companies Ordinance”) and a statement in the prescribed form signed by an officer of the Company certifying that the relevant conditions under the Companies Ordinance have been satisfied:

- (i) the authorised share capital of the Company be reduced from HK\$10,000,000,000 divided into 50,000,000,000 shares of HK\$0.20 each to HK\$500,000,000 divided into 50,000,000,000 shares of HK\$0.01 each (the “Reduced Shares”) and that such reduction be effected by cancelling capital paid up or credited as paid up to the extent of HK\$0.19 per share upon each of the shares in issue and by reducing the nominal value of all the issued and unissued shares in the capital of the Company from HK\$0.20 to HK\$0.01 per share (the “Capital Reduction”);
- (ii) subject to the Capital Reduction taking effect, the credit arising from the Capital Reduction be credited to the share premium account of the Company;
- (iii) all of the Reduced Shares resulting from the Capital Reduction shall rank pari passu in all respects and have the rights and privileges and be subject to the restrictions contained in the Company’s articles of association; and

NOTICE OF EGM

- (iv) the directors of the Company be and are hereby authorised generally to do all things they may consider appropriate and desirable to effect and implement the Capital Reduction and application of credit arising from the Capital Reduction.”

By order of the Board
Neptune Group Limited
Lin Cheuk Fung
Chairman

Hong Kong, 14 September 2009

Registered office:

Room 1601
16th Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed with the circular despatched to the shareholders of the Company on 14 September 2009.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjournment thereof and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

As at the date of this notice, the Board comprises Mr. Lin Cheuk Fung, Mr. Nicholas J. Niglio, Mr. Chan Shiu Kwong, Stephen, Mr. Lau Kwok Hung and Mr. Wan Yau Shing, Ban (all being executive Directors), Mr. Cheung Yat Hung, Alton, Mr. Yue Fu Wing and Mr. Wong Tat Tung (all being independent non-executive Directors).