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REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

**POSSIBLE VERY SUBSTANTIAL DISPOSAL RESULTING FROM
THE PROPOSED DISPOSAL OF AN INTEREST IN
A WHOLLY-OWNED SUBSIDIARY OF
REGENT METALS HOLDINGS LIMITED
A SUBSIDIARY
AND
CONNECTED TRANSACTION:
APPOINTMENT OF REGENT MERCANTILE BANCORP INC. AS PLACING AGENT**

After assessing the business potential of the Joint Venture Company to be established under the Joint Venture Contract, as announced on 22 November 2005, the Directors intend to raise not more than US\$20 million (HK\$156 million) by disposing of an interest in the Target Company to independent third parties by way of a private placement, based on a valuation of the Target Company of not less than US\$40 million (HK\$312 million). Assuming that the Company will raise approximately US\$20 million (HK\$156 million) and that the Target Company is valued at US\$40 million (HK\$312 million), the Company will dispose of just less than a 50% interest in the Target Company. After the Disposal, the Target Company will remain a subsidiary of the Company.

On 16 December 2005, the Company entered into the Agreement with Regent Mercantile in connection with the Disposal. Assuming the Company will raise US\$20 million (HK\$156 million) as a result of the Disposal, the Disposal constitutes a very substantial disposal for the Company under the Listing Rules, for which approval from Shareholders is required. A circular containing, among other things, details of the Disposal and a notice convening an extraordinary general meeting of the Company will be despatched to the Shareholders as soon as practicable.

In addition, Regent Mercantile is considered to be a connected person of the Company. The Appointment therefore constitutes a connected transaction for the Company under the Listing Rules. Based on the maximum amount of the Commission of HK\$9.5 million payable to Regent Mercantile in connection with the Appointment, the Appointment is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules. Details of the Appointment will be included in the next published annual report and accounts of the Company.

At the request of the Company, trading in the shares of the Company on the Hong Kong Stock Exchange was suspended with effect from 9:30 am on Thursday, 29 December 2005 pending release of this announcement. Application has been made for trading to resume at **9:30 am on Tuesday, 3 January 2006. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

PROPOSED DISPOSAL OF INTEREST IN A WHOLLY-OWNED SUBSIDIARY OF REGENT METALS HOLDINGS LIMITED

Regent Pacific Group Limited (the “**Company**”), through its 80% owned subsidiary, Regent Metals Holdings Limited (“**RMHL**”, formerly known as Red Dragon Resources Corporation), holds the entire issued share capital in Regent Metals Limited (“**RML**”). After assessing the business potential of the joint venture company (the “**Joint Venture Company**”) to be established under the joint venture contract (the “**Joint Venture Contract**”) between Yuxi Resources Corporation, Simao Shanshui Minerals Ltd and RML to co-explore and co-develop certain copper base metal deposits in the People’s Republic of China (the “**PRC**”), as announced on 22 November 2005, the directors (the “**Directors**”) of the Company intend to raise not more than US\$20 million (HK\$156 million) by disposing of an interest in (a) RML; or (b) any wholly-owned subsidiary of RMHL which directly or indirectly holds RML (either being the “**Target Company**”) to independent third parties by way of a private placement (the “**Disposal**”), based on a valuation of the Target Company of not less than US\$40 million (HK\$312 million). Assuming that the Company will raise approximately US\$20 million (HK\$156 million) and that the Target Company is valued at US\$40 million (HK\$312 million), the Company will dispose of just less than a 50% interest in the Target Company. After the Disposal, the Target Company will remain a subsidiary of the Company. As it is the Company’s objective to fund RML’s commitment under the Joint Venture Contract (i.e. US\$20 million) by means of placing out a maximum of just under 50% of the interests in the Target Company (so that the Target Company remains a subsidiary of the Company), it follows that the Target Company must be valued at a minimum of US\$40 million.

On 16 December 2005, the Company entered into a private placement agreement (the “**Agreement**”) with Regent Mercantile Bancorp Inc. (“**Regent Mercantile**”), pursuant to which Regent Mercantile was appointed exclusive agent for the Company in connection with the Disposal (the “**Appointment**”). Regent Mercantile will receive a commission (the “**Commission**”) equal to 6% of the aggregate gross proceeds of the Disposal, subject to a maximum amount of HK\$9.5 million. The Commission will be funded from the proceeds of the Disposal. The terms of the Agreement was arrived at after arm’s length negotiations

between the parties to the Agreement, and the Commission was fixed on normal commercial terms. The Directors, including the independent non-executive Directors, consider that the terms of the Agreement are fair and reasonable and in the best interests of the Company and its shareholders (the “**Shareholders**”) as a whole.

The Company has yet to identify, through Regent Mercantile, the investor(s) and the Disposal may occur through a single or a series of transactions. However, no Disposal will be made to any of the directors, chief executive or substantial shareholders of any member of the Company and its subsidiaries (the “**Group**”) or any of their respective associates (as defined in the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”), or any connected person (as defined in the Listing Rules) of the Company.

Assuming the Company will raise US\$20 million (HK\$156 million) as a result of the Disposal, the applicable percentage ratio of the size tests for the Disposal is more than 75% and therefore the Disposal constitutes a very substantial disposal for the Company under the Listing Rules, for which approval from the Shareholders is required.

The Disposal for which advance Shareholders’ approval is being sought will only be effected if:

- (a) the Target Company is valued at not less than US\$40 million (HK\$312 million) and remains a subsidiary of the Company after the Disposal;
- (b) all the shares of the Target Company are to be disposed of, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, to parties who are independent of the Company and any director, chief executive or substantial shareholder of any member of the Group or any of their respective associates (as defined in the Listing Rules), or any connected person (as defined in the Listing Rules) of the Company; and
- (c) the Disposal is completed within twelve months of the approval of Shareholders being given, which the Directors consider to be a reasonable period to conduct such disposal.

Pursuant to a cooperation agreement dated 23 June 2005, as announced on 4 July 2005, the Company paid US\$3.5 million (HK\$27.3 million) to acquire an 80% interest in RMHL. It was announced on 22 November 2005 that RML entered into a commitment agreement (the “**Commitment Agreement**”) on 7 November 2005 with Yuxi Resources Corporation and Simao Shanshui Minerals Ltd, pursuant to which the parties agreed to enter into the Joint Venture Contract upon satisfaction of certain conditions, namely (i) review of the Joint Venture Contract by the relevant PRC governmental authorities and necessary amendment to the Joint Venture Contract (if required by the relevant PRC governmental authorities) to the satisfaction of the relevant PRC governmental authorities (and any other relevant PRC regulators) and (ii) approval of the Joint Venture Contract and the establishment of the Joint Venture Company by the Shareholders in general meeting, in compliance with the Listing Rules. If these conditions are not satisfied on or before 30 June 2006, either party may, in its sole discretion, terminate the Commitment Agreement and neither party shall have any claim against the other under it.

RMHL has remitted US\$3 million (HK\$23.4 million) into a temporary acquisition account in the PRC, which will be transferred into the capital account of the Joint Venture Company as a part of the capital contribution by RML if the Joint Venture Company is established. The entering into of the Joint Venture Contract is conditional upon the satisfaction of the conditions mentioned in the previous paragraph. If these conditions are not satisfied, the deposit of US\$3 million will be refundable to RML. However, the Group will need to write off an exclusivity payment of US\$500,000 (HK\$3.9 million) which was paid as part of the consideration under the aforesaid cooperation agreement. RML is required under the Joint Venture Contract to pay the balance of its capital contribution in one lump sum payment, being US\$17 million (HK\$132.6 million), within 15 days from the date on which the Joint Venture Company has opened its United States Dollar capital account. In the event that the Joint Venture Contract is signed and the Joint Venture Company is established but RML fails to pay its capital contribution in full in accordance with the time limits stated in the Joint Venture Contract, the non-defaulting party may choose to terminate the Joint Venture Contract. If any non-defaulting party does not elect to terminate the Joint Venture Contract pursuant to the provisions of the said contract, such non-defaulting party shall have the right to purchase all the capital interests of RML. In this case, the purchase price shall be 90% of the capital contribution paid by RML (i.e. 90% of US\$3 million) and the Group will consequently need to write off US\$300,000 (HK\$2.34 million) and the aforesaid exclusivity payment of US\$500,000 (HK\$3.9 million). The non-defaulting party may also be entitled to other remedies or compensation as permitted under PRC law. However, the Company will not incur any liabilities under such circumstances because the party to the Joint Venture Contract will be RML. However, the Company may also be liable for professional and consulting fees incurred in relation to the negotiation and implementation of the transaction contemplated under the Commitment Agreement and the Joint Venture Contract (the “**Transaction**”) which have not yet been quantified, although the Company does not expect them to be material.

It is anticipated that the funds raised from the Disposal will be held by the placing agent and will only be drawn by the Group when the conditions precedent have been satisfied as set out in the Commitment Agreement. The financing for the Transaction is anticipated to be achieved by means of the Disposal. It is currently anticipated that the Group would not have any other means to complete the Transaction if the Disposal is not successful. The Directors believe that the Disposal is the most appropriate and efficient method of raising funds to meet RML’s commitment under the Joint Venture Contract, taking into account the working capital requirements of the Group and the time period required for raising such funds.

REASONS FOR THE DISPOSAL AND USE OF PROCEEDS

Approximately US\$17 million (HK\$132.6 million) will be used to fund RML’s capital commitment under the Joint Venture Contract and the remaining amount will be used as general working capital of the Group.

The Directors believe that the Disposal is the most appropriate and efficient method of raising funds to meet RML’s commitment under the Joint Venture Contract, taking into account the working capital requirements of the Group and the time period required for raising such funds. The Directors, including the independent non-executive Directors, consider that the Disposal is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Since the actual number of securities in the Target Company to be disposed of and the price of such securities have not been determined, it is not possible to calculate the profit that will arise on a successful implementation of the Disposal. However, assuming the Company will dispose of just less than 50% of the issued share capital of RML (being the Target Company as at the date of this announcement) for a consideration of US\$20 million (HK\$156 million), taking into account the book value of RML of US\$20 million (HK\$156 million) following the acquisition of a 40% interest in the Joint Venture Company and the estimated expenses associated with the Disposal of approximately US\$1.6 million (HK\$12.48 million), the Disposal would result in the Group reporting an estimated profit of approximately US\$8.4 million (HK\$65.52 million), net of expenses.

INFORMATION ABOUT THE GROUP

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose shares are listed on the Hong Kong Stock Exchange and the Frankfurt Stock Exchange. It is engaged principally in investment holding and the Group's principal activities consist of asset management, provision of investment advisory services, corporate finance and advisory services, corporate investment and internet retailing.

INFORMATION ABOUT THE TARGET COMPANY

As at the date of this announcement, RML is the only wholly-owned subsidiary of RMHL. RML is a limited liability company, which was incorporated under the laws of Barbados on 31 October 2005. It is engaged principally in seeking investment opportunities in businesses that are engaged in the exploration, processing and mining of natural resources. As announced on 22 November 2005, RML entered into the Commitment Agreement, pursuant to which the parties agreed to enter into the Joint Venture Contract upon satisfaction of certain conditions (as detailed above). Pursuant to the Commitment Agreement, RML is to subscribe for a 40% interest in the Joint Venture Company.

As at the date of this announcement, RML does not have any net assets or net profits.

INFORMATION ABOUT REGENT MERCANTILE

Regent Mercantile is a limited liability company incorporated under the laws of the Province of Ontario, Canada whose principal business is investment banking and operating as a limited market dealer in Canada assisting small to mid-cap companies in the resource and energy sectors through agent and principal transactions. Regent Mercantile is beneficially wholly-owned by Ms. Jennifer Dattels, the spouse of Mr. Stephen Dattels. Mr. Stephen Dattels is the settlor and one of the discretionary objects of a discretionary trust, which holds a 20% interest in RMHL. Mr. Stephen Dattels is regarded as a connected person of the Company and Regent Mercantile, being an associate of Mr. Stephen Dattels, is also considered to be a connected person of the Company. The Appointment therefore constitutes a connected

transaction for the Company under the Listing Rules. Based on the maximum amount of Commission of HK\$9.5 million payable to Regent Mercantile in connection with the Appointment, the Appointment is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

Details of the Appointment will be included in the next published annual report and accounts of the Company.

GENERAL

A circular containing, among other things, details of the Disposal and a notice convening an extraordinary general meeting of the Company will be despatched to the Shareholders as soon as practicable.

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Note: In this announcement, for reference only and unless otherwise specified, the conversion of US\$ into HK\$ is calculated at the exchange rate of US\$1.00 to HK\$7.80.

On Behalf of the Board of
Regent Pacific Group Limited

Jamie Gibson
Director

Directors of the Company:

James Mellon (*Chairman*)*

Jamie Gibson (*Chief Executive Officer*)

Clara Cheung

David Comba[#]

Julie Oates[#]

Patrick Reid[#]

Mark Searle[#]

Jayne Sutcliffe*

Anderson Whamond*

** Non-Executive Directors*

Independent Non-Executive Directors

Hong Kong, 30 December 2005

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