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## **REGENT PACIFIC GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

### **RECOMMENDATION OF SPECIAL INTERIM DIVIDEND FOR THE YEAR ENDING 31 MARCH 2006 AND CHANGES IN DIRECTORATE**

The Directors have resolved to recommend a special interim dividend of **22 HK cents per share** for the year ending 31 March 2006 out of the Company's share premium, with an option to receive the Special Interim Dividend by way of new Shares, credited as fully paid, in respect of part or all of such Special Interim Dividend. It is expected that the Special Interim Dividend will be payable on **Friday, 16 December 2005** to those shareholders whose names are recorded on the Principal or Branch Register of Members of the Company on Friday, 18 November 2005. An extraordinary general meeting of the Company will be convened by a separate notice to be held on **Friday, 18 November 2005** to seek shareholders' approval of the Special Interim Dividend, the Specific Share Issue Mandate and the Increase in Capital (as detailed in this announcement).

The Registers of Members of the Company will be closed from **Wednesday, 16 November 2005 to Friday, 18 November 2005, both days inclusive**, so as to determine the entitlements to the Special Interim Dividend.

A circular containing full details of the Scrip Dividend Scheme will be despatched to shareholders of the Company after the Special Interim Dividend has been approved at the Extraordinary General Meeting. It is expected that the Election Form will be despatched to shareholders on Friday, 25 November 2005 for them to elect: (i) a cash dividend, or (ii) part cash dividend and part scrip dividend, or (iii) a scrip dividend. In the event that a shareholder shall elect to receive cash dividend, he must elect the currency in which he wishes to receive the dividend. In order for their election to be applicable to the Special Interim Dividend, shareholders are required to return their Election Forms to Tengis Limited **not later than 4:00 pm (Hong Kong time) on Monday, 12 December 2005** or such later date as specified in the aforesaid circular.

The Directors are pleased to announce the appointment of David Comba and Patrick Reid as independent non-executive Directors of the Company, with effect from 27 October 2005. Their appointment as INEDs took effect after the former Board recommended that shareholders approve the Special Interim Dividend. Anthony Baillieu and Robert Whiting have resigned as a non-executive Director and an INED of the Company respectively, with effect from 27 October 2005. James Mellon has been appointed as non-executive Chairman of the Board with effect from 27 October 2005.

## 1. DIVIDEND RECEIVED FROM BIH

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) are pleased to announce that the directors of Bridge Investment Holding Limited (“**BIH**”), a 40.2% associate of the Company, declared a dividend of US\$2.0925 per share on 10 October 2005. The dividend was paid in cash to all BIH shareholders on 17 October 2005, and accordingly the Company has received US\$37,665,000 (or HK\$293,787,000).

## 2. RECOMMENDATION OF SPECIAL INTERIM DIVIDEND

The Directors have resolved on 27 October 2005 to recommend a special interim dividend of **22 HK cents per share** for the year ending 31 March 2006 (the “**Special Interim Dividend**”) out of the Company’s share premium, subject to shareholders’ approval. On the basis of the Company’s existing issued share capital, payment of the Special Interim Dividend will amount to approximately US\$33.68 million (HK\$262.70 million) or approximately 90% of the proceeds received from BIH, which complies with the Board’s stated policy for distributing 90% of any realisation received from BIH, subject to the Group retaining sufficient working capital for the next 24 months.

It is expected that the Special Interim Dividend will be payable on **Friday, 16 December 2005** in cash, either in Hong Kong dollars or in United States dollars at the exchange rate quoted by Citibank NA, Hong Kong at **4:00 pm (Hong Kong time) on Friday, 18 November 2005**, to those shareholders whose names are recorded on the Principal or Branch Register of Members of the Company on **Friday, 18 November 2005**, with an option to receive the Special Interim Dividend by way of new shares in the Company (“**Shares**”), credited as fully paid, in respect of part or all of such Special Interim Dividend.

### 2.1 Cash dividend

Shareholders may elect to receive the Special Interim Dividend wholly in cash. They will be requested to indicate in the Election Form (as referred to in paragraph 8 below) to elect the currency in which they wish to receive the Special Interim Dividend.

### 2.2 Scrip dividend

Shareholders may elect to receive the Special Interim Dividend wholly by way of new Shares credited as fully paid (“**Scrip Dividend Scheme**”) by indicating their wish in the Election Form (as referred to in paragraph 8 below). The market value of the Shares to be issued under the Scrip Dividend Scheme will be fixed by reference to the average of the closing prices of the Shares quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five trading days during the period from Monday, 14 November 2005 (the day on which the Shares will be first quoted ex-dividend) to Friday, 18 November 2005 (both days inclusive), with any adjustments which the Directors in their absolute discretion consider necessary, as detailed in a circular containing full details of the Scrip

Dividend Scheme to be despatched to shareholders of the Company after the Special Interim Dividend has been approved at the Extraordinary General Meeting (please refer to paragraph 6 below), provided that no Shares will be issued at a discount of its par value of US\$0.01 each.

The number of new Shares to be issued to each shareholder under the Scrip Dividend Scheme will be rounded down to the nearest integral number. Fractional entitlements to new Shares will not be allotted and the benefit thereof will accrue to the Company.

New Shares issued in respect of the Scrip Dividend Scheme will rank *pari passu* in all respects with the existing ordinary shares of the Company as at the date of issue, save that they will not be entitled to the Special Interim Dividend. Such new Shares will rank in full for all future dividends and distributions which may be declared, made or paid after the date of issue thereof.

The proposed Scrip Dividend Scheme is conditional upon, *inter alia*, the Stock Exchange granting listing of, and permission to deal in, the new Shares to be issued under the Scrip Dividend Scheme. Application will be made to the Stock Exchange for listing of, and permission to deal in, the new Shares to be issued in respect of the Scrip Dividend Scheme.

### 2.3 Combination of cash and scrip dividends

Shareholders may elect to receive the Special Interim Dividend partly in cash and partly by way of new Shares by indicating their wish clearly in the Election Form (as referred to in paragraph 8 below) and electing the currency in which they wish to receive their cash dividend.

## 3. PROSPECTS OF THE COMPANY

The Directors refer to the recent announcements issued by the Company in relation to the potential investments by the Company in certain mining projects in the People's Republic of China (the "PRC").

### a. Red Dragon Resources Corporation

The Company announced on 4 July 2005 (and in the shareholders' circular issued on 25 July 2005) that a cooperation agreement dated 23 June 2005 was entered into by the Company with respect to the conditional acquisition of all the issued share capital of Red Dragon Resources Corporation ("**RDRC BVI**"), which was amended by the side letter dated 28 September 2005 (as announced on 30 September 2005). RDRC BVI is seeking to form a joint venture in the PRC to co-explore and co-develop certain mineral deposits in the PRC. Non-binding heads of agreement (the "**Heads of Agreement**") was entered into on 17 September 2005 by RDRC BVI with two PRC parties, as announced on 30 September 2005, which outline the principal terms and conditions of the joint venture contract in relation to the mining project and the establishment of the joint venture company. Pursuant to the Heads

of Agreement, RDRC BVI shall contribute US\$20 million to the joint venture company, being 40% of its total investment and registered capital. The joint venture contract, once it is signed, may constitute a major transaction of the Company under Rule 14.06 of The Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange, and a separate announcement will be issued by the Company in compliance of the requirements set out in the Listing Rules.

**b. Red Dragon Minerals Corporation**

On 21 January 2005, the Company announced, inter alia, that it entered into an exclusivity agreement dated 20 January 2005 to secure the right to conduct exclusive negotiations in relation to a proposed acquisition of a major interest in Red Dragon Minerals Corporation (“**RDMC**”), which seeks investment opportunities in businesses that are engaged in the exploration, processing and mining of minerals in the PRC. The exclusivity period, having been extended, will expire on 31 December 2005, unless it is further extended by the parties.

RDMC is now beginning to develop its exploration business and has recently formed a joint venture with a PRC party, which is engaged in the exploration of gold in the PRC. The Company is now negotiating with RDMC with an intention of entering into a cooperation agreement pertaining to the joint venture, pursuant to which the Company may initially acquire a minority interest in RDMC.

Shareholders should note that RDRC BVI and the two PRC parties are in active negotiations with the intention of finalising a joint venture contract and the Company is negotiating with RDMC with the intention of finalising the cooperation agreement; in neither case has a definitive agreement been signed as at the date of this announcement. The Group will be required to honour funding commitment in the event that either or both of the above agreements with respect to the joint ventures are entered into. In this connection, the Scrip Dividend Scheme will be of advantage to the Company because, to the extent that shareholders elect to receive scrip dividend, in whole or in part, such cash as would otherwise have been paid to shareholders under the Special Interim Dividend will be retained by the Company for its use as working capital for meeting any funding requirements that may arise in the event that any of the above transactions becomes materialised.

**4. SPECIFIC SHARE ISSUE MANDATE**

In order for the Company to issue new Shares under the Scrip Dividend Scheme, an ordinary resolution will be proposed at the Extraordinary General Meeting (please refer to paragraph 6 below) to seek a specific mandate (the “**Specific Share Issue Mandate**”) to be granted to the Directors, authorising them to issue, allot and otherwise deal with additional Shares up to a maximum of 3.37 billion Shares, assuming that all shareholders elect to receive the Special Interim Dividend by way of new Shares and the new Shares are to be issued at its minimum price, being the par value of US\$0.01 each.

## 5. INCREASE IN AUTHORISED SHARE CAPITAL

In anticipation of the maximum number of new Shares to be issued under the Scrip Dividend Scheme, the Directors are also proposing to increase the Company's authorised share capital (the "**Increase in Capital**") by the creation of 3,000,000,000 ordinary shares of US\$0.01 each so that immediately after the Increase in Capital, the authorised share capital of the Company comprises 5,000,000,000 ordinary shares of US\$0.01 each and 550,000,000 unclassified shares of US\$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US\$0.01 each. An ordinary resolution will be proposed at the Extraordinary General Meeting (please refer to paragraph 6 below) to seek shareholders' approval for the Increase of Capital.

## 6. EXTRAORDINARY GENERAL MEETING

An extraordinary general meeting of the Company (the "**Extraordinary General Meeting**") will be convened by a separate notice to be held on Friday, 18 November 2005, at which ordinary resolutions will be presented to seek shareholders' approval of the Special Interim Dividend, the Specific Share Issue Mandate and the Increase in Capital.

A circular containing details of the Special Interim Dividend, the Specific Share Issue Mandate and the Increase in Capital and the notice convening the Extraordinary General Meeting will be despatched to shareholders of the Company in due course.

## 7. CLOSURE OF REGISTERS OF MEMBERS

The Registers of Members of the Company will be closed from **Wednesday, 16 November 2005 to Friday, 18 November 2005, both days inclusive**, during which period no transfers of Shares will be effected. In order for shareholders to qualify for the Special Interim Dividend, all completed and stamped transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration **not later than 4:30 pm (Hong Kong time) on Tuesday, 15 November 2005**.

## 8. ELECTION BY SHAREHOLDERS

It is expected that an election form (the "**Election Form**"), together with a circular giving details of the Scrip Dividend Scheme, will be despatched to shareholders on Friday, 25 November 2005 for them to elect: (i) a cash dividend, or (ii) part cash dividend and part scrip dividend, or (iii) a scrip dividend. In the event that a shareholder shall elect to receive cash dividend, he must elect the currency in which he wishes to receive the dividend. In order for their election to be applicable to the Special Interim Dividend, shareholders are required to return their Election Forms to Tengis Limited at the above address **not later than 4:00 pm (Hong Kong time) on Monday, 12 December 2005** or such later date as specified in the aforesaid circular.

Those shareholders who do not have their Election Form properly completed and returned to Tengis Limited by the designated time will only be entitled to receive the Special Interim Dividend in the currency indicated in the last election form they returned to Tengis Limited or, if no form was ever returned, in the currency in which their last dividend was paid. New shareholders registered after the collection of the election form in respect of the last dividend paid by the Company who do not return the Election Form will receive the Special Interim Dividend in Hong Kong dollars (if they have a Hong Kong registered address on the Company's Registers of Members) or in United States dollars (if they have an overseas registered address on the Company's Registers of Members).

Dividend cheques in relation to the cash dividend and/or share certificates with respect to the Shares issued under the Scrip Dividend Scheme are expected to be despatched at the risk of those entitled thereto on or about **Friday, 16 December 2005**.

## **9. CHANGES IN DIRECTORATE**

The Directors are also pleased to announce that David Comba and Patrick Reid have been appointed as independent non-executive Directors (“**INED(s)**”) of the Company, with effect from **27 October 2005**. Their appointment as INEDs took effect after the former Board recommended that shareholders approve the Special Interim Dividend. Biographical details of the newly-appointed Directors are as follows:

- a. ***Charles David Andrew Comba***, aged 62, Canadian, is currently director of three Canadian listed companies, namely First Nickel Inc (listed on the TSX-T), Woodruff Capital Management Inc (listed on the TSX-V) and Viking Gold Exploration Inc (listed on the TSX-V). In the past three years, Mr Comba also served on the boards of Dumont Nickel Inc (listed on TSX-V) and Black Pearl Minerals Consolidated Inc (listed on TSX-V). Until his retirement in May 2005, he held senior staff positions as Director Issues Management and more recently as Director of Regulatory Affairs with the Prospectors and Developers Association of Canada. Mr Comba also served the association as a Director prior to joining staff in 1998. In addition, he also served as one of two expert witnesses in the successful 1999 defence of Larche vs Scintilor, the last of the court cases regarding title challenges arising from the 1980 discovery of the Hemlo, Ontario, Canada gold camp. He also served on or lead mineral exploration teams that have made eleven significant discoveries of base and precious metals, primarily for Falconbridge Group companies. Five discoveries were taken to production; two are still producing.

After holding Falconbridge Regional Exploration Manager positions in Timmins, Ontario and Sudbury, Ontario, Mr Comba was transferred to Toronto, Ontario in 1990 as Vice President Exploration Falconbridge Gold Corporation. Subsequent to the sale of FGC to Kinross Gold Corporation he became a director, President and CEO of a Kinross controlled exploration company, Pentland Firth Ventures Limited, which was a junior capital pool company listed on the Alberta Stock Exchange and subsequently listed on the Toronto Stock Exchange.

Mr Comba obtained two geological degrees from Queen's University Kingston, Ontario, Canada, an MSc (1975) and a Hon BSc (1972). He commenced his underground experience in 1964 as a sampler at a then Falconbridge controlled operation of Giant Yellowknife Gold Mines Ltd in Yellowknife, North West Territories, Canada.

Mr Comba does not have any interests in the Company or any of its associated corporations, which are discloseable under Part XV of the Securities and Futures Ordinance (the "SFO"). Pursuant to his letter of appointment, Mr Comba will receive an annual fee of US\$20,000 (equivalent to HK\$156,000 at the exchange rate of HK\$7.80 to US\$1.00) from the Company in respect of his position as an INED of the Company, which is the amount of fee being paid to the Company's existing INEDs. The Company determined the amount of fee payable to INEDs on what it believes a comparable company would pay to an INED. Shareholders shall note that INEDs are excluded from the Group's Performance Bonus Plan. Mr Comba's letter of appointment does not specify a term for his appointment. However, his appointment may be terminated by either party giving 30 calendar days' notice.

- b. ***Thomas Patrick Reid***, aged 62, is a Canadian Citizen and lives in Toronto, Ontario, Canada. Mr Reid was elected to the Ontario Legislature in 1967, and served for five terms, retiring in 1984. He joined the Ontario Mining Association, a trade association representing the producing mines, and suppliers of equipment and services to the industry in Ontario. He retired after twenty years at the end of 2004. Mr Reid has been a partner in a number of businesses, and a political panelist on television. He has attended and been a speaker at mining related conferences around the globe. Presently, Mr Reid has his own consulting firm and serves as an independent director on the boards of directors of three Canadian listed companies, namely a director Canstar Resources on the TSX-V, the chairman and director of Probe Mines on the TSX-V and a director of Valencia Ventures on the TSX-V.

Mr Reid does not have any interests in the Company or any of its associated corporations, which are discloseable under Part XV of the SFO. Pursuant to his letter of appointment, Mr Reid will receive an annual fee of US\$20,000 (equivalent to HK\$156,000 at the exchange rate of HK\$7.80 to US\$1.00) from the Company in respect of his position as an INED of the Company, which is the amount of fee being paid to the Company's existing INEDs. The Company determined the amount of fee payable to INEDs on what it believes a comparable company would pay to an INED. Shareholders shall note that INEDs are excluded from the Group's Performance Bonus Plan. Mr Reid's letter of appointment does not specify a term for his appointment. However, his appointment may be terminated by either party giving 30 calendar days' notice.

The newly-appointed Directors have not been appointed to either the audit committee or the remuneration committee of the Company. None of the newly-appointed Directors has any relationships (either financial or business or family or other material/relevant

relationship(s)) with any other Directors, senior management or substantial or controlling shareholders of the Company. There are no other matters, to the best knowledge of the Directors, that need to be brought to the attention of the shareholders of the Company.

The Directors take this opportunity to welcome David and Patrick to the Board.

The Directors also announce that due to the appointment of David and Patrick as INEDs who are both experienced in the mining sector, Anthony Baillieu and Robert Whiting have resigned as a non-executive Director and an INED of the Company respectively, with effect from 27 October 2005. There is no disagreement between Mr Baillieu and Mr Whiting with the Board nor are there any matters, to the best knowledge of the Directors, that need to be brought to the attention of the shareholders of the Company in respect of the resignation of Mr Baillieu and Mr Whiting. In addition, James Mellon has been appointed as non-executive Chairman of the Board with effect from 27 October 2005. The Directors would like to thank both Mr Baillieu and Mr Whiting for their valuable contributions to the Board since their appointment and would like to wish them well in their future endeavours.

## 10. AUDIT COMMITTEE AND REMUNERATION COMMITTEE

The Directors also announce that the Company's audit committee (the "**Audit Committee**") and remuneration committee (the "**Remuneration Committee**") have been re-constituted. The committees currently comprise two INEDs, namely Julie Oates and Mark Searle, and James Mellon (the non-executive Chairman of the Board). The Audit Committee is chaired by Julie Oates and the Remuneration Committee is chaired by James Mellon.

*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<sup>#</sup>✉

Julie Oates<sup>#</sup>

Patrick Reid<sup>#</sup>✉

Mark Searle<sup>#</sup>

Jayne Sutcliffe\*

Anderson Whamond\*

\* *Non-Executive Directors*



# *Independent Non-Executive Directors*

✪ *Their appointment took effect after the former Board recommended that shareholders approve the Special Interim Dividend*

Hong Kong, 27 October 2005

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