



# Regent Pacific Group Limited



*(Incorporated in the Cayman Islands with Limited Liability)*

Stock Code: 0575

5 May 2008



## ANNOUNCEMENT

### THE JI RI GA LANG SUPPLEMENTAL PROJECT SPA

#### BACKGROUND

Reference is made to the VSA Circular and the March Announcement.

As disclosed in the VSA Circular, under the terms of the Ji Ri Ga Lang Project SPA, the total consideration for CCEC's acquisition of a 100 per cent. equity interest in ACMC is approximately RMB180 million which represents: (a) Cash Consideration of approximately RMB137.4 million payable by CCEC; and (b) CCEC's guarantee of ACMC's payment of the Account Payable of approximately RMB42.6 million.

Pursuant to the Ji Ri Ga Lang Project SPA, the payments of the total consideration of approximately RMB180 million will be made in the following manner:

- (i) approximately RMB58.3 million (as first payment of the Cash Consideration) payable by CCEC at the First-Stage ACMC Acquisition;
- (ii) approximately RMB21.7 million (as first payment of the Account Payable) payable by ACMC (with CCEC's guarantee) immediately after the First-Stage ACMC Acquisition;
- (iii) approximately RMB79.1 million (as second payment of the Cash Consideration) payable by CCEC at the Second-Stage ACMC Acquisition; and
- (iv) approximately RMB20.9 million (as second payment of the Account Payable) payable by ACMC (with CCEC's guarantee) immediately after the Second-Stage ACMC Acquisition.





In addition, as disclosed in the VSA Circular, CCEC and the ACMC Sellers agree that ACMC will require further capital contribution in accordance with its business development. CCEC may, by written notice to the ACMC Sellers, increase the registered capital of ACMC by an amount as determined by CCEC in its sole discretion and such capital increase shall be completed as soon as reasonably practicable after completion of the First-Stage ACMC Acquisition and the Second-Stage ACMC Acquisition, respectively, and shall not be less than RMB22 million for each capital increase.

ACMC has become a 51 per cent.-owned subsidiary of the Group since the completion of the First-Stage ACMC Acquisition on 28 December 2007. Zhang Xiuhe, being one of the ACMC Sellers, has disposed of all his equity interest in ACMC after the completion of the First-Stage ACMC Acquisition. Since the completion of the First-Stage ACMC Acquisition, the remaining 49 per cent. equity interest in ACMC has been held by the Remaining ACMC Sellers.

### **The JI RI GA LANG SUPPLEMENTAL PROJECT SPA**

As disclosed in the March Announcement, CCEC contributed US\$4.3 million (approximately RMB30 million) to ACMC by way of capital increase (the “**March Capital Increase**”).

As advised by the Company’s PRC legal advisers, under the PRC law, the Remaining ACMC Sellers are entitled to make a corresponding capital contribution to ACMC (up to their proportional equity interest in ACMC, i.e. approximately RMB29 million) after CCEC’s capital contribution. CCEC understands that it is the intention of the Remaining ACMC Sellers to partially exercise their right to participate in the capital increase of ACMC (having considering their current financial resource) by contributing RMB21 million into ACMC. The parties therefore negotiated a supplemental agreement to the Ji Ri Ga Lang Project SPA to specify the parties’ respective rights and obligations immediately after the capital increase to be made by the Remaining ACMC Sellers.

After close of business on 25 April 2008, CCEC entered into the Ji Ri Ga Lang Supplemental Project SPA with the Remaining ACMC Sellers in making several amendments to the payment sequence of the total consideration of approximately RMB180 million in the following manner:

- (i) CCEC will procure ACMC to pay approximately RMB27.6 million as soon as reasonably practicable after the First-Stage ACMC Acquisition (as first payment of the Account Payable). In addition, the parties agree that ACMC shall pay RMB1 million to the Remaining ACMC Sellers as reimbursement to the Remaining ACMC Sellers’ costs in converting ACMC into a Sino-foreign equity joint venture enterprise from a PRC limited liability company;
- (ii) the Remaining ACMC Sellers undertake that they will contribute RMB21 million to ACMC by way of capital increase within 2 working days (the “**April Capital Increase**”) after receipt of RMB27.6 million mentioned in (i); and
- (iii) CCEC will procure ACMC to pay approximately RMB15 million within 5 Business Days (as a second payment of the Account Payable) upon completion of the April Capital Increase.

As at the date of this announcement, payments contemplated in paragraphs (i) and (ii) above have been made.



Based on the arrangements of the Ji Ri Ga Lang Supplemental Project SPA, the Account Payable of approximately RMB42.6 million will be fully settled in or around May 2008. In addition, as at the Second-Stage ACMC Acquisition, CCEC will be required to pay RMB100.1 million (being the original cash consideration of RMB79.1 million, in addition to RMB21 million, being the amount of the April Capital Increase) to the Remaining ACMC Sellers. Taking into account CCEC will not be required to guarantee ACMC's payment of RMB21 million (as payment of the Account Payable) as at the Second-Stage ACMC Acquisition, the total consideration for the acquisition of ACMC remains unchanged (i.e. approximately RMB180 million in aggregate).

## GENERAL

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is an investment holding company focused on investment in mining assets, principally in the PRC.

CCEC is an investment holding company incorporated in the British Virgin Islands in 2006. CCEC is principally engaged in seeking investment opportunities in businesses that are engaged in the full life-cycle of exploration, extraction and sale of thermal coal and coking coal and in addition the operation of coke and chemical works in the PRC. CCEC has become a wholly-owned subsidiary of the Company since the completion of the acquisition of CCEC on 14 December 2007.

The ACMC Sellers are individual investors principally engaged in the mining business in the PRC.

ACMC is currently engaged in coal exploration activities. ACMC owns the exploration licence of the Ji Ri Ga Lang Coal Mine in Abagaqi, Inner Mongolia, the PRC. The unaudited net liabilities of ACMC as at 31 December 2007 was approximately RMB\$7.13 million (approximately US\$1.02 million). The audited loss of ACMC was approximately RMB7.41 million (approximately US\$1.06 million) for the period from 19 October 2006 (date of incorporation) to 31 December 2006. The unaudited loss of ACMC was RMB3.72 million (approximately US\$0.53 million) for the year ended 31 December 2007. The above audited/unaudited financial information is prepared in accordance with HKFRS. As at the date of this announcement, ACMC is not a connected person of the Company in accordance with the Listing Rules.

## LISTING RULES IMPLICATIONS

The equity interest ratio between CCEC and the Remaining ACMC Sellers in ACMC (i.e. 51:49) has not been and will not be affected by the March Capital Increase or the April Capital Increase in the Group's financial statements. Accordingly, the March Capital Increase and the April Capital Increase would not constitute an acquisition or a disposal under Chapter 14 or Chapter 14A of the Listing Rules.

The acquisition of ACMC and the subsequent capital increase, as part of the Transaction, have been approved by the Shareholders at the EGM. The Directors were also authorised to make and agree such variations to the terms of the Ji Ri Ga Lang Project SPA and ancillary agreements or documents contemplated thereunder as they, in their absolute discretion, may consider to be desirable, appropriate or necessary and in the interests of the Company.



At the time of the execution of the Ji Ri Ga Lang Project SPA, the ACMC Sellers were third parties independent of the Company and its subsidiaries. Since the capital increase in ACMC, as part of the Transaction, has been disclosed in the VSA Circular and has been approved by the Shareholders at the EGM. The March Capital Increase and the April Capital Increase therefore do not require further Shareholders' approval or disclosure under the Listing Rules.

In relation to the RMB1 million payment to the Remaining ACMC Sellers under the Ji Ri Ga Lang Supplemental Project SPA, such payment represents reimbursement to the Remaining ACMC Sellers' costs in converting ACMC into a Sino-foreign equity joint venture enterprise from a PRC limited liability company. These expenses could not be quantified at the time of the execution of the Ji Ri Ga Lang Project SPA and in event are miniscule as compared to the total acquisition cost of RMB180 million or 0.56 per cent. of the total acquisition cost. Such payment falls within the de minimis exemption under Rule 14A.31(2) of the Listing Rules.

The purpose of amending the payment sequence under the Ji Ri Ga Lang Supplemental Project SPA is to facilitate the parties in making sufficient and timely capital contribution to ACMC in connection with converting the exploration licence into the mining licence of the Ji Ri Ga Lang Coal Mine without material changes to the terms of the acquisition of ACMC. As at the date of this announcement, the Remaining ACMC Sellers have made the April Capital Increase of RMB21 million, after their receipt of the first payment of the Account Payable of approximately RMB27.6 million, to ACMC by way of capital increase. Such capital contribution is important to ACMC in relation to the mining licence application. The Directors believe that the arrangements under the Ji Ri Ga Lang Supplemental Project SPA are desirable for the development of ACMC and are in the best interest of the Company and the Shareholders. The Directors believe that there will not be any material change to the Ji Ri Ga Lang Project SPA which requires further Shareholders' approval for the following reasons: (i) the total consideration for the acquisition of ACMC remains unchanged (i.e. approximately RMB180 million in aggregate) as a result of the Ji Ri Ga Lang Supplemental Project SPA; and (ii) despite the Remaining ACMC Sellers, in theory, will receive the total Account Payable of approximately RMB42.6 million before completion of the Second-Stage ACMC Acquisition under the Ji Ri Ga Lang Supplemental Project SPA (against the original arrangement of the receipt of approximately RMB21.7 million under the Ji Ri Ga Lang Project SPA), the Remaining ACMC Sellers will be obliged to make RMB 21 million for the April Capital Increase and the net proceeds of the Remaining ACMC Sellers before the Second-Stage ACMC Acquisition therefore remains unchanged.

The purpose of this announcement is to provide the Shareholders with information concerning the April Capital Increase under the Ji Ri Ga Lang Supplemental Project SPA.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Account Payable”	has the same meaning as defined in the VSA Circular
“ACMC”	Abagaqi Changjiang Mining Ltd., a company registered in Abagaqi, Inner Mongolia
“ACMC Sellers”	(i) Chen Minhua, (ii) Li Yun and (iii) Zhang Xiuhe, being the sellers under the Ji Ri Ga Lang Project SPA





“April Capital Increase”	has the meaning as defined in the paragraph headed “The Ji Ri Ga Lang Supplemental Project SPA” in this announcement
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in both Hong Kong and the PRC (excluding Saturdays, Sundays and public holidays in either Hong Kong or the PRC)
“Cash Consideration”	the cash consideration of RMB137.4 million payable by CCEC under the Ji Ri Ga Lang Project SPA, being part of the total consideration for the acquisition of a 100 per cent. equity interest in ACMC
“CCEC”	CCEC Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company as at the date of this announcement
“Company”	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company held on 8 December 2007 which approved, among others, the Transaction
“First-Stage ACMC Acquisition”	has the meaning ascribed to it in the paragraph headed “The Ji Ri Ga Lang Project SPA” in the VSA Circular
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Inner Mongolia”	Inner Mongolia Autonomous Region, the PRC
“Ji Ri Ga Lang Coal Mine”	the Ji Ri Ga Lang coal mine in Abagaqi, Inner Mongolia
“Ji Ri Ga Lang Project”	the exploration business conducted by ACMC, pursuant to an exploration licence of the Ji Ri Ga Lang Coal Mine
“Ji Ri Ga Lang Project SPA”	the sale and purchase agreement dated 2 November 2007 which amended and re-stated prior agreements signed on 27 June 2007 and 30 July 2007 between CCEC and the ACMC Sellers in relation to the acquisition of the Ji Ri Ga Lang Project for RMB180,000,000, details of which have been set out in the paragraph headed “Details of the Ji Ri Ga Lang Project” in the VSA Circular



“Ji Ri Ga Lang Supplemental Project SPA”	the supplemental agreement dated 25 April 2008 entered into between CCEC and the Remaining ACMC Sellers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“March Announcement”	the Company’s announcement dated 25 March 2008 in relation to the capital increase in ACMC by CCEC
“March Capital Increase”	has the meaning as defined in the paragraph headed “The Ji Ri Ga Lang Supplemental Project SPA” in this announcement
“PRC”	the People’s Republic of China
“Remaining ACMC Sellers”	(i) Chen Minhua; and (ii) Li Yun, being the counterparties in the Ji Ri Ga Lang Supplemental Project SPA
“RMB”	Renminbi, the lawful currency of the PRC
“Second-Stage ACMC Acquisition”	has the meaning ascribed to it in the paragraph headed “The Ji Ri Ga Lang Project SPA” in the VSA Circular
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	has the same meaning as defined in the VSA Circular
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US
“VSA Circular”	the Company’s circular dated 22 November 2007 in relation to, among others, the acquisition of CCEC and related PRC mining assets

For reference only, the figures in RMB referred to above have been translated into Hong Kong dollars on the basis of assumed exchange rates of US\$1 = HK\$7.8 and US\$1 = RMB7.

By Order of the Board  
**REGENT PACIFIC GROUP LIMITED**

**Jamie Gibson**  
*Director*



**Directors of the Company:**

James Mellon (*Co-Chairman*)\*

Stephen Dattels (*Co-Chairman*)\*

Jamie Gibson (*Chief Executive Officer*)

Stephen Bywater\*

Clara Cheung

David Comba<sup>#</sup>

Julie Oates<sup>#</sup>

Mark Searle<sup>#</sup>

John Stalker \*

Jayne Sutcliffe \*

Wu Yuan<sup>#</sup>

*\*Non-Executive Directors*

*#Independent Non-Executive Directors*

Hong Kong, 5 May 2008