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## **REGENT PACIFIC GROUP LIMITED**

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

**(Stock code: 0575)**

### **CONNECTED TRANSACTION — SUBSCRIPTION OF EQUITY UNITS IN RED DRAGON RESOURCES CORP.**

Interman, an indirect wholly-owned subsidiary of the Company, entered into the Subscription Agreement with RDRC Ontario on 18 October 2005 pursuant to which Interman has subscribed for 2,000,000 Units at the Subscription Price of Cdn.\$0.60 per Unit.

The Subscription Agreement was entered into between Interman, a wholly-owned subsidiary of the Company, and RDRC Ontario and involved the Company acquiring a further interest in RDRC Ontario. RDGC BVI is a substantial shareholder of RDRC Ontario and is beneficially owned as to 30% by JM. JM is a director and substantial shareholder of the Company and is deemed to be a controller under the Listing Rules. RDGC BVI is therefore regarded as an associate of a controller. By virtue of Rule 14A.13(1)(b)(i) of the Listing Rules, the Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on the amount of the Consideration, each of the applicable percentage ratios is less than 2.5%. Thus, the Subscription Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules. Details of the Subscription Agreement will be included in the next published annual report and accounts of the Company.

#### **INTRODUCTION**

This is an announcement made by the board (the “**Board**”) of directors (the “**Directors**”) of Regent Pacific Group Limited (the “**Company**”).

The Board announces that, on 18 October 2005, Interman Holdings Limited (“**Interman**”), an indirect wholly-owned subsidiary of the Company, and Red Dragon Resources Corp. (“**RDRC Ontario**”) entered into a subscription agreement (the “**Subscription Agreement**”) pursuant to which Interman has subscribed (the “**Subscription**”) for 2,000,000 equity units (“**Units**”), each Unit comprised of one common share (“**Common Share**”) in the authorised capital of RDRC Ontario and one-half of one Common Share Purchase Warrant (the “**Warrants**”) at a price of Canadian Dollar (“**Cdn.\$**”) 0.60 per Unit (the “**Subscription**”).

**Price**”). Each whole Warrant will entitle the holder thereof to purchase one Common Share for a period of twelve months from the closing of the offering of the Units at a price of Cdn.\$0.75 per share. The total amount of consideration (the “**Consideration**”) paid by Interman for the Subscription was Cdn.\$1,200,000 (HK\$7,907,000).

## THE SUBSCRIPTION AGREEMENT

<b>Date of the Subscription Agreement:</b>	18 October 2005
<b>Issuer:</b>	RDRC Ontario
<b>Subscriber:</b>	Interman
<b>Number of Units subscribed:</b>	2,000,000 Units comprised of 2,000,000 Common Shares (the “ <b>Subscription Shares</b> ”) and 1,000,000 Warrants
<b>Subscription Price:</b>	Cdn.\$0.60 per Unit
<b>Consideration:</b>	Cdn.\$1,200,000
<b>Completion date:</b>	On or about 18 October 2005 or such alternate date as may be agreed upon by the parties thereto
<b>Conditions precedent:</b>	Completion of the Subscription Agreement is conditional upon, <i>inter alia</i> , RDRC Ontario having obtained the conditional approval of the TSX Venture Exchange (the “ <b>TSX-V</b> ”) in Ontario, Canada for the completion of the offering of Units pursuant to the Subscription Agreement

Subject to completion of the Subscription, the 2,000,000 Subscription Shares to be allotted and issued to Interman represent approximately 5.19% of the enlarged total number of Common Shares issued and outstanding, as enlarged by the total number of 5,833,333 new Common Shares to be issued and allotted by RDRC Ontario pursuant to a private placement of its securities (the “**Private Placement**”) of which the Subscription Agreement forms part.

It has been understood that the completion date of the Subscription Agreement has been extended to 25 October 2005. A further announcement will be made by RDRC Ontario if the completion of the Private Placement is to be further extended.

Immediately prior to the date of the Subscription Agreement, the total number of Common Shares issued and outstanding was 32,718,751 Common Shares, of which Interman, the Company and AstroEast.com Limited (“**AstroEast.com**”), a 51% owned subsidiary of the Company, held 581,829, 165,000 and 1,614,625 Common Shares, respectively. The Company and its subsidiaries (the “**Group**”) were then entitled to exercise or control the exercise of 7.22% of the voting power at general meetings of RDRC Ontario.

Immediately following the completion of the Subscription Agreement and the Private Placement, the total number of Common Shares issued and outstanding will be increased to 38,552,084 Common Shares. The total number of Common Shares in which Interman is interested in RDRC Ontario will be increased to 2,581,829 Common Shares. Therefore, the total number of Common Shares through which the Group is entitled to exercise or control the exercise of the voting power at general meetings of RDRC Ontario is 4,361,454 Common Shares, representing approximately 11.31% of the enlarged total number of Common Shares of RDRC Ontario.

Mr. James Mellon (“**JM**”), a director and substantial shareholder of the Company, has subscribed for 800,000 Units under the Private Placement at the subscription price of Cdn.\$0.60 per Unit. Immediately following the completion of the Private Placement, JM will directly hold approximately 2.08% of the enlarged total number of Common Shares of RDRC Ontario.

The Subscription Price was determined with reference to (i) the subscription price of Cdn.\$0.60 per Unit in the previous private placement by RDRC Ontario (formerly iFuture.com Inc.) to independent third party investors, which was completed in March 2005 before the Amalgamation (as defined below), and (ii) the market price of Cdn.\$0.60 at which the Common Shares were traded on the TSX-V immediately before RDRC Ontario announced the Private Placement of Cdn.\$3 million on 7 October 2005, which was subsequently increased to Cdn.\$3.5 million on 13 October 2005. RDRC Ontario made an unaudited loss of Cdn.\$90,000 for the quarter ended 30 June 2005. Its unaudited net asset value as at 30 June 2005 was Cdn.\$1.01 million. The closing price of the Common Shares quoted on the TSX-V on 20 October 2005 was Cdn.\$0.51.

The terms of the Subscription Agreement, including but not limited to the Subscription Price, were arrived at after arm’s length negotiations between the parties to the Subscription Agreement. The Directors, including the independent non-executive Directors, consider that the terms of the Subscription Agreement are fair and reasonable having taken into account the total number of Common Shares subscribed by Interman under the Subscription Agreement and the value of RDRC Ontario in the overall investment strategy of the Group, as more particularly set out in the section headed “Reasons for and benefits of entering into the Subscription Agreement”.

## **INFORMATION ABOUT THE COMPANY, INTERMAN, ASTROEAST.COM AND RDRC ONTARIO**

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Frankfurt Stock Exchange. It is engaged principally in investment holding.

Interman is an investment holding company incorporated under the laws of the British Virgin Islands (“**BVI**”) with limited liability. It is an indirect wholly-owned subsidiary of the Company. AstroEast.com, a limited liability company incorporated in the Cayman Islands, is a 51% owned subsidiary of the Company. AstroEast.com is an investment holding company.

RDRC Ontario is a limited liability company amalgamated under the laws of the Province of Ontario, Canada whose securities are listed on the TSX-V in Ontario, Canada. It is principally engaged in the business of mining exploration of base metal and uranium in Canada and the People's Republic of China (the "**PRC**"). RDRC Ontario was formed as a result of the amalgamation (the "**Amalgamation**") between iFuture.com Inc. ("**iFuture.com**") and Red Dragon Gold Corporation ("**RDGC Ontario**") pursuant to an amalgamation agreement between iFuture.com and RDGC Ontario dated 15 March 2005. The Amalgamation was completed on 20 May 2005.

iFuture.com is a limited liability company incorporated in Ontario, Canada whose securities were listed on the TSX-V prior to the Amalgamation. iFuture.com was then an investee company of the Company in which Interman and AstroEast.com had an interest of 3.40% and 9.44%, respectively. RDGC Ontario is a limited liability company incorporated under the laws of the Province of Ontario, Canada and was principally engaged in the business of acquiring, exploring and developing mineral resources properties. It is a direct wholly-owned subsidiary of Red Dragon Gold Corporation ("**RDGC BVI**"), an investment holding company incorporated under the laws of BVI in which JM, Mr. Stephen Dattels ("**SD**"), Mr. Peter Yue ("**PY**") and Ms. Joanne Yan ("**JY**") are beneficially interested in 30%, 30%, 20% and 10%, respectively.

PY is the Chief Executive Officer and a director of RDRC Ontario. Each of PY and JY is beneficially interested in 20% of Red Dragon Minerals Corporation ("**RDMC**"), a limited liability company incorporated under the laws of BVI and engaged principally in seeking investment opportunities in businesses that are engaged in the exploration, processing and mining of minerals in the PRC. RDMC is owned as to 60% by Finistere Limited ("**Finistere**") as nominee for Magi Projects Limited ("**Magi Projects**"). Magi Projects is comprised in the assets of a discretionary trust in which SD is the settler and one of the discretionary objects. Red Dragon Resources Corporation ("**RDRC BVI**"), a limited liability company incorporated under the laws of BVI, is an 80% owned subsidiary of the Company. Finistere, acting as nominee for Magi Projects, holds 20% of the issued share capital of RDRC BVI. Magi Projects is entitled to exercise or control the exercise of 20% of the voting power at general meetings of RDRC BVI independently and without reference to SD. Both PY and JY are directors of RDRC BVI and therefore are deemed to be connected persons of the Company.

Immediately following the Amalgamation, Interman, AstroEast.com and RDGC BVI were then interested in 1.83%, 5.09% and 46.06%, respectively, of RDRC Ontario. Prior to the date of the Subscription Agreement, RDRC Ontario was owned by the Company as to 0.50%, Interman as to 1.78%, AstroEast.com as to 4.93% and RDGC BVI as to 44.65%.

Save as disclosed above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, RDRC Ontario and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SUBSCRIPTION AGREEMENT**

RDRC Ontario is actively engaged in the mining exploration of base metal and uranium in Canada and the PRC, the business activities of which are in line with the investment opportunities that the Company has been exploring. The Directors are of the view that by acquiring a further interest in RDRC Ontario, the Company will be able to leverage on the strength of RDRC Ontario in the mining exploration business.

The terms of the Subscription Agreement were arrived at on normal commercial terms and after arm's length negotiations between the parties to the Subscription Agreement. The Directors, including the independent non-executive Directors, believe that the terms of the Subscription Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **FUNDING**

The Company's funding for the Subscription is sourced from the internal resources of the Group. The entering into of the Subscription Agreement is not expected to have any immediate material effect on the earnings, assets and liabilities of the Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Subscription Agreement was entered into between Interman, a wholly-owned subsidiary of the Company, and RDRC Ontario and involved the Company acquiring an interest in RDRC Ontario. RDGC BVI is a substantial shareholder of RDRC Ontario and is beneficially owned as to 30% by JM. JM is a director and substantial shareholder of the Company and is deemed to be a controller under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). RDGC BVI is therefore regarded as an associate of a controller. By virtue of Rule 14A.13(1)(b)(i) of the Listing Rules, the Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Based on the amount of the Consideration, each of the applicable percentage ratios is less than 2.5%. Thus, the Subscription Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 and 14A.47 of the Listing Rules.

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

*Note: In this announcement, for reference only and unless otherwise specified, the conversion of Cdn.\$ into HK\$ is calculated at the exchange rate of Cdn.\$1.00 to HK\$6.5891.*

On behalf of the Board  
**Regent Pacific Group Limited**

**Jamie Gibson**  
*Director*

**Directors of the Company:**

Anthony Baillieu (*Chairman*)\*

Jamie Gibson (*Chief Executive Officer*)

Clara Cheung

James Mellon\*

Julie Oates#

Mark Searle#

Jayne Sutcliffe\*

Anderson Whamond\*

Robert Whiting#

\* *Non-executive Directors*

# *Independent non-executive Directors*

Hong Kong, 21 October 2005

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