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REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 575)

Discloseable Transaction

**Formation of Coal Mining JV in Relation to
Coal Mining Interests in Indonesia**

A letter from the Board is set out on pages 1 to 15 of this circular.

18 July 2008

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LETTER FROM THE BOARD



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 575)

Directors of the Company

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Stephen Dattels *(Co-Chairman)**
Jamie Gibson *(Chief Executive Officer)*
Stephen Bywater*
Clara Cheung
David Comba#
Julie Oates#
Mark Searle#
John Stalker*
Jayne Sutcliffe*

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18 July 2008

To the shareholders

Dear Sir or Madam,

Discloseable Transaction

Formation of Coal Mining JV in Relation to Coal Mining Interests in Indonesia

INTRODUCTION

Reference is made to the announcement dated 27 June 2008 (the “**Announcement**”) of Regent Pacific Group Limited (the “**Company**”) in relation to the acquisition by RPGI of a controlling (75 per cent.) interest in a Singapore incorporated JV Co, itself having contractual rights to economic benefits flowing from certain Indonesian coal mining concessions for US\$55.59 million (subject to adjustment). Capitalised terms used in this circular shall have the same meaning as defined in the Announcement unless otherwise stated.

LETTER FROM THE BOARD

As set out in the Announcement, on 27 June 2008, the Company, RPGI (a wholly-owned subsidiary of the Company), Blue Pacific, JV Co and the Guarantors entered into the Investment and Cooperation Agreement in relation to the Transaction, which amended and restated a prior agreement dated 23 June 2008. Under the Listing Rules, the Transaction constitutes a discloseable transaction for the Company.

The Transaction involves: (i) an acquisition by RPGI of a controlling (75 per cent.) interest in a Singapore incorporated JV Co, itself having contractual rights to economic benefits flowing from certain Indonesian coal mining concessions for US\$55.59 million (subject to adjustment); (ii) the provision of US\$11.25 million finance to JV Co both pre-Closing (as to US\$1.25 million) and post-Closing (as to US\$10 million); and (iii) the Put Option. The Total Consideration to be paid or delivered by RPGI shall comprise US\$18,077,000 in cash and US\$37,513,000 in cash or, upon agreement being reached between RPGI and Blue Pacific prior to Closing, a cash alternative.

RPGI will have the Call Option of purchasing a **further** 5 per cent. equity interest in JV Co. The Call Option is exercisable during the period from and including 1 April 2010 to and including 30 April 2010.

As completion of the Transaction is subject to the fulfilment of a number of conditions, the Transaction may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE TRANSACTION

The Investment and Cooperation Agreement

On 27 June 2008, the Company, RPGI, Blue Pacific, JV Co and the Guarantors entered into the Investment and Cooperation Agreement in relation to the Acquisition and the subsequent cooperation to carry on the Business through JV Co, which amended and restated a prior agreement dated 23 June 2008.

Background to the Transaction

PT Mandiri, an Indonesian company, legally owns the PT Mandiri Exploration KP, a permit which authorises it to explore for coal in certain areas of Penajam Paser Utara in East Kalimantan, Indonesia (in respect of an area covering 5,000 hectares), as well as the Bulk Sampling Permit, which allows it to extract samples of coal found within part of the same area, up to a maximum of 100,000 tonnes.

PT Enermine, an Indonesian company, legally owns the PT Enermine Exploration KP, a permit which authorises it to explore for coal in certain areas of Penajam Paser Utara in East Kalimantan, Indonesia (in respect of an area covering 3,870 hectares).

The Company understands that PT Enermine and PT Mandiri are in the course of obtaining all necessary permits and approvals, including the Exploitation KPs and the Transportation and Sales KPs, which are required by each of PT Enermine and PT Mandiri in order for those companies to mine coal within their respective KP Areas.

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Blue Water entered into Collaboration Agreements with PT Enermine and PT Mandiri that gave Blue Water the right to work with PT Mandiri and PT Enermine to develop their mining concessions. Charles Madhavan, a director and shareholder of Blue Pacific, owns the entire issued capital of Blue Water. The Collaboration Agreements have now been assigned, for no consideration, by Blue Water to JV Co.

The Company and Blue Pacific intend to jointly develop the KPs held by PT Mandiri and PT Enermine through JV Co. It is expected that the Collaboration Agreements will be terminated by JV Co on or before Closing, and that PT Enermine and PT Mandiri will enter into revised arrangements with JV Co's Indonesian subsidiary, PT Jimbaran.

PT Jimbaran intends to enter into exclusive arrangements with PT Enermine and PT Mandiri, whereby PT Jimbaran will provide or procure all services necessary and related to the extraction of coal for the life of the mines, or the term stipulated in the Exploitation KPs, on behalf of PT Mandiri and PT Enermine. Based on Blue Pacific's estimate of Coal Reserves of 22 million tonnes (assessed on a non-JORC code basis), the estimated life of the mine is 11.5 years. Furthermore, PT Mandiri and PT Enermine also intend to enter into contracts with JV Co to sell all coal produced from the mines to JV Co.

The Acquisition

On Closing, RPGI will, pursuant to the Investment and Cooperation Agreement:

- (i) acquire shares in JV Co so that RPGI becomes the registered holder and beneficial owner of 75 per cent. of the fully diluted share capital of JV Co; and
- (ii) acquire shares in PT Jimbaran so that RPGI becomes the registered holder and beneficial owner of 1 per cent. of the fully diluted share capital of PT Jimbaran.

As at 17 July 2008, being the latest practicable date for ascertaining certain information in this circular (the "**Latest Practicable Date**"), to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Blue Pacific and its respective beneficial owner(s) are third parties independent of the Company and are not connected persons of the Group.

Conduct of JV Co

The business scope of JV Co will be confined to the Business.

JV Co shall have 5 directors. RPGI may appoint 3 directors (including one of the directors appointed by RPGI as the chairman of JV Co) and Blue Pacific may appoint 2 directors to the board of directors of JV Co. Upon Closing, JV Co will become a 75 per cent. owned subsidiary of the Company.

PT Jimbaran shall have 3 directors. RPGI may appoint 2 directors (including one of the directors appointed by RPGI as the President Director of PT Jimbaran) while Blue Pacific may appoint 1 director to the board of directors of PT Jimbaran. RPGI may also appoint the sole commissioner of PT Jimbaran.

LETTER FROM THE BOARD

The Mining Operation and Services Agreements

Closing is conditional upon PT Jimbaran entering into the Mining Operation and Services Agreements with PT Enermine and PT Mandiri, pursuant to which PT Jimbaran will provide, or procure, all services necessary and related to the extraction of coal for the life of the mines, or the term stipulated in the Exploitation KPs, on behalf of PT Mandiri and PT Enermine.

PT Jimbaran will undertake all expenditure in relation to the mines and will recover its costs by charging PT Mandiri and/or PT Enermine a mining services fee which will represent the actual cost of mining plus a margin to ensure that PT Jimbaran is earning a reasonable rate of return on its invested capital.

The Coal Sales Agreements

Closing is conditional upon JV Co entering into the Coal Sales Agreements with PT Enermine and PT Mandiri, pursuant to which PT Mandiri and PT Enermine will sell all coal produced from their respective mines to JV Co throughout the life of the mines, or for as long as PT Mandiri and/or PT Enermine hold all legal and valid permits and governmental authorisations necessary to allow PT Enermine and PT Mandiri to mine coal.

It is intended that the sale of coal by JV Co will be Free On Board from Indonesia and JV Co will thereafter arrange for on-sales of the coal in the international market. It is expected that cash payments under the Coal Sales Agreements will be made on a monthly basis.

No Continuing Connected Transactions

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, PT Enermine and PT Mandiri and their respective beneficial owner(s) are third parties independent of the Company, JV Co and PT Jimbaran and are not and will not be connected persons of the Group following Closing.

Accordingly, neither the proposed Mining Operation and Services Agreements nor the Coal Sales Agreements to be entered into between JV Co, PT Jimbaran, PT Enermine and PT Mandiri (as the case may be) will be classified as continuing connected transactions under the Listing Rules.

Total Consideration for the Acquisition

Subject to any pre-Closing adjustments that may be made, the Total Consideration for the Acquisition will be an aggregate of US\$55.59 million, comprising:

- (i) in respect of the entry into and the economic benefits expected to flow to the Group from the PT Mandiri Coal Sales Agreement and the PT Mandiri Operation and Services Agreement, US\$8,277,000 in cash and US\$19,313,000 in cash or, upon agreement being reached between RPGI and Blue Pacific prior to Closing, a cash alternative; and

LETTER FROM THE BOARD

- (ii) in respect of the entry into and the economic benefits expected to flow to the Group from the PT Enermine Coal Sales Agreement and the PT Enermine Operation and Services Agreement, US\$9,800,000 in cash and US\$18,200,000 in cash or, upon agreement being reached between RPGI and Blue Pacific prior to Closing, a cash alternative.

RPGI will also contribute US\$11.25 million in finance to JV Co with US\$250,000 having already been paid by RPGI before the execution of the Investment and Cooperation Agreement, and a further US\$1,000,000 having been paid within five Business Days of the execution of the Investment and Cooperation Agreement. Both the US\$1,250,000, already advanced, and the US\$10 million, yet to be provided, have been and will be advanced by RPGI in the form of unsecured shareholders loans (with the US\$1.25 million advanced before Closing to be redesignated as such at Closing) on commercial terms agreed with JV Co and will accrue interest (on the principal amount outstanding) at the rate of 3.5 per cent. above the average prime lending rate of a panel of banks in Singapore. RPGI will not demand repayment of such shareholder loans until after the second anniversary of the date of the Investment and Cooperation Agreement, following which the repayment of such loans shall take priority over other distributions that JV Co may otherwise make or look to make to its shareholders.

The Total Consideration to be paid or delivered by RPGI is subject to a pre-Closing adjustment to reflect the actual amount of Coal Reserves that RPGI determines to exist prior to Closing. Should the actual Coal Reserves determined by RPGI differ from Blue Pacific's estimated mineable Coal Reserves of 14 million tonnes, in respect of PT Mandiri, and 8 million tonnes, in respect of PT Enermine, the Total Consideration shall be increased or decreased by US\$3.00 per tonne of differential. In the event that there is a pre-Closing adjustment that increases the Total Consideration such that the Transaction will, for the purposes of Chapter 14 of the Listing Rules, become classified as a major transaction or above, the Transaction will be subject to Shareholders' approval and the other compliance requirements of the relevant Listing Rules. However, at this time, the Company does not expect that the Transaction will be reclassified as a major transaction or above.

The Total Consideration will be satisfied by the internal resources of the Group. The Total Consideration was negotiated by the parties on an arm's length basis based on the estimated potential of the Business. The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of the business of the Group and on normal commercial terms which are fair and reasonable having regard to the interests of the Company and the Shareholders as a whole.

The Call Option Consideration Shares, the Put Option Consideration Shares and the Lock-up Arrangements

The Company may issue new Shares to Blue Pacific if (i) RPGI elects to exercise the Call Option to acquire a further 5 per cent. interest in JV Co; or (ii) Blue Pacific elects to exercise the Put Option requiring RPGI to acquire all Blue Pacific's interest in JV Co. For details, please refer to the paragraphs headed "Call Option" and "Put Option" below.

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The Call Option Consideration Shares (if any) and the Put Option Consideration Shares (if any) will be issued free from all encumbrances and shall rank *pari passu* in all respects with the other Shares in issue or to be issued by the Company at such time. An application will be made to the Stock Exchange at the appropriate time for the listing of and permission to deal in the Call Option Consideration Shares (if any) and the Put Option Consideration Shares (if any).

Subsequent issues (if any) of Call Option Consideration Shares and Put Option Consideration Shares shall be subject to compliance with Chapter 14A of the Listing Rules and, if and to the extent required, the Company obtaining a specific mandate from the Shareholders to issue the same.

The Call Option Consideration Shares (if any) and the Put Option Consideration Shares (if any) to be issued to Blue Pacific are subject to a lock-up of 6 months from the date of issue of such Shares.

Conditions Precedent for the Acquisition

Completion of the Acquisition is conditional, amongst other things, upon:

- (i) Blue Pacific having obtained and delivered evidence satisfactory to RPGI (acting reasonably) to demonstrate that each of PT Mandiri and PT Enermine legally owns (i) the PT Mandiri Exploration KP and the PT Enermine Exploration KP (but only to the extent that such KPs survive PT Mandiri and PT Enermine (as the case may be) obtaining the KPs in (ii) and (iii)); (ii) KPs (exploitation); and (iii) KPs (transportation and sales), and that PT Mandiri legally owns a Bulk Sampling Permit (but only to the extent that such Bulk Sampling Permit survives PT Mandiri obtaining the KPs in (ii) and (iii)), in each case for an area and having a duration satisfactory to RPGI and that (a) any and all obligations contained in the relevant KPs or permits have been fully complied with in a timely manner and (b) all licence/permit renewal or reissuance fees or dead rent fees or use fees in respect of the same have been paid (in full); without limitation, such evidence shall include a written legal opinion from Blue Pacific's Indonesian lawyers dated as at the Closing Date to the satisfaction of RPGI confirming that each of PT Mandiri and PT Enermine legally owns the relevant KPs or permits (as the case requires) and that each such KP and permit is valid and of full force and effect under Indonesian law;
- (ii) Blue Pacific having obtained and delivered evidence satisfactory to RPGI (acting reasonably) to demonstrate that AMDALs on terms satisfactory to RPGI have been made and approved by the relevant Governmental Authority covering activities in and relating to the KPs of each of PT Mandiri and PT Enermine, that all consents required (whether from Governmental Authorities or parties holding operating concessions that overlap with the KP Areas of PT Mandiri and PT Enermine) to use forest areas including production forest areas (if applicable) within the KP Areas have been obtained, and that there are no restrictions on the use of any part of the KP Areas for mining, including by reason of their status as a nature reserve, protected forest (except in respect of the 451 hectares forming part of the KP Area of the PT Enermine Exploration KP that are classified as protected forest), production forest or otherwise; without limitation, such evidence shall include a written legal opinion from Blue Pacific's Indonesian lawyers dated as at the Closing Date to the

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satisfaction of RPGI, confirming that the required AMDALs have been approved, all consents required to use forest areas including production forest areas (if applicable) within the KP Areas have been obtained, and that there are no restrictions on the use of any part of the KP Areas for mining under Indonesian law;

- (iii) Blue Pacific having obtained and delivered to RPGI a notarised copy of the licence to borrow and use (*izin Pinjim Pakai*) from the Minister of Forestry (reasonably satisfactory to RPGI) held by each of PT Mandiri and PT Enermine;
- (iv) the Coal Sales Agreements and the Mining Operation and Services Agreements having been entered into, in a form satisfactory to RPGI (acting reasonably), and RPGI having received a written legal opinion from Blue Pacific's Indonesian lawyers dated as at the Closing Date to the satisfaction of RPGI confirming that the Coal Sales Agreements and the Mining Operation and Services Agreements are valid and of full force and effect under Indonesian law;
- (v) Blue Pacific having obtained and delivered evidence reasonably satisfactory to RPGI to demonstrate that the Collaboration Agreements and any agreements or arrangements ancillary thereto have each been terminated by JV Co in accordance with Indonesian law and that no party to any such agreement or arrangement shall have any further obligations or liabilities thereunder; without limitation, such evidence shall include RPGI having received a written legal opinion from Blue Pacific's Indonesian lawyers dated as at the Closing Date to the satisfaction of RPGI confirming that the Collaboration Agreements and any agreements or arrangements ancillary thereto (as the case may require) have each been terminated in accordance with Indonesian law and that no party to any such agreement or arrangement has any further obligations or liabilities thereunder;
- (vi) Blue Pacific having obtained and delivered evidence reasonably satisfactory to RPGI to demonstrate that: (i) all regulatory approvals required to be obtained by Blue Pacific (if any) have been obtained; (ii) all such approvals remain in full force and effect as at the Closing Date; and (iii) if any such approval is subject to any condition which is required to be fulfilled prior to Closing, all such conditions have been duly fulfilled as is necessary to allow Closing, save and except where the failure to obtain any such regulatory approval required to be obtained by Blue Pacific would not have or be likely to have a Material Adverse Effect;
- (vii) if, and to the extent, required under the Listing Rules or otherwise by the Stock Exchange, the Stock Exchange approving and/or the shareholders of the Company having passed a resolution or resolutions approving the entry into and performance of any other transactions or agreements contemplated in the Investment and Cooperation Agreement;
- (viii) Blue Pacific and JV Co having performed and complied, in all material respects, with all of the obligations, undertakings and covenants required to be performed or complied with by Blue Pacific and JV Co on or prior to Closing;

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- (ix) from the date of the Investment and Cooperation Agreement to the Closing Date, no event, circumstance or development or combination of events, circumstances or developments having occurred that, individually or in the aggregate, has had or will have a Material Adverse Effect; and
- (x) the completion of any and all due diligence that RPGI may wish to undertake in relation to the transactions contemplated by the Investment and Cooperation Agreement, with the results of such due diligence being to the satisfaction of RPGI (acting reasonably).

As at the Latest Practicable Date, none of the Conditions Precedent have been satisfied.

Closing

Closing shall take place on the later of: (i) 31 August 2008; and (ii) the second Business Day following the satisfaction or, where capable of being waived, waiver of the last of the Conditions Precedent in the Investment and Cooperation Agreement. As at the Latest Practicable Date, Closing has not occurred.

Termination

In certain circumstances, the Investment and Cooperation Agreement provides for either RPGI or Blue Pacific to have the right to terminate before Closing if there has been a material breach of certain warranties and obligations set out in the Investment and Cooperation Agreement. Moreover, RPGI or Blue Pacific, absent a material breach by it of its representations, warranties and undertakings or obligations under the Investment and Cooperation Agreement, will have the right to terminate the Investment and Cooperation Agreement if any of the Conditions Precedent have not been or cease to be satisfied (or waived) on or before the Long Stop Date.

The Long Stop Date for the Acquisition is 31 December 2008 or such other date as may be agreed between RPGI and Blue Pacific.

Where the Investment and Cooperation Agreement is terminated prior to Closing (absent any fault of RPGI) following certain specific breaches of Blue Pacific, Blue Pacific undertakes to pay or procure the payment to RPGI (in lieu of all other rights or remedies available to RPGI in respect of specific breaches of the Investment and Cooperation Agreement) a reimbursement fee of up to US\$1.65 million to reimburse RPGI for its actual costs and expenses incurred in connection with the Transaction.

Call Option

RPGI will have the Call Option (having no premium) of purchasing the Call Option Interest (i.e. such number of shares of JV Co owned by Blue Pacific equal to 5 per cent. equity interest in JV Co) in consideration of the issuance of the Call Option Consideration Shares. The number of Call Option Consideration Shares to be issued to Blue Pacific by the Company will be equal to the nearest number of whole Shares derived by dividing the valuation of the Call Option Interest (such valuation to be made according to the Valuation Methodology) by the average closing price of the Shares on the Stock

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Exchange over the last 5 trading days immediately prior to (and including) the day falling on the third Business Day prior to the date on which the Call Option is exercised. The Call Option is exercisable in whole but not in part at any time during the period from and including 1 April 2010 to and including 30 April 2010.

The completion of the sale and purchase of the Call Option Interest will be subject to, and conditional upon, compliance with Chapters 14 and 14A of the Listing Rules.

Moreover, in the event that the Company does not have a general or specific mandate to issue the number of Call Option Consideration Shares determined according to the Investment and Cooperation Agreement, Blue Pacific will allow the Company:

- (i) three months from the date of exercise of the Call Option to obtain a specific mandate from the Shareholders for the issue of such number of Call Option Consideration Shares to be issued to Blue Pacific pursuant to the Investment and Cooperation Agreement; failing which
- (ii) to pay Blue Pacific the valuation of the Call Option Consideration Shares (such valuation to be made according to the Valuation Methodology) in cash or a combination of cash and Call Option Consideration Shares (if, and to the extent, permitted under the Listing Rules or otherwise by the Stock Exchange), with any apportionment between cash and Call Option Consideration Shares to be determined solely by the Company at its absolute discretion.

Put Option

Blue Pacific will have the Put Option (having no premium) of requiring RPGI to acquire the Put Option Interest (i.e. all shares of JV Co owned by Blue Pacific) in consideration of the issuance of the Put Option Consideration Shares. The number of Put Option Consideration Shares to be issued to Blue Pacific by the Company will be equal to the nearest number of whole Shares derived by dividing the valuation of the Put Option Interest (such valuation to be made according to the Valuation Methodology) by the average closing price of the Shares on the Stock Exchange over the last 5 trading days immediately prior to (and including) the day falling on the third Business Day prior to the date on which the Put Option is exercised. The Put Option is exercisable in whole but not in part at any time during the period from and including 1 April 2010 to and including 30 April 2015.

If exercised on the date of the Announcement, the Company attributed a value to the Put Option and the Put Option Interest of approximately US\$18.53 million, calculated by reference to the multiplication of (x) the 22 million tonnes of Coal Reserves estimated by Blue Pacific to exist in the KP Areas covered by the PT Mandiri Exploration KP and the PT Enermine Exploration KP (assessed on a non-JORC Code basis); multiplied by (y) US\$3.37 per tonne of Coal Reserves (being the price negotiated and agreed between the parties on an arm's length basis); multiplied by (z) 0.25 (being the maximum potential percentage stake in JV Co represented by the Put Option Interest). However, this value is not fixed and is subject to a valuation to be made according to the Valuation Methodology at the relevant time.

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The completion of the sale and purchase of the Put Option Interest will be subject to, and conditional upon, compliance with Chapters 14 and 14A of the Listing Rules. Moreover and without prejudice to the Company's other obligations under Chapters 14 and 14A of the Listing Rules, on the exercise or transfer of such Put Option, the Company will publish an announcement of such exercise or transfer in accordance with Rule 2.07C as soon as reasonably practicable thereafter.

Moreover, in the event that the Company does not have a mandate (whether a general mandate or a specific mandate) to issue the number of Put Option Consideration Shares, Blue Pacific will allow the Company:

- (i) three months from the date of exercise of the Put Option to obtain a specific mandate from the Shareholders for the issue of such number of Put Option Consideration Shares to be issued to Blue Pacific pursuant to the Investment and Cooperation Agreement; failing which
- (ii) to pay Blue Pacific the valuation of the Put Option Consideration Shares (such valuation to be made according to the Valuation Methodology) in cash or a combination of cash and Put Option Consideration Shares (if, and to the extent, permitted under the Listing Rules or otherwise by the Stock Exchange), with any apportionment between cash and Put Option Consideration Shares to be determined solely by RPGI at its absolute discretion.

Drag Along Rights

If RPGI proposes to transfer all of the shares in JV Co held by it to any person who is an independent third party, RPGI may, by serving a compulsory purchase notice on Blue Pacific, require Blue Pacific to sell all their shares in JV Co to such person at the consideration equal to the the highest consideration received by RPGI for its shares in JV Co from such person.

The Guarantors

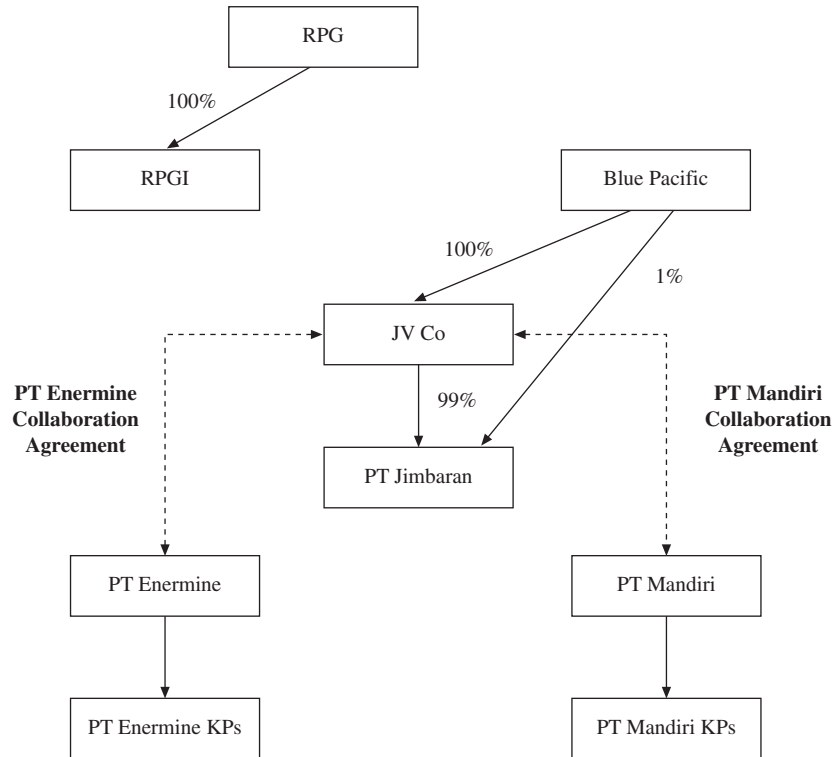
The Guarantors are each directors and shareholders of Blue Pacific. The Guarantors jointly and severally guarantee to RPGI and the Company the performance by Blue Pacific of its obligations under the Investment and Cooperation Agreement, and indemnify RPGI and the Company against all losses, liabilities, costs, charges, expenses, actions, proceedings, claims and demands which RPGI or the Company may suffer arising from any breach by Blue Pacific of its obligations under the Investment and Cooperation Agreement.

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STRUCTURE OF THE TRANSACTION

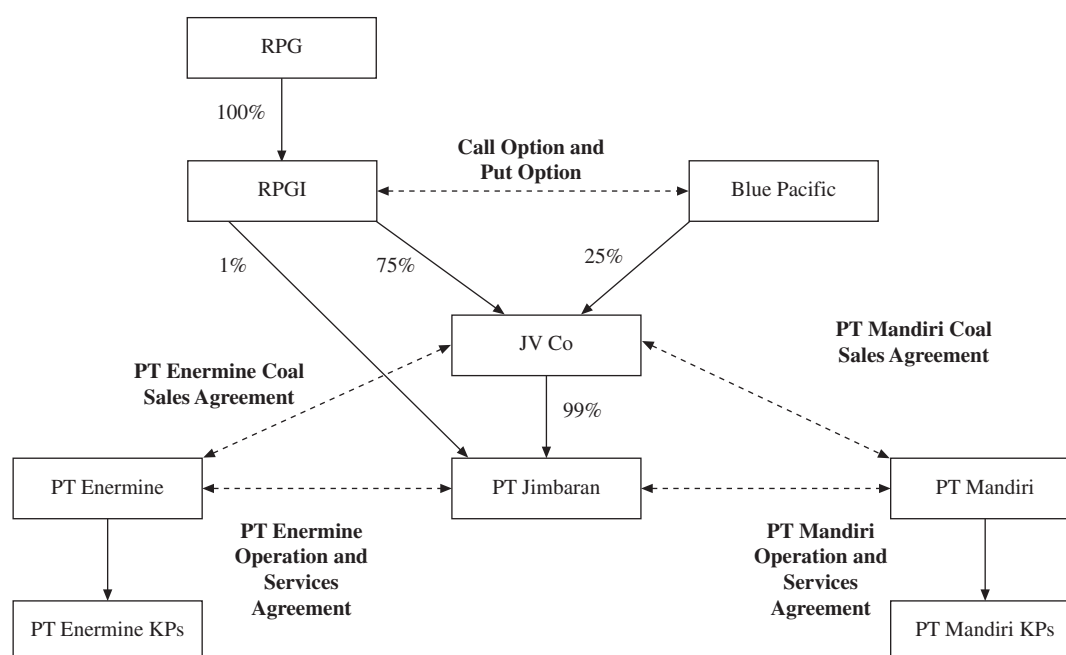
The structure of the Transaction is summarised as follows:

At the execution of the Investment and Cooperation Agreement



LETTER FROM THE BOARD

At Closing



DETAILS OF JV CO, PT JIMBARAN AND THE THERMAL COAL MINES

JV Co is an investment holding company incorporated in Singapore on 30 May 2008. As at the Latest Practicable Date, JV Co has not commenced trading and accordingly has no net profits or net assets. Blue Pacific is the registered holder and beneficial owner of all the shares of JV Co.

PT Jimbaran has been incorporated in Indonesia as a foreign capital investment (PMA) company with the approval of the capital investment coordinating board (BKPM) and its main line of business shall be the provision of general mining support services. JV Co is the registered holder and beneficial owner of 99 per cent. and Blue Pacific is the registered holder and beneficial owner of 1 per cent. of the issued share capital of PT Jimbaran.

On Closing of the Acquisition, RPGI will acquire the 1 per cent. interest in PT Jimbaran that is currently held by Blue Pacific, in addition to the shares in JV Co to be acquired pursuant to the Acquisition.

Based on information provided by Blue Pacific, the KP Areas covered by the PT Mandiri Exploration KP and the PT Enermine Exploration KP (assessed on a non-JORC Code basis) contain approximately 40 million tonnes of Coal Resources and 22 million tonnes of Coal Reserves. From end of June 2008, JV Co has embarked on an extensive drilling programme in the KP Areas of PT Mandiri and PT Enermine to prove up the Coal Reserves and Coal Resources in accordance with the JORC Code. An initial 12,000 metres drilling programme has commenced with five drill rigs.

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From information provided by Blue Pacific, the previous owner of the PT Mandiri concession produced approximately 700,000 tonnes of coal from an open pit mining operation with appropriate infrastructure. The coal was hauled approximately 5.2 kilometres along an existing haul road to a coal handling plant that has a reported processing capacity of 250 tonnes per hour or in excess of 1.5 million tonnes per annum.

There is a thermal coal product (sub-bituminous in nature) comprising 5,800 kcal/kg on an air dried basis (ADB) or 4,650 kcal/kg on a net received basis (NAR).

REASONS FOR THE TRANSACTION

The Company is a diversified mining group focused on the Asian region. The Company explores for and mines copper, zinc, gold, silver, lead and coal. The Company is a dynamic and opportunistic investor with its focus on growing long term value for all stakeholders. The Company envisages being Hong Kong's next major Asian mining house and acquisitive activities such as the Transaction are an essential part of its overall strategy for meeting this objective.

The Directors believe that the Transaction with Blue Pacific, a company focused on the exploration of Coal Resources in Indonesia, provides an opportunity for the Group to strengthen its position in the coal industry in the Asian region by extending its footprint in South East Asia.

The Directors consider the Transaction to be beneficial to its business and Shareholders for the following reasons:

Potential to produce thermal coal in 2008 in a strong international coal price environment

Post Closing, the Company expects that coal production will begin in 2008 on the basis that there is an existing open pit with appropriate infrastructure in place such that production can commence once all necessary approvals have been obtained. Coal produced by PT Enermine and PT Mandiri will be sold to JV Co pursuant to the terms of the Coal Sales Agreements.

Based on information provided by Blue Pacific, it is estimated that the Coal Resources in the KP Areas of PT Enermine and PT Mandiri could support in excess of 2 million tonnes of thermal coal production per annum.

The KP Areas of PT Mandiri and PT Enermine are in a favourable geographical and geological location, and are strategically located, with only short transport distances required. The project is equipped with an existing barge jetty, which is located less than 10 kilometres from a loading point suitable to Panamax size (60,000DWT) vessels.

The Company will directly benefit from the current strong international spot price for coal. Since it is expected that the Company will export all the coal that it acquires pursuant to the Coal Sales Agreements, the strengthening international price for coal will benefit the Company directly.

LETTER FROM THE BOARD

Potential to increase the Company's resources

Based on information provided by Blue Pacific, it is estimated that there are approximately 22 million tonnes of Coal Reserves and over 40 million tonnes of Coal Resources (assessed on a non-JORC Code compliant basis) within the KP Areas covered by the PT Enermine Exploration KP and the PT Mandiri Exploration KP. A substantial part of the KP Areas covered by the PT Enermine Exploration KP and the PT Mandiri Exploration KP have not been explored by geological mapping or drilling.

Diversification from the Chinese domestic market

The Transaction allows the Company to diversify its production away from the domestic Chinese market and capture the strengthening international demand and price for coal, which is significantly higher than the coal price in the domestic Chinese market where the Company has its existing coal projects. Exposure to the strengthening international price for coal will lead to better margins for the Company on the coal it produces from East Kalimantan, Indonesia.

The Transaction also allows the Company to geographically diversify its production away from China where it might experience unknown changes to regulations governing foreign invested companies operating in the mining sector. This mitigates the risk of production disruption by such unforeseen events.

Strong partnership with Blue Pacific

From the date of signing of the Investment and Cooperation Agreement, Blue Pacific must present any coal opportunity in Indonesia to the Company for consideration. Blue Pacific and the Company are actively pursuing further acquisitions of other coal mining operations in Indonesia. We believe that our strong partnership with Blue Pacific will assist the Company's objective of being a major Asian mining house.

FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

As at the Latest Practicable Date, JV Co and PT Jimbaran have not commenced trading and accordingly have no net profits or net assets. The Directors do not expect that the Transaction will have any effect on the consolidated earnings, assets and liabilities of the Group.

GENERAL INFORMATION

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 a diversified mining group focused on exploring for and mining copper, zinc, gold, silver, lead and coal in the Asian region.

RPGI is an investment holding company incorporated in the Cayman Islands and is a wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Blue Pacific is a mining company incorporated in the British Virgin Islands that is engaged in the exploration of Coal Resources in Indonesia. Save for the Collaboration Agreements (which have now been assigned from Blue Water to JV Co), there is no relationship between Blue Pacific, PT Mandiri and PT Enermine. The current directors and shareholders of PT Mandiri and PT Enermine are third party Indonesian nationals.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries:

- (i) Blue Pacific and its beneficial owner(s) are third parties independent of the Company and are not connected persons of the Group; and
- (ii) PT Enermine and PT Mandiri and their respective beneficial owner(s) are third parties independent of the Company, JV Co and PT Jimbaran and are not and will not be connected persons of the Group following Closing.

DISCLOSEABLE TRANSACTION

Under the Listing Rules, the Transaction constitutes a discloseable transaction for the Company. The purpose of this circular is to provide the Shareholders with information on the details of the Transaction in accordance with the Listing Rules.

GENERAL

Your attention is drawn to the additional information set out in the Appendix to this circular.

By Order of the Board
REGENT PACIFIC GROUP LIMITED
Jamie Gibson
Executive Director

1 RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2 DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the Directors had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were recorded in the Register of Directors’ and Chief Executive’s Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the model code set out in Appendix 10 to the Listing Rules (the “Model Code”):

2.1 Securities of the Company

(a) Ordinary shares of US\$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares*	Approximate % of holding**
James Mellon		Beneficial owner	Long position	51,516,180	1.16%
	A	Beneficiary of a trust	Long position	370,821,131	8.37%
Stephen Dattels		Beneficial owner	Long position	21,514,256	0.49%
	B	Corporate interests	Long position	223,343,087	5.04%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.10%
Stephen Bywater	C	Corporate interests	Long position	99,168,698	2.24%
Clara Cheung		Beneficial owner	Long position	1,200,000	0.03%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		Beneficial owner	Long position	4,194,444	0.09%
	D	Beneficiary of a trust	Long position	50,000	0.00%
John Stalker		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.39%
	E	Beneficiary of a trust	Long position	27,965,226	0.63%

* *These numbers do not include the number of the shares to be issued upon conversion of the Redeemable Convertible Preference Shares and upon exercise of the outstanding options under the Share Option Scheme (2002) held by the Directors, which are disclosed in sub-paragraphs (b) and (c) below.*

** *The total issued ordinary share capital of the Company as at the Latest Practicable Date consisted of 4,429,198,419 shares.*

(b) Redeemable Convertible Preference Shares of US\$0.01 each

On 11 October 2006, the Company entered into a subscription agreement with certain Directors and independent placees relating to the placing and issue by the Company of, and the subscription by the placees for, an aggregate of 6,250 dividend bearing non-voting redeemable convertible preference shares of US\$0.01 each (“**Redeemable Convertible Preference Shares**”) in the share capital of the Company at US\$1,000 per share in cash, which may give rise to the issue, in aggregate, of 168,103,449 ordinary shares at a conversion price of HK\$0.290 per share.

The 6,250 Redeemable Convertible Preference Shares were issued and allotted on 30 November 2006.

As at the Latest Practicable Date, there were 5,500 Redeemable Convertible Preference Shares outstanding, which may be convertible into 147,931,035 ordinary shares. The Directors of the Company had the following beneficial interests in the Redeemable Convertible Preference Shares:

Name of Director	<i>Note</i>	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding	Number of ordinary shares to be issued on conversion
James Mellon	A	Beneficiary of a trust	Long position	2,750	50.00%	73,965,517
Stephen Dattels	—	—	—	—	—	—
Jamie Gibson	—	—	—	—	—	—
Stephen Bywater	—	—	—	—	—	—
Clara Cheung	—	—	—	—	—	—
David Comba		Beneficial owner	Long position	50	0.91%	1,344,828
Julie Oates		Beneficial owner	Long position	100	1.82%	2,689,655
Mark Searle		Beneficial owner	Long position	100	1.82%	2,689,655
John Stalker	—	—	—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	250	4.55%	6,724,138

(c) Options of the Company

The Company's Share Option Scheme (2002) was adopted with Shareholders' approval at the Company's annual general meeting held on 15 November 2002 and shall continue in force until the tenth anniversary of its commencement date, which will be 15 November 2012.

As at the Latest Practicable Date, the following Directors had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option [#]	Subscription price per share (HK\$)	Exercise period [#]	Number of shares subject to vested options [#]	Consideration for grant of option (HK\$)
James Mellon	2 October 2007 ^{##}	13,000,000	1.152	2 October 2008 – 1 October 2017	–	10.00
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2005 – 8 September 2014	11,000,000	10.00
	4 April 2006	45,600,000	0.300	4 April 2007 – 3 April 2016	30,400,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	–	10.00
Clara Cheung	4 April 2006	8,000,000	0.300	4 April 2007 – 3 April 2016	5,333,333	10.00
	14 December 2006	6,000,000	0.325	14 December 2007 – 13 December 2016	2,000,000	10.00
	2 October 2007	7,000,000	1.152	2 October 2008 – 1 October 2017	–	10.00
David Comba	2 October 2007 ^{##}	5,000,000	1.152	2 October 2008 – 1 October 2017	–	10.00
John Stalker	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	–	10.00

[#] The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

^{##} Pursuant to Rule 17.04(1) of the Listing Rules and the Rules of the Share Option Scheme (2002), these options were subject to approval by the Shareholders at a general meeting. The options were approved at the extraordinary general meeting held on 8 December 2007 and were deemed to have been granted and to have taken effect on 2 October 2007 (the offer date).

2.2 Securities of associated corporations

(a) Ordinary shares of US\$0.01 of AstroEast.com Limited (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
James Mellon	—	—	—	—	—
Stephen Dattels	—	—	—	—	—
Jamie Gibson	—	Beneficial owner	Long position	225,000	0.80%
Stephen Bywater	—	—	—	—	—
Clara Cheung	—	—	—	—	—
David Comba	—	—	—	—	—
Julie Oates	—	—	—	—	—
Mark Searle	—	—	—	—	—
John Stalker	—	—	—	—	—
Jayne Sutcliffe	—	Beneficial owner	Long position	150,000	0.54%

(b) Ordinary shares of US\$0.01 of bigsave Holdings plc (in members' voluntary liquidation) (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
James Mellon	—	—	—	—	—
Stephen Dattels	—	—	—	—	—
Jamie Gibson	—	Beneficial owner	Long position	131,579	0.33%
Stephen Bywater	—	—	—	—	—
Clara Cheung	—	—	—	—	—
David Comba	—	—	—	—	—
Julie Oates	—	—	—	—	—
Mark Searle	—	—	—	—	—
John Stalker	—	—	—	—	—
Jayne Sutcliffe	E	Beneficiary of a trust	Long position	350,000	0.88%

Notes:

- A. The 370,821,131 ordinary shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.
- The 2,750 Redeemable Convertible Preference Shares are held by a company wholly owned by this settlement.
- B. The 223,343,097 ordinary shares in the Company are held by companies owned by Stephen Dattels.
- C. The 99,168,698 ordinary shares in the Company are held by a company owned by Stephen Bywater.
- D. The 50,000 ordinary shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.
- E. The 27,965,226 ordinary shares in the Company and the 350,000 ordinary shares in bigsave Holdings plc are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.

- F. AstroEast.com Limited and bigsave Holdings plc (in members' voluntary liquidation) are indirect 50.99% and 64.26% owned subsidiaries of the Company respectively. The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the Company's financial statements.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

3 SUBSTANTIAL SHAREHOLDERS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the following persons (other than James Mellon and Stephen Dattels, whose interests are set out in detail under the section headed "Directors' Disclosure of Interests") had the following beneficial interests in the shares of the Company, which were recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which were otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO):

Name of shareholder	Note	Class of shares	Capacity in which the shares are held	Long/Short position	Total interests (Number of shares)	Approximate % of holding**	Derivative interests (Number of shares)
Israel Alexander Englander	A	Ordinary shares	Interest by controlled corporation	Long position	313,260,306	7.07%	Nil
Integrated Holding Group, LP	A	Ordinary shares	Interest by controlled corporation	Long position	313,260,306	7.07%	Nil
Millennium Management, LLC	A	Ordinary shares	Interest by controlled corporation	Long position	313,260,306	7.07%	Nil
Barclays plc		Ordinary shares	Beneficial owner	Long position	353,000	0.01%	Nil
			Person having a security interest in shares	Long position	303,308,306	6.85%	Nil

** The total issued ordinary share capital of the Company as at the Latest Practicable Date consisted of 4,429,198,419 shares.

Notes:

- A. These shareholders disclosed the interests held by corporations controlled by the respective named shareholders. The disclosures referred to the same lot of interests.

Save for such interests, the Directors are not aware of any other persons who, as at the Latest Practicable Date, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

4 DIRECTORS' SERVICE CONTRACTS

None of the Directors has any existing or proposed service agreement with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5 COMPETING INTERESTS

The Directors, except for the independent non-executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the Listing Rules, have declared that they (or their respective associates) are not interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business save that Red Dragon Resources Corporation ("**RDRC**") may pursue investment opportunities in the People's Republic of China that may compete against the Company.

RDRC is an exploration company listed on the TSX Venture Exchange, a Canadian stock exchange, and based in Vancouver, British Columbia. The company has exploration projects in China and Canada for a number of commodities, but is focused on exploring for zinc in the "Three Rivers Base Metal Belt" in southwest China. Currently, RDRC's existing business does not compete against the Company's existing business in China. Should the Company and RDRC come into competition in the future, no director of the Company shall vote on any board resolution of the Company approving any contract or arrangement or any other proposal in which they or any of their associates have a material interest nor shall they be counted in the quorum present in the meeting, in each case if, and to the extent, required by Rule 13.44 of the Listing Rules.

As at the Latest Practicable Date, the Company, together with its subsidiaries, held, in aggregate, approximately 5.74 per cent. of the total issued share capital of RDRC. In addition, James Mellon held, directly or indirectly, in aggregate, interests of approximately 6.79 per cent. of the total issued share capital of RDRC, and Stephen Dattels held indirect interests of approximately 10.10 per cent. of the total issued share capital of RDRC. Jamie Gibson and John Stalker directly held approximately 0.31 per cent. and 0.03 per cent. of the total issued share capital of RDRC respectively.

On a fully diluted basis taking into account of the options outstanding under RDRC's incentive stock option plan, as at the Latest Practicable Date, the interests held by the Company (together with its subsidiaries), James Mellon, Stephen Dattels, Jamie Gibson and John Stalker were 5.25 per cent., 6.70 per cent., 9.24 per cent., 0.28 per cent. and 0.52 per cent. respectively.

James Mellon and John Stalker are directors of RDRC.

6 LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against the Company or any subsidiary of the Group.

7 MISCELLANEOUS

- (a) The registered office of the Company is at Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands and principal place of business is Suite 1401, Henley Building, 5 Queen's Road Central, Hong Kong. The Company's Hong Kong branch share registrar and transfer office is Tricor Tengis Limited at Level 28, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (b) The Company Secretary is Ms Fung Yuk Bing (Stella), who is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Company Secretaries.
- (c) The Finance Director of the Company is Ms Cheung Mei-Chu, Clara, who is a Certified Public Accountant of The Hong Kong Institute of Certified Public Accountants and a Fellow Member of The Association of Chartered Certified Accountants in the United Kingdom, as required under Rule 3.24 of the Listing Rules.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.