



# Regent Pacific Group Limited

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

Stock Code: 0575

27 October 2010

## ANNOUNCEMENT

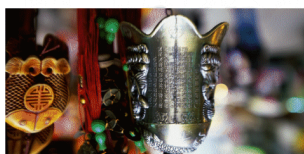
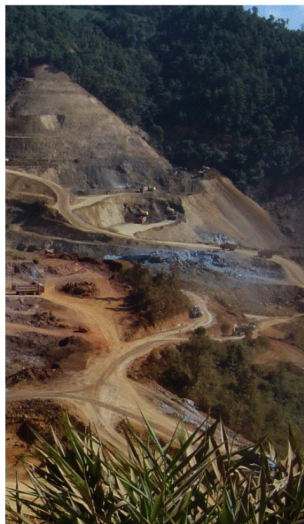
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### MAJOR TRANSACTION DISPOSAL OF THE COMPANY'S INTEREST IN DAPINGZHANG

#### SUMMARY

This announcement is made by the Company in compliance with the disclosure requirements under Rule 13.09 and Chapter 14 of the HK Listing Rules.

On 27 October 2010 (and after Hong Kong market close) Regent Metals (Jersey) and the Company entered into the Share Purchase Agreement with the Purchaser, pursuant to which Regent Metals (Jersey) agreed to sell and the Purchaser agreed to purchase the Sale Share for an aggregate consideration of US\$63.18 million (or approximately HK\$492.80 million).





The Disposal will represent a 'cash-on-cash' return of 3.2 times the Company's original cash investment of US\$20 million (or approximately HK\$156 million) and will generate an internal rate of return of 38 per cent, which is a very satisfactory result. As a result of the Disposal, the Group would expect to realise a net gain before expenses for the Disposal of approximately US\$11.19 million (or approximately HK\$87.28 million).

The proceeds of the Disposal will be used by the Group to acquire controlling and operational interests in exciting and compatible mining assets (some of which have already been identified and extensively diligenced), in order to enhance Shareholders' value. Our expert in-house technical and execution teams are unwavering in their commitment to find the next 'big thing' for the Group.

The Disposal is conditional upon, *inter alia*, the passing of an ordinary resolution by the Shareholders approving the Disposal pursuant to the HK Listing Rules and has a long stop date of 31 December 2010.

The terms of the Disposal were negotiated on an arm's length basis and the Directors (including the independent non-executive Directors) consider that the Disposal is in the ordinary and usual course of 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 Disposal constitutes a major transaction of the Company under Chapter 14 of the HK Listing Rules.

## **GENERAL**

The Circular containing, among other things, further details of the Disposal, and notice of EGM, will be despatched to the Shareholders as soon as practicable.

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



## SHARE PURCHASE AGREEMENT

### Date

27 October 2010

### Parties

Seller: Regent Metals (Jersey)

Purchaser: Grand Long Enterprises Limited

Guarantor: Regent Pacific Group Limited

### Interests to be Disposed

The: (i) sale of the Sale Share; (ii) assignment of the Intercompany Receivables; and (iii) surrender and release of the Intercompany Debt.

### Total Consideration under the Share Purchase Agreement

The total consideration under the Share Purchase Agreement shall be US\$63.18 million (or approximately HK\$492.80 million) in cash (the “**Consideration**”).

Simultaneous with execution of the Share Purchase Agreement, the Purchaser provided Regent Metals (Jersey) with written proof of funds from China Merchants Bank (Offshore Division), evidencing that an amount equal to the Consideration has been deposited into an offshore (and outside the PRC) account of such bank in the name of the Purchaser.

Notwithstanding the foregoing, the Consideration is payable by the Purchaser to Regent Metals (Jersey) in cash and in US\$ by no later than 5:00 p.m. (Hong Kong time) on the first Business Day immediately following the day of execution of the Share Purchase Agreement into an interest bearing account in the name of Regent Metals (Jersey), to be operated, on a limited basis (described further below), by co-signatories of both Regent Metals (Jersey) and the Purchaser (represented equally) (the “**Account**”).

US\$37.91 million (or approximately HK\$295.70 million), representing 60 per cent. of the Consideration, deposited into the Account may, subject as further disclosed below, be transferred out of the Account at Regent Metals (Jersey)'s sole discretion, whenever and howsoever it sees fit (the “**Unrestricted Deposit**”) and the Purchaser has provided both Regent Metals (Jersey) and the relevant bank with a standing instruction to that effect.



The remaining Consideration US\$25.27 million (or approximately HK\$197.10 million), representing 40 per cent. of the Consideration, together with any interest accrued in the Account, shall remain subject to co-signatory arrangements as between the Purchaser and Regent Metals (Jersey), against which no standing order (from either party) has been provided (the “**Restricted Deposit**”, together with the Unrestricted Deposit, the “**Deposit**”).

At Completion, and against Regent Metals (Jersey) assisting with the updating of the register of members of Regent Metals, together with assisting with other completion formalities, the Purchaser shall relinquish any claim it may otherwise have had to the Consideration.

Further details in respect of the treatment of the pre-paid Consideration are set out below.

### **Treatment of the pre-paid Consideration**

If:

- (i) through no fault of the Purchaser, any of the transaction conditions set out below is not satisfied on or before the Long Stop Date (which may be extended by the parties by mutual agreement); and/or
- (ii) this Agreement is lawfully terminated by the Purchaser under certain circumstances,

Regent Metals (Jersey) will at 4:00 p.m. (Hong Kong time) on the Long Stop Date or upon actual service of notice of lawful termination from the Purchaser (as the case may require) refund the Deposit in full, together with any interest accrued thereon, to the Purchaser by instructing (including co-signing the release and transfer of the Restricted Deposit from the Account) the transfer of the Deposit to and for the benefit of the Purchaser.

If:

- (a) Completion takes place; or
- (b) Completion does not take place on or before the Long Stop Date solely or predominantly by reason of the fact that the Purchaser has elected not to comply, when and in the manner obliged to do so, with certain of its obligations under the Share Purchase Agreement (Regent Metals (Jersey) having complied with its obligations) and Regent Metals (Jersey) terminates,



then:

- (c) in respect of paragraph (a) above, the Purchaser will at Completion: (i) instruct the release and transfer of the Restricted Deposit (or whatever amount is standing to the credit of the Account at that time) from the Account to and for the benefit of Regent Metals (Jersey); and (ii) provide Regent Metals (Jersey) with the written confirmation that it has relinquished any rights or claims it may have to the Consideration; or
- (d) in respect of paragraph (b) above, at 4:00 p.m. (Hong Kong time) on the Long Stop Date or upon actual service of notice of lawful termination by Regent Metals (Jersey) to the Purchaser (as appropriate): (i) Regent Metals (Jersey) shall refund the Restricted Deposit in full to the Purchaser by instructing the release and transfer of the Restricted Deposit from the Account to and for the benefit of the Purchaser; and (ii) in respect of the Unrestricted Deposit, the Purchaser will provide Regent Metals (Jersey) with written confirmation that it has relinquished any rights or claims it may have to the Unrestricted Deposit.

The retention of the Unrestricted Deposit in the circumstances described in paragraphs (b) and (d) above was acknowledged and agreed between the parties as being fair and reasonable and integral to reaching agreement as to terms.

The Company has agreed to guarantee the obligations of Regent Metals (Jersey) in the event that Regent Metals (Jersey) is required to return or refund the Deposit (whether the Restricted Deposit and/or the Unrestricted Deposit) in the manner outlined above.

### **The Intercompany Debt and Intercompany Receivables**

In conjunction with the sale of the Sale Share, Regent Metals (Jersey) has agreed to assign to the Purchaser (at Completion) the Intercompany Receivables comprising, as at the date of this announcement, US\$1,295,785.82 (or approximately HK\$10,107,129.39) which are a legacy of certain consulting fees paid by the Company on behalf of YSSCCL and consulting fees that remain payable by YSSCCL to certain members of the Group, in each case during the course of production and operation of YSSCCL.

The Intercompany Debt, which is all intra Group and will eliminate on consolidation, comprises, as at the date of this announcement, US\$ 21,603,917.05 (or approximately HK\$168,510,553), and will be forgiven, discharged and extinguished at Completion. This sum is predominantly a legacy of the initial acquisition funding used by the Company to first acquire its indirect 40 per cent. stake in YSSCCL, that was simply pushed down to Regent Metals by way of intra Group loans to facilitate that acquisition and importantly provide tax efficiency within the Group structure for the acquisition of YSSCCL.



## Conditions

Completion of the Share Purchase Agreement is conditional upon fulfilment or, to the extent capable of being waived, waiver of, *inter alia*, the following conditions:

- (i) the shareholders of the Company having passed a resolution or resolutions approving (a) the Disposal, (b) the surrender and the release of the Intercompany Debt and (c) the assignment of the Intercompany Receivables;
- (ii) each of Regent Metals (Jersey) and the Purchaser (as applicable to it) having performed or complied with (in all material respects) its obligations, undertakings and covenants set out and contained in the Share Purchase Agreement on or prior to Completion;
- (iii) obtaining of all necessary approvals and documents required under the laws of Barbados for the effective transfer of the Sale Share to the Purchaser, including, but not limited to, the written permission of the Exchange Control Authority of the Central Bank of Barbados approving the transfer of the Sale Share; and
- (iv) the warranties given by the parties to the Share Purchase Agreement remaining true, accurate and not misleading in all material respects, disregarding any breaches or inaccuracies thereof that, individually or in the aggregate, do not and will not result in a material adverse effect on the Company's equity interest in YSSCCL or on the assets, liabilities or financial condition of Regent Metals.

Absent any default by either the Purchaser or Regent Metals (Jersey) under the Share Purchase Agreement, in the event that any of the conditions remains unsatisfied on the Long Stop Date, either the Purchaser or Regent Metals (Jersey) may terminate the Share Purchase Agreement.

## Termination

In certain circumstances, the Share Purchase Agreement provides for either the Purchaser or Regent Metals (Jersey) to have the right to terminate before Completion if there has been a material breach of certain warranties or obligations set out in the Share Purchase Agreement.

## Completion

Completion will take place on the day that is one Business Day after the satisfaction or, where capable of waiver, waiver of the last of the conditions and in any event by the Long Stop Date (or such date as may be agreed between the parties).





## BASIS OF TOTAL CONSIDERATION

The total consideration was determined on the basis of normal commercial terms and arm's length negotiations between the parties with reference to, *inter alia*: (i) the undepleted resource and reserve; (ii) the grade of ore and mine planning; (iii) the historical and forecast production numbers; and (iv) the life of mine plan, in each case in respect of the Dapingzhang Mine.

Accordingly, the Directors believe that the total consideration is fair and reasonable and in the interest of Shareholders as a whole.

## YSSCCL, REGENT METALS AND THE DAPINGZHANG MINE

The Dapingzhang Mine is an 'in-production' volcanogenic massive sulphide ("VMS") open pit copper / zinc mine in the PRC, the world's largest consumer of copper and zinc. The Company holds its 40 per cent. equity interest in the project through a Sino-foreign joint venture with its two Chinese joint venture partners, Yuxi Resources Corporation (an indirect subsidiary of Yunnan Copper (Group) Company Limited, a PRC State-Owned Entity), holding 50 per cent., and Yunnan Dingtai Investment Co., Ltd, holding the remaining 10 per cent.

As at 30 June 2010 the Dapingzhang Mine had reserves 18.9Mt at 0.9 per cent. copper and 0.4 per cent. zinc (178.4 Kt contained copper and 73.9 Kt contained zinc). The Dapingzhang Mine commenced operations in 2004 and the production of separate copper and zinc concentrates from massive sulphide ore using differential flotation techniques commenced in April 2008. Production capacity was increased to 1.5 Mtpa, from 1.0 Mtpa, in early 2010.

The Dapingzhang Mine has all material requisition rights to conduct its mining and exploration activities, including a 4,000 tpd mining/milling project approval by the Yunnan Development and Reform Commission, as well as various safety, open cut mining, environment and forestry permits from the relevant Government agencies in the PRC.

Tenement details, together with resource, reserve and production data are set out below:

Name	Type	License No	Area (sq km)	Expiry date
DPZ	Mining	5300000520208	2.75	1-Aug-15
DWZ	Exploration	5300000730918	2.35	8-Jul-10
DWZ north extension	Exploration	53120081002016718	7.52	17-Oct-10
Zonghe	Exploration	53120081002016767	16.22	10-Oct-10
Xiben	Exploration	53220090302026478	41.93	23-Mar-12
Mangda	Exploration	53220090302026473	36.02	23-Mar-12



## Resources & Reserves

	Ore (Mt)	Grade				Contained Metals			
		Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Zn (kt)	Au (t)	Ag (t)
<b>Reserves</b>									
111b (Proven)	10.8	0.9%	0.3%	0.2	8.2	98.5	31.1	2.2	88.3
122b (Probable)	7.2	1.0%	0.4%	0.2	8.5	70.4	30.2	1.7	61.1
<b>Total Reserves</b>	<b>18.9</b>	<b>0.9%</b>	<b>0.4%</b>	<b>0.2</b>	<b>8.3</b>	<b>178.4</b>	<b>73.9</b>	<b>4.2</b>	<b>157.6</b>
<b>Resources</b>									
331 (Measured)	4.8	0.7%	0.4%	0.1	6.6	32.6	17.2	0.7	31.6
332 (Indicated)	6.0	0.7%	0.3%	0.1	6.4	43.3	17.5	0.8	38.6
333 (Inferred)	4.1	0.5%	0.1%	0.1	4.2	22.3	4.5	0.4	17.5
<b>Total Resources</b>	<b>14.9</b>	<b>0.7%</b>	<b>0.3%</b>	<b>0.1</b>	<b>5.9</b>	<b>98.2</b>	<b>39.2</b>	<b>1.9</b>	<b>87.7</b>
<b>Total Reserves and Resources</b>	<b>33.9</b>	<b>0.8%</b>	<b>0.3%</b>	<b>0.2</b>	<b>7.2</b>	<b>276.6</b>	<b>113.1</b>	<b>6.0</b>	<b>245.3</b>

Note: Reserves and resources are current as at June 2010 and are based on PRC standards. Production from July 2009 to June 2010 have been subtracted from 111b (Proven) resources last updated June 2009.

## Mining, Production and Costs

Set out below are the mining, production and costs for the six months ended 30 June 2010.

Table 1

Copper Production *			Copper and Zinc Production ^		
	Units			Units	
Ore mined	T	787,788	Ore mined	t	194,763
Grade Cu	%	0.50	Grade Zn	%	1.37
			Grade Cu	%	0.75
Ore milled	T	274,643	Ore milled	t	234,417
Cu grade	%	0.69 <sup>#</sup>	Zn grade	%	1.35
			Cu grade	%	0.73
Cu recoveries	%	91.62	Zn recoveries	%	59.31
			Cu recoveries	%	78.77

\*Single copper flotation from processing disseminated copper ore

^Differential flotation from processing massive copper – zinc rich ore

# The copper grade processed is higher than the grade of copper mined during the period as some copper ore was processed from stockpiles on site





Table 2

**Concentrate Production and Sales**

	Units	
<b>Production</b>		
Copper concentrate*	t	9,386
Copper and Zinc	t	11,162
<b>Concentrate Sales</b>		
Copper concentrate*	t	8,891
Copper and Zinc concentrate^	t	13,528
<b>Contained Metal</b>		
Cu	t	2,664
Zn	t	2,969
Au	oz	760
Ag	oz	61,114

\*Single copper flotation from processing disseminated copper ore

^Differential flotation from processing massive copper – zinc rich ore

Table 3

**Operating Costs**

(Copper equivalent)

(HKFRS adjusted)

US\$'000

Operating costs*	15,602
Transportation costs	874
By-product credit^	(1,096)
Total cash costs	<u>15,380</u>
Depreciation and amortisation#	<u>2,628</u>
Total production cost	<u>18,008</u>

\* Exploration and resource drilling expenditures are not included in mine site cash costs

^ Revenue from sale of gold and silver

# Includes amortisation of mine assets and exploration and resource drilling

For the six months ended 30 June 2010, a total of 3.73 million cubic meters of waste (2009: 1.3 million cubic meters) and 982,551 tonnes of ore (2009: 345,137 tonnes) were mined.

During the six months ended 30 June 2010, YSSCCL's operations have produced 9,386 tonnes of copper concentrate (2009: 6,369 tonnes) from single copper flotation and 11,162 tonnes of separate copper concentrate and zinc concentrate (2009: 12,590 tonnes) from differential flotation. Contained metal for the six months ended 30 June 2010 was 2,664 tonnes copper (2009: 2,394 tonnes) and 2,969 tonnes zinc (2009: 2,275 tonnes). This produced revenue of RMB 136.63 million or US\$20.02 million (2009: RMB 83.51 million or US\$12.22 million).



Total cash costs for the six months ended 30 June 2010 were US\$1.41 per lb copper equivalent (2009: US\$0.74 per lb copper equivalent).

The average copper price and zinc price in the six months ended 30 June 2010 were RMB 46,978 per tonne (approximately US\$6,883 per tonne) and RMB 8,741 per tonne (approximately US\$1,281 per tonne), respectively, which were 53 per cent. and 12 per cent. above 2009 results for the six months ended 30 June 2009.

## Exploration

YSSCCL has continued the near-mine exploration activity at its Rongfa area with the aim of expanding its resources. A total of 757.3 meters were completed in 5 HQ diamond drill holes during the six months period to 30 June 2010. These drill holes intersected low grade copper and zinc mineralisation which has extended the Rongfa VMS system by at least 100 meters. The total cost for the program is approximately RMB 1.1 million (approximately US\$0.16 million).

Following Completion, Regent Metals will cease to be a subsidiary or member of the Group.

## Yinzishan Mine

Importantly for the Group, the Company's 97.5 per cent. indirect interest in its Yinzishan Mine (held through a Sino-foreign cooperative joint venture enterprise, Simao Regent Minerals Limited) has been retained and the Company will continue with its exploration programme to locate resources of copper, zinc, as well as other multi-metal (including gold) mineral resources in close proximity to the Dapingzhang Mine.

## NOT A CONNECTED TRANSACTION

As at the date of this announcement, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Purchaser and its/their ultimate respective beneficial owner(s) is a third party independent of the Company and is not a connected person of the Group.

## PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified mining group focused, primarily, on the Asian region. While it explores for and mines copper, zinc, gold, silver, lead and thermal coal, it also has passive interests in Venturex Resources Limited



(19.99%) and BC Iron Limited (16.53%). Its principal assets are located in Yunnan Province, Inner Mongolia and Xinjiang, China.

## **PRINCIPAL BUSINESS ACTIVITIES OF THE PURCHASER**

The Purchaser is a company incorporated in the British Virgin Islands, whose business concerns investment in mining business, exploration, mine design and other related technical and consulting services.

## **FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP**

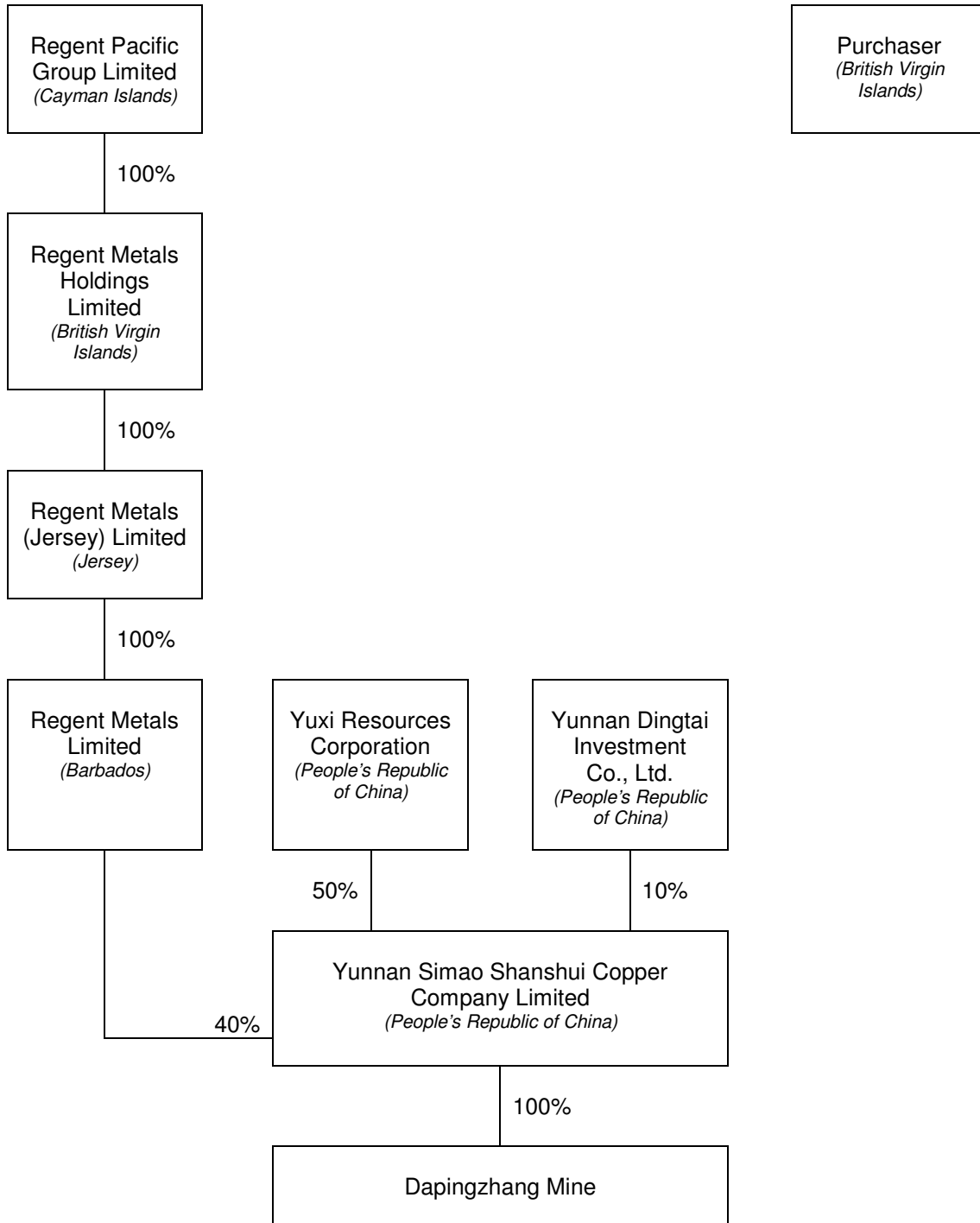
To consider the financial effects of the Disposal on a standalone basis, the Group would expect to realise a net gain before expenses for the Disposal of approximately US\$11.19 million (or approximately HK\$87.28 million), calculated by deducting the Consideration from the value (book value) of the Company's interest in Regent Metals as included in the Company's latest audited accounts for the year ended 31 December 2009, being US\$51.99 million (or approximately HK\$405.52), comprising its 40 per cent. interest in YSSCCL of approximately US\$36.89 million (or approximately HK\$287.74 million), goodwill of approximately US\$1.88 million (or approximately HK\$14.66 million), dividend receivables from YSSCCL of US\$12.05 million (or approximately HK\$93.99 million) and other assets net of liabilities of approximately US\$1.17 million (or approximately HK\$9.13 million). Regent Metals has produced a net gain (both before and after taxation and extraordinary items) of approximately US\$5.96 million (or approximately HK\$46.49 million) for the year ended 31 December 2009 and approximately US\$4.16 million (or approximately HK\$32.45 million) for the year ended 31 December 2008 and Regent Metals had net assets of US\$10.77 million (or approximately HK\$84.01) at 31 December 2009 and US\$4.82 million (or approximately HK\$37.60) at 31 December 2008. The net gain of approximately US\$11.19 million (or approximately HK\$87.28 million) realised from the Disposal is because the consideration for the Disposal exceeded the Company's interest in Regent Metals. Shareholders shall note that the Company paid approximately US\$20 million (or approximately HK\$156 million) in cash for acquiring its stake in YSSCCL in February 2006. No further capital was injected by the Group into YSSCCL. The goodwill component of the value (book value) of the Company's stake in YSSCCL, being approximately US\$1.88 million (or approximately HK\$14.66 million), represents the excess of the cost of the investment over the Group's interest in the net fair value of YSSCCL's identifiable assets, liabilities and contingent liabilities. Therefore the Company will receive back a total net cash contribution of approximately US\$43.18 million (or approximately HK\$336.80).

The Disposal will represent a 'cash-on-cash' return of 3.2 times the Company's original cash investment of US\$20 million (or approximately HK\$156 million) and will generate an internal rate of return of 38%, including receipt of dividends received of US\$4.20 million (or approximately HK\$32.76 million), which is a very satisfactory result.



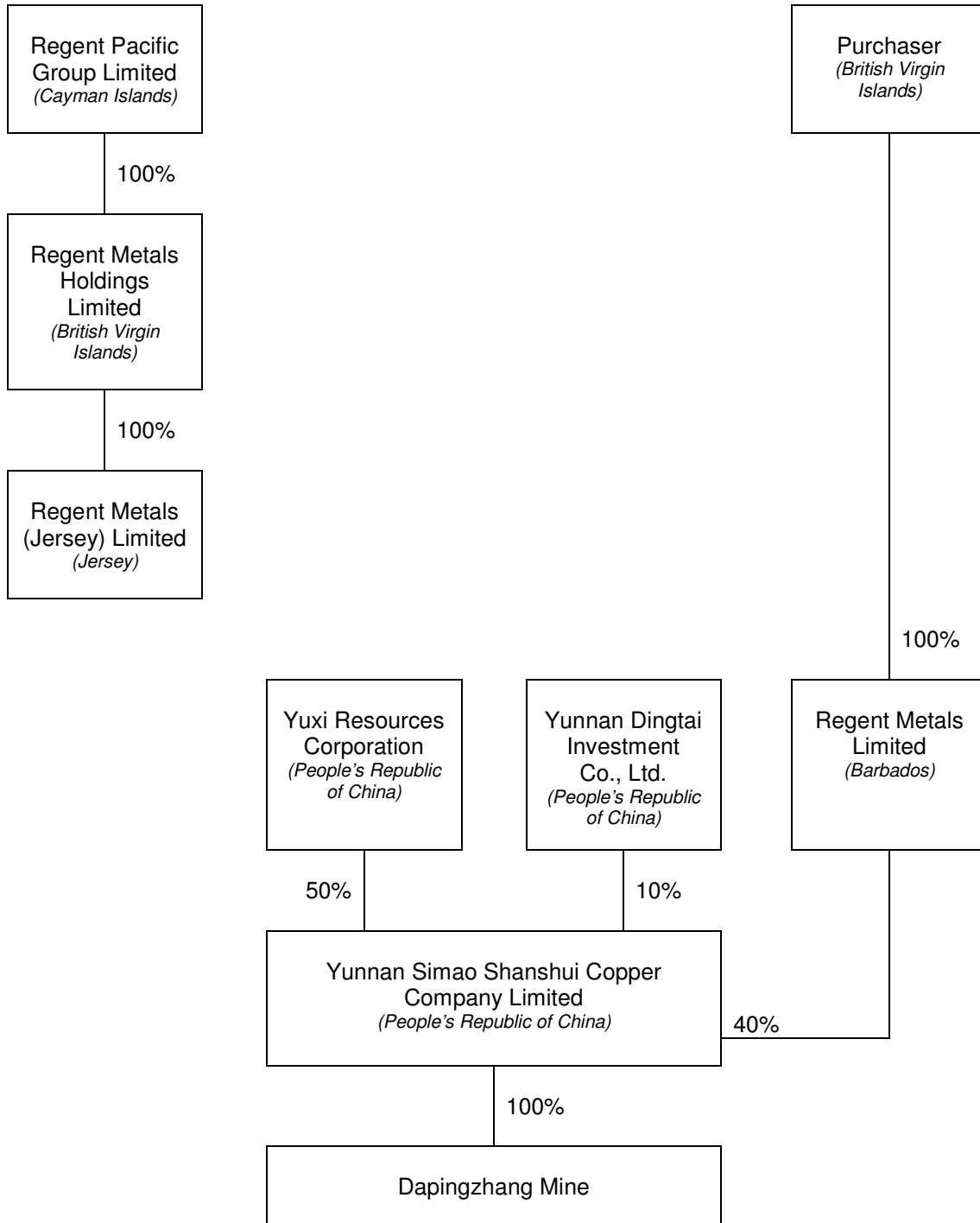
## STRUCTURE OF THE TRANSACTION

At the launch of the transaction





At completion





## INDICATIVE TIMETABLE OF THE TRANSACTION

27 October 2010	Signing of the Share Purchase Agreement
17 November 2010	Despatch of the Circular setting out further details of the Disposal
8 December 2010	EGM
In or around 10 December 2010	Completion

This timetable is indicative only and is subject to change due to various factors, including regulatory approvals. The Company will notify Shareholders of any material change to the expected timetable if and when appropriate.

## MAJOR TRANSACTION

The Disposal constitutes a major transaction for the Company and is subject to reporting, announcement and shareholders' approval requirements under the HK Listing Rules.

Completion of the Disposal is conditional upon, *inter alia*, the approval of the Shareholders voting at the EGM.

## REASONS FOR THE TRANSACTION

The Company has been re-evaluating its portfolio of assets and is considering a range of strategic options to further enhance shareholder value. As part of this re-evaluation, the Company decided to commence a process to divest its entire interest in the Dapingzhang Mine located in Yunnan Province, PRC.

In conjunction with the intended sale process, the Purchaser emerged with an offer which the Directors considered to be fair and reasonable.

The proceeds of the Disposal will be used by the Group to acquire controlling and operational interests in exciting and compatible mining assets (some of which have already been identified and extensively diligenced), in order to enhance Shareholders' value. Our expert in-house technical and execution teams are unwavering in their commitment to find the next 'big thing' for the Group.





The Company remains committed to transforming the Group to become Hong Kong's next major mid tier mining house focused on bulk commodities, base metals and gold in the Asia Pacific region. The proceeds of the Disposal will be used by the Group to acquire, explore and develop strategic mining assets covering targeted commodities across select regional markets (principally Asia-Pacific). As a Hong Kong listed mining company, the Company aims to serve as a platform for growth and a cultivator of high quality, accretive mining assets across Asia-Pacific.

The Directors are of the view that the terms of the Disposal are fair and reasonable and in the interest of the Company and Shareholders as a whole. The Directors unanimously recommend the Shareholders to vote in favour of the Disposal at the EGM.

## **GENERAL**

The Circular containing, among other things, further details of the Disposal, and notice of the EGM, will be despatched to the Shareholders as soon as practicable.

**Shareholders and potential investors should note that the Share Purchase Agreement is subject to conditions to be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**



## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context require otherwise:

<b>“Account”</b>	has the meaning given to it in the paragraph titled “Total Consideration under the Share Purchase Agreement”
<b>“associate(s)”</b>	shall have the meaning defined in the HK Listing Rules
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day which is not a Saturday, Sunday or a public holiday in Hong Kong
<b>“China” or “PRC”</b>	Peoples’ Republic of China
<b>“Circular”</b>	the Shareholders’ circular to be issued by the Company in relation to the Disposal pursuant to the HK Listing Rules
<b>“Company”</b>	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“Completion”</b>	completion of the Share Purchase Agreement and the transactions contemplated in it
<b>“connected person(s)”</b>	shall have the meaning defined in Chapter 14A of the HK Listing Rules
<b>“Consideration”</b>	has the meaning given to it in the paragraph titled “Total Consideration under the Share Purchase Agreement”
<b>“Dapingzhang Mine”</b>	the poly metallic copper, zinc mine owned and operated by YSSCCL
<b>“Deposit”</b>	has the meaning given to it in the paragraph titled “Total Consideration under the Share Purchase Agreement”



<b>“Director(s)”</b>	the directors of the Company
<b>“Disposal”</b>	the sale of the Sale Share by Regent Metals (Jersey) to the Purchaser, together with the consummation of the other transactions contemplated in the Share Purchase Agreement, on and subject to the terms and conditions set out in the Share Purchase Agreement
<b>“EGM”</b>	an extraordinary general meeting of the Company to be held to consider and approve the Disposal, the details of which will be set out in the Circular
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK Listing Rules”</b>	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
<b>“HK Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency in Hong Kong
<b>“Intercompany Debt”</b>	all the intragroup indebtedness due or owed by Regent Metals to Regent Metals (Jersey) and other Group members pursuant to the loan agreement entered into between Regent Metals and Regent Metals (Jersey) on 7 August 2006, together with other indebtedness, being, as at the date of this announcement, US\$21,603,917.05 (or approximately HK\$168,510,553), to be forgiven, discharged and extinguished at Completion
<b>“Intercompany Receivables”</b>	all sums receivable by the Group (excluding Regent Metals) that remain outstanding from YSSCCL, being, as at the date of this announcement, US\$1,295,785.82 (or approximately HK\$10,107,129.39), to be assigned to the Purchaser at Completion
<b>“Long Stop Date”</b>	31 December 2010 or, in any event, such other date as may be agreed between Regent Metals (Jersey) and the Purchaser



<b>“Purchaser”</b>	Grand Long Enterprises Limited, a company incorporated in the British Virgin Islands
<b>“Regent Metals”</b>	Regent Metals Limited, a wholly and indirectly owned subsidiary of the Company incorporated in Barbados
<b>“Regent Metals (Jersey)”</b>	Regent Metals (Jersey) Limited, a wholly and indirectly owned subsidiary of the Company incorporated in the Channel Islands
<b>“Restricted Deposit”</b>	has the meaning given to it in the paragraph titled “Total Consideration under the Share Purchase Agreement”
<b>“RMB”</b>	Renminbi, the lawful currency in China
<b>“Sale Share”</b>	one common share of nil par value, being the entire issued share capital of Regent Metals that is held by Regent Metals (Jersey)
<b>“Shareholder(s)”</b>	the holders of the Shares
<b>“Share(s)”</b>	the ordinary shares, with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
<b>“Share Purchase Agreement”</b>	the share purchase agreement entered into between (i) Regent Metals (Jersey) as seller; (ii) the Purchaser; and (iii) the Company as guarantors on 27 October 2010, pursuant to which Regent Metals (Jersey) has agreed to sell, and the Purchaser has agreed to purchase, the Sale Share
<b>“Unrestricted Deposit”</b>	has the meaning given to it in the paragraph titled “Total Consideration under the Share Purchase Agreement”
<b>“US\$”</b>	United States dollars, the lawful currency in the United States



**“US\$ Equivalent”**

the equivalent amount of US\$ in respect of RMB stipulated herein using the relevant US\$:RMB exchange rate published by The Hongkong and Shanghai Banking Corporation Limited in Hong Kong on the last day (which must be a Business Day) immediately preceding the day on which the relevant payment is due under the Share Purchase Agreement

**“YSSCCL”**

Yunnan Simao Shanshui Copper Company Limited, a PRC established Sino-foreign joint venture company which owns and operates the Dapingzhang Mine, in which the Company holds an indirect 40 per cent. interest

Note: Unless otherwise specified herein, amounts denominated in US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.80.

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

Jamie Gibson  
*Director*

**Directors of the Company:**

James Mellon (*Co-Chairman*)<sup>\*</sup>  
Stephen Dattels (*Co-Chairman*)<sup>\*</sup>  
Jamie Gibson (*Chief Executive Officer*)  
David Comba<sup>#</sup>  
Julie Oates<sup>#</sup>  
Mark Searle<sup>#</sup>  
Jayne Sutcliffe<sup>\*</sup>

<sup>\*</sup> *Non-Executive Directors*

<sup>#</sup> *Independent Non-Executive Directors*

Hong Kong, 27 October 2010