



Regent Pacific Group Limited



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

14 September 2007



ANNOUNCEMENT

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ANNOUNCEMENT VERY SUBSTANTIAL TRANSACTION INVOLVING ISSUE OF CONSIDERATION SHARES AND RESUMPTION OF TRADING

Financial Adviser to the Company
Morgan Stanley



SUMMARY

Reference is made to the Company's announcements on 29 June 2007, 3 July 2007, 16 July 2007 and 1 August 2007, pursuant to which the Board announced that it was in discussions with counterparties in respect of possible acquisitions of various mining assets in the PRC.

The Board is now pleased to announce that: (i) on 4 September 2007, the Company entered into the Share Purchase Agreement (as amended by the Amendment Agreement entered into on 14 September 2007) with the Sellers, pursuant to which the Sellers agreed to sell and the Company agreed to purchase 20.38 per cent. of the existing issued share capital of CCEC; and (ii) Morgan Stanley, the financial adviser to the Company in the Transaction, will on behalf of the Company offer to acquire the remaining 79.62 per cent. of the existing issued share capital of CCEC from the Investors. As at the date of this announcement, the Company has received irrevocable undertakings from the Excluded Investors (other than RAB) that they will accept the Offer in respect of 45.33 per cent. of the existing share capital of CCEC beneficially owned by them. Accordingly, as at the date of this announcement, the Company has secured rights to acquire 65.71 per cent. of the existing share capital of CCEC.

The consideration of both (i) and (ii) will be paid or delivered to the Sellers and, upon acceptance of the Offer, the Investors by way of issuance of the Consideration Shares at an exchange ratio of 5,509.3721 Shares per CCEC share (i.e. the Exchange Ratio). Based on the Issue Price of HK\$1.07 per Share, the total consideration shall have a value of approximately HK\$1.24 billion (being approximately US\$158.71 million) provided that all Investors accept the Offer. In the event that, subject to the Company's consent, CCEC raises any additional equity capital from the Investors (other than the Excluded Investors) through CCEC's Post-Signing Placing prior to Completion, the Company shall increase the consideration by way of issuance of the Additional Consideration Shares at the aforementioned Exchange Ratio. The number of the Additional Consideration Shares shall not be more than the number of new Shares to be issued by the Company upon its exercising of the general mandate, should the Company decide to do so.

CCEC is an investment holding company which focuses on the acquisition of coal projects at various stages of development in China. Its main acquisition targets are high-quality, low capital coal operations in China's regional coal development centres such as Inner Mongolia, Xinjiang, Yunnan and Shanxi. CCEC is at various stages of negotiation on a number of acquisition targets. CCEC's management team has the relevant global exploration and mining experience as well as China deal execution expertise.

As at the date of this announcement, CCEC has entered into the ACIL Project SPA, the Ji Ri Ga Lang Project SPA and the Yuke Option Agreements, which, upon consummation, shall give CCEC rights to acquire interests (both operational and economic) in coal and coal related projects in Yunnan, Inner Mongolia and Xinjiang.

As stated on the Company's website, the Company is an investment holding company focused on investing in mining assets, principally in the PRC. The Company envisages being Hong Kong's next major mining house, acquisitive transactions such as the proposed acquisition of CCEC are an essential part of its overall strategy for meeting this objective.

The PRC market is the world's largest consumer of coal and there is a shortage of this form of energy. Prices for thermal coal, coking coal and coal related by-products have been rising in the PRC. In view of the continued economic growth and accelerated industrialization and urbanization in the PRC, thermal coal, coking coal and coal related by-products will be in sustained demand in the PRC. The Directors are optimistic about the future prospects for these commodities and products. The Directors believe that the Transaction with CCEC, a company focused on the acquisition of coal projects in the PRC, provides the Group with an opportunity to strengthen its position in the PRC's coal industry and create value for all its Shareholders. By diversifying the Group's investment portfolio, the Group will be less susceptible to fluctuations of raw commodity prices. In addition, the retention of the CCEC management team will strengthen the expertise of the Group's management in the mining business and enable the Group to benefit from their knowledge and experience. This will facilitate the Group's development and expansion in the coal industry.



If, before 28 February 2008 (or otherwise agreed among the Company and the Sellers), the Sellers deliver, or cause to be delivered, to the Company evidence (satisfactory to the Company) that the relevant Conditions have been met, the Company will issue to the Sellers and, upon acceptance of the Offer, the Investors, the Consideration Shares and, if applicable, the Additional Consideration Shares, apportioned on a *pro rata* basis according to their shareholdings in CCEC.

On 5 September 2007, the Company entered into the Finder's Fee Agreement with Stephen Dattels, existing chairman and director of CCEC, pursuant to which the Company has agreed to issue 75,000,000 new Shares by way of consideration for introducing the Transaction to the Company. The issuance of the Finder's Fee Shares shall be subject to Completion and the satisfaction of the Conditions.

The terms of the Transaction were negotiated on an arm's length basis and the Directors (including the independent non-executive Directors) consider that the Transaction 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 Transaction constitutes a very substantial transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

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

TRADING SUSPENSION AND RESUMPTION

The Shares were, at the Company's request, suspended from trading on the Stock Exchange with effect from 9.30 a.m. on 3 September 2007. The Company has made an application to the Stock Exchange for resumption of trading of its Shares with effect from 9.30 a.m. on 17 September 2007.

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 SHARE PURCHASE AGREEMENT

Date

4 September 2007

Parties

Seller: the Sellers

Purchaser: the Company

Sellers' Guarantors: Adrian Lungan and Rick Lu

CCEC

Interests to be Acquired

42,800 Sale Shares held by the Sellers

Total consideration under the Share Purchase Agreement

The total consideration under the Share Purchase Agreement shall be paid or delivered to the Sellers by way of issuance of 235,801,126 Consideration Shares at the Issue Price of HK\$1.07. Based on the Issue Price, such consideration shall have a value of approximately HK\$252.31 million (being approximately US\$32.35 million). The Issue Price represents a discount of 3.95 per cent. to the Average Closing Price of HK\$1.114, a discount of 11.57



per cent. to the closing price of Shares of HK\$1.21 on the Stock Exchange on 31 August 2007 (being the last trading day of the Shares preceding the date of this announcement) and a premium of 923.92 per cent. over the audited net asset value of the Company per Share (being US\$0.0134, approximately HK\$0.1045) as at 31 March 2007.

If, before 28 February 2008 (or otherwise agreed among the parties), the Sellers deliver, or cause to be delivered, to the Company evidence (satisfactory to the Company) that the relevant Conditions have been met, the Company will issue to the Sellers 235,801,126 Consideration Shares, *pro rata* according to each Seller's relevant interest in CCEC.

Conditions

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

- (i) the passing of an ordinary resolution by the Shareholders approving the Transaction (including the issue of the Consideration Shares and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares pursuant to a specific mandate to be sought at the EGM) pursuant to the Listing Rules;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares;
- (iii) the ACIL Project SPA having closed in accordance with its terms;
- (iv) the exploration licence/permit of ACMC remaining valid and of full force and effect and any and all licence/permit renewal or reissuance fees or use fees in respect of the same having been paid in full;
- (v) the representations and warranties contained in the Share Purchase Agreement remaining true and correct in all material respects at Completion and the Sellers being in material compliance with their obligations thereunder;
- (vi) all regulatory approvals of the Sellers required under the Share Purchase Agreement having been obtained and remaining in full force and effect;
- (vii) all contracts between CCEC and counter parties in respect of the Wuxiang Project (other than the Nuenco Loan Agreement) having been terminated or assigned;
- (viii) the execution of service contracts by certain key management staff of CCEC with the Company on terms satisfactory to them;
- (ix) no event, circumstance or development or combination of events, circumstances or developments occurring that, individually or in the aggregate, has had or will have a material adverse effect on CCEC or the Projects;
- (x) the Company having received PRC legal opinions, endorsing, among other things, the legality and enforceability of the Ji Ri Ga Lang Project SPA;
- (xi) the Offer remaining open for acceptance for not less than 20 US business days (being days which are not a Saturday, a Sunday or a public holiday in the US) and the subsequent completion of the transactions contemplated in the Offer; and
- (xii) the consultancy agreement between CCEC and GCM dated 1 May 2007 having been amended to limit the participation right or right of first refusal of GCM in any coal related projects (of which CCEC has the right of first refusal under the Share Purchase Agreement, for details, please refer to the paragraph headed "Right of First Refusal" below) to only one project identified and selected by the Company and GCM, on terms satisfactory to the Company and GCM.



In relation to condition (iii), given the capital commitments of CCEC upon completion of the Project SPAs, all parties agreed that it would be in the best interests of CCEC and the Company to acquire the interests in the Projects in stages. As the business of Project 1 has been in operation since 2004 while most of the other Projects are either exploration projects or undergoing construction, the parties decided to complete the ACIL Project SPA before Completion, and made this a condition precedent to Completion. For details, please refer to the paragraph headed "Expected Timetable of the Transaction" of this announcement.

Termination

In certain circumstances, the Share Purchase Agreement provides for either the Company or the Sellers to have the right to terminate before Completion if there has been a material breach of certain warranties and obligations set out in the Share Purchase Agreement.

Where the Share Purchase Agreement is terminated (absent the fault of the Company), CCEC undertakes to pay or procure the payment to the Company (in lieu of all other rights or remedies available to the Company) a reimbursement fee of up to US\$3,000,000 to reimburse the Company for its actual costs and expenses incurred in connection with the Transaction if, and only if:

- (i) at or before the termination of the Share Purchase Agreement, CCEC or any Seller is in breach of its obligations not to solicit competing proposals from other interested buyers; and
- (ii) during the period of 12 months from the date of the Share Purchase Agreement, any Seller, CCEC, ACMC or Project 1 or any of their respective affiliates enter into any arrangement or agree to enter into any arrangement in respect of a competing proposal.

Completion

Completion will take place on the second Business Day after the Conditions have been fulfilled or, where capable, waived and in any event by 28 February 2008 (or such date as may be agreed between the parties).

The parties under the Share Purchase Agreement have agreed that completion of the transactions contemplated under both the Share Purchase Agreement and the Offer shall be inter-conditional and shall be completed simultaneously on the Completion Date.

Completion is not conditional upon the consummation of the Project SPAs (other than the ACIL Project SPA).

Right of First Refusal

CCEC and the Sellers have agreed to give the Company a right of first refusal in respect of certain specific coal related projects (including the Projects and the Wuxiang Project, whether directly or indirectly through Nuenco or such other entity holding the interest in the Wuxiang Project) they have been investigating in the PRC. As at the date of this announcement, save for the Projects as disclosed in this announcement, no binding definitive agreements have been entered into by CCEC nor has the Company carried out any due diligence in respect of such possible projects (apart from the Wuxiang Project). However, should the Company or any entity controlled by it exercise any such right of first refusal and enter into definitive agreements in respect of the same (post Completion), further announcements will be made in compliance with the Listing Rules.

The Amendment Agreement

On 14 September 2007, the parties entered into the Amendment Agreement pursuant to which the parties have agreed to amend certain terms of CCEC's Post-Signing Placing (as defined below) set out in the original Share Purchase Agreement. For details, please refer to the paragraph headed "The Offer to Investors" below.

THE OFFER TO INVESTORS

Morgan Stanley, the financial adviser to the Company in the Transaction, will make the Offer on behalf of the Company to the Investors to acquire 167,200 Sale Shares held by them which, together with 42,800 Sale Shares held by the Sellers, represent all of the issued and outstanding share capital of CCEC as at the date of this



announcement. In this connection, assuming full acceptance of the Offer by the Investors, the Company will issue 921,167,014 Consideration Shares to the Investors *pro rata* according to each Investor's relevant interest in CCEC. The Issue Price under the Share Purchase Agreement and the Offer are the same. Accordingly, the consideration for the Sale Shares under the Offer shall have a value of approximately HK\$985.65 million (being approximately US\$126.36 million), based on the Issue Price.

In the meantime, CCEC is planning to raise additional funding by the placing of new CCEC shares to the Investors (other than the Excluded Investors) before Completion in order to finance certain of CCEC's capital commitments for the Projects ("**CCEC's Post-Signing Placing**"). In the event that CCEC raises any additional equity capital from the Investors (other than the Excluded Investors) prior to Completion, the consideration payable by the Company under the proposed Offer shall increase and be satisfied by way of issuance of the Additional Consideration Shares. However, under the Share Purchase Agreement and the Amendment Agreement, any such interim CCEC's Post-Signing Placing shall be subject to the Company's consent, shall only be raised from the Investors (other than the Excluded Investors) and shall take place after a capital raising by the Company upon exercising its general mandate, should the Company decide to do so. The purpose of such arrangement is that the Company and CCEC shall each seek to raise the same amount of funds to finance CCEC's capital commitments for the Projects.

In the event that CCEC abandons or fails to complete CCEC's Post-Signing Placing, CCEC will use its internal cash resources to finance CCEC's capital commitments for the Projects and to the extent that there is a shortfall, the Company will provide funding using its internal cash resources and proceeds from its equity fund raising activities. The Company does certainly contemplate raising additional funding to help meet CCEC's capital commitments for the Projects, but such funding is not a condition to Completion. Should any additional funding be raised or any associated placing or fund raising document be entered into, the Company will make the requisite disclosures required under the Listing Rules at that time, including the making of any necessary announcement and the inclusion of the relevant details in the Circular. Equally, should a specific mandate be sought from the Shareholders at the EGM for such purpose, relevant details will be set out in the Circular.

If all the Investors accept the Offer, subject to Completion, the Company will issue 1,156,968,140 Consideration Shares for the 210,000 Sale Shares held by the Sellers and Investors, equating to an exchange ratio of 5,509.3721 Shares per CCEC share (the "**Exchange Ratio**").

The number of any Additional Consideration Shares to be issued under the Offer shall also be determined on the basis of the Exchange Ratio.

The parties have agreed that the number of Additional Consideration Shares to be issued by the Company pursuant to the Offer will not be more than the number of new Shares issued by the Company upon its exercise of the general mandate (the current general mandate as at the date of this announcement allows the Company to issue up to 293,339,464 Shares). As the Exchange Ratio is fixed, this effectively means that CCEC cannot issue more than 53,243 new CCEC shares pursuant to CCEC's Post-Signing Placing. The parties have also agreed that the gross proceeds raised pursuant to CCEC's Post-Signing Placing on a per CCEC share basis shall be approximately equivalent to the product of: (i) 5,509.3721; and (ii) the gross proceeds per Share raised by the Company upon exercising its general mandate, and that the proceeds raised by CCEC can only be used to discharge the capital commitment under the ACIL Project SPA, the Ji Ri Ga Lang Project SPA and for general working capital requirements.

Assuming that the Company exhausts all of its existing general mandate and that CCEC raises approximately the same amount so raised by the Company through the issuance of 53,243 new CCEC shares, the Company would issue a maximum of 293,335,498 Additional Consideration Shares.

The Company intends to make the Offer to the Investors upon completion of CCEC's Post-Signing Placing. In the event CCEC abandons or fails to complete CCEC's Post-Signing Placing, the Company will still make the Offer to the Investors to acquire 167,200 Sale Shares currently held by the Investors.



Upon Morgan Stanley formally making the Offer on behalf of the Company, each Investor, severally and not jointly, has not less than 20 US business days to accept the Offer and, upon doing so, will be required to tender all (and not some) of its Sale Shares (and its CCEC shares acquired through CCEC's Post-Signing Placing, if any) to the Company at or prior to Completion.

As at the date of this announcement, the Company has received irrevocable undertakings from the Excluded Investors (other than RAB) that they will accept the Offer in respect of 95,200 Sale Shares beneficially owned by them (approximately 45.33 per cent. of the existing share capital of CCEC). Accordingly, as at the date of this announcement, the Company has secured rights to acquire 65.71 per cent. of the existing share capital of CCEC. Such irrevocable undertakings will lapse if: (i) the Offer is not made on or before 15 January 2008; or (ii) the Offer lapses or is withdrawn without having become wholly unconditional.

The Offer is conditional upon, *inter alia*, fulfilment or, to the extent capable of being waived, waiver of: (i) the Conditions under the Share Purchase Agreement; (ii) completion of the Share Purchase Agreement (subject only to completion of the Offer); and (iii) the Company having received by the close of the Offer, valid acceptances (satisfactory to the Company) in respect of such number of issued shares in CCEC which, when taken together with the Sale Shares to be acquired by the Company under the Share Purchase Agreement, will result in the Company holding such number of shares in CCEC carrying not less than 90 per cent. of the voting rights attributable to the issued share capital of CCEC at the close of the Offer.

The Offer shall lapse upon the termination of the Share Purchase Agreement.

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*, the value of CCEC's contractual rights to acquire interests in the Projects, the technical expertise of the CCEC management team and their intention to stay with CCEC post Completion, an assessment of the future business potential of the Projects and the outlook for thermal coal, coking coal and certain coal related by-products in the PRC. In light of the uncertainties concerning the completion of the Project SPAs (other than the ACIL Project), the Directors still believe that the Total Consideration is fair and reasonable and in the interest of Shareholders because the Directors expect that at the very least the completion of the First-Stage ACMC Acquisition and the ACIL Project SPA will happen.

DETAILS OF CCEC

CCEC is an investment holding company incorporated in the British Virgin Islands on 27 July 2006. As at the date of this announcement, the Sellers and the Investors collectively own 100 per cent. of the issued and outstanding share capital in CCEC. CCEC is principally engaged in seeking investment opportunities in businesses that are engaged in the full life-cycle of exploration, extraction and sale of thermal coal and coking coal and in addition the operation of coke and chemical works in the PRC. CCEC's investment strategy focuses on high-quality, low capital coal operations in each of the three regions designated as regional coal development centres in the 11th Five Year Plan in the PRC. Stephen Dattels, existing chairman and director of CCEC, has 20 years' relevant experience in financing mining ventures.

In July 2007, CCEC issued 60,000 new shares to some of the Investors, through BMO as the placing agent, to raise US\$20 million cash, for the purposes of developing and consummating the proposed investments in the Projects.

Information on the Sellers and the Investors is set out in the paragraph headed "Details of the Sellers and the Investors" in this announcement.

The unaudited net profit or loss of CCEC was nil for the period from the date of its incorporation (i.e. 27 July 2006) to 31 December 2006. The unaudited net assets of CCEC as at 31 July 2007 was approximately US\$20.15 million. The above financial information has been prepared in accordance with IFRS. No financial information is available for the year ended 31 December 2005 as CCEC was only incorporated in July 2006.



CCEC has entered into the ACIL Project SPA and the Ji Ri Ga Lang Project SPA with the existing owners of the ACIL Project and the Ji Ri Ga Lang Project on 3 September 2007 and 30 July 2007 (which amended and re-stated a prior agreement dated 27 June 2007) respectively, pursuant to which CCEC has the right to acquire some or all of the equity interests or assets in the ACIL Project and the Ji Ri Ga Lang Project. In addition, CCEC has entered into the Yuke Option Agreements with the existing owner of Yuke Coal and Yuke Exploration which provide CCEC with options to acquire the Yuke Project. Upon the exercise of such options, CCEC will acquire the Yuke Project and will succeed Yuke Coal's option to acquire the Shandong Exploration Licences (as defined below under the Yuke Coal Acquisition Agreement). Consummation of the Project SPAs (other than the ACIL Project SPA) and the Yuke Coal Acquisition Agreement will not be conditional upon Completion.

Brief details of the Projects and the Project SPAs are set out below:

DETAILS OF THE ACIL PROJECT

ACIL was incorporated on 2 January 2003 and is an investment holding company set up for the purpose of exploring and investing in coking and chemical projects in the PRC. The existing shareholders of ACIL (each as to 50 per cent.) are CCAC and Smart Way Resources Limited, whose ultimate beneficial owner is Willie International (a company listed on the Stock Exchange having Stock Code 273).

ACIL owns a 25 per cent. equity interest in Project 1, a Sino-foreign equity joint venture company registered in Huashan Town, Zhanyi County, Qujing Municipality, Yunnan. Project 1 was incorporated in 2001 and acquired its business licence as a Sino-foreign equity joint venture company on 8 December 2004.

The total investment of Project 1 is RMB461.54 million, and its registered capital was RMB164.64 million as at 31 December 2006 which had been fully paid up. At present, Project 1's shareholding structure is as follows: (i) Yunnan Yunwei holds 54.8 per cent. of the equity interest; (ii) Qujing holds 20.2 per cent. of the equity interest; and (iii) ACIL holds 25 per cent. of the equity interest. To the best of the Company's knowledge, having made reasonable enquiry, Qujing is a state-owned policy investment company and Yunnan Yunwei is a public listed company with its shares listed on the Shanghai Stock Exchange. The parent company of Yunnan Yunwei is Yunnan Yunwei Group, a state-owned company.

The business scope of Project 1 is the production, processing and sale of coal, coke, gas and coal chemicals (excluding supply of gas for inhabitants) (where a specific approval is required, being an Operational Permit of Coal (煤炭經營資格證) and a Production Permit of Industrial Products (工業產品生產許可), Project 1 shall conduct business according to the contents of the approval).

Project 1 has a name plate (i.e. design capacity) annual production capacity of 1,050,000 tonnes of coke and 80,000 tonnes of methanol.

Project 1 has a 5.45 per cent. interest in Project 2, a limited liability company established in the PRC. Yunnan Yunwei and Qujing own 90.91 per cent. and 3.64 per cent. of Project 2, respectively. The business scope of Project 2 is washing, selection and wholesale of coal products and production of coke. Project 2 has been designed for annual production of 2.24 million tonnes of coke, 97,500 tonnes of coke tar, 209,000 tonnes of methanol and 85,000 tonnes of benzene. Project 2's facilities will include coal gas purification, utility and support facilities, a thermal power station, a waste water treatment plant and air separation. It is expected that the construction work of Project 2's facilities will be completed by December 2007, with commissioning to commence shortly thereafter.

Project 1 has a 13.14 per cent. interest in Project 3, a limited liability company established in the PRC. Yunnan Coal and Yunnan Yunwei Group own the remaining 86.86 per cent. of Project 3. Project 3 has been designed for annual production of 500,000 tonnes of synthetic ammonium. It is expected that construction work of Project 3's facilities will be completed by December 2007, with commissioning to commence shortly thereafter.

To the best of the knowledge of the Directors, having made reasonable enquiry, each of the existing shareholders of Project 1, Project 2 and Project 3, respectively, is independent of the Company and is not a connected person of it.



The unaudited net assets of ACIL as at 31 July 2007 was approximately HK\$30.87 million. The above financial information has been prepared in accordance with IFRS. CCEC has been collecting and collating the profit and loss information on the financial information for ACIL. The unaudited profit and loss information will be set out in a further announcement that will be issued by the Company as soon as such information is available. The Company estimates that such further announcement will be made within 2 weeks from the date of this announcement. Further details relating to the financial information of ACIL will be set out in the Circular for Shareholders' information.

The Directors consider that sufficient details on ACIL, including the unaudited net assets value and descriptions on the key assets of ACIL, have been set out in this announcement for Shareholders' information in accordance with Rule 2.13 of the Listing Rules. Moreover, the consideration for the Transaction was not determined with reference to the financial information of ACIL. The Company expects to publish ACIL's unaudited profit and loss information within 2 weeks by way of announcement, which will provide the Shareholders with further information on ACIL and the Transaction before completion of the ACIL Project SPA and the EGM. Further financial information on ACIL will be set out in the Circular for Shareholders' information before the EGM.

The ACIL Project SPA

Date

3 September 2007

Parties

Seller: CCAC and Smart Way Resources Limited, (i.e. the ACIL Sellers)

Purchaser: CCEC

Sellers' Guarantors: Sing Wang and Willie International

To the best of the Directors' knowledge, having made reasonable enquiry, each of the ACIL Sellers and their respective guarantors is independent of the Company and is not a connected person of it.

Share Transfer and Purchase Price

CCEC will acquire from the ACIL Sellers the entire issued share capital of ACIL for a total amount of US\$24,380,065 in cash and an interest free shareholder's loan granted by CCAC to ACIL with an amount of US\$3,399,935 in cash, payable in the following manner:

1. a non-refundable deposit of US\$250,000 is payable to ACIL as agent for and on behalf of the ACIL Sellers;
2. a deposit of US\$5,000,000 is payable to ACIL as agent for and on behalf of the ACIL Sellers;
3. an amount of US\$19,130,065 is payable to the ACIL Sellers on a *pro rata* basis on the closing of the ACIL Project SPA in respect of ACIL's 25 per cent. equity interest in Project 1; and
4. an amount of US\$3,399,935 is payable to CCAC in respect of the interest free shareholder's loan granted by CCAC to ACIL.

As at the date of this announcement, the deposits of US\$5,250,000 referred to in paragraphs (1) and (2) above have been paid by CCEC.

CCEC will be legally responsible for the funding of the consideration payable pursuant to the ACIL Project SPA. CCEC will use its internal cash resources and funding raised in CCEC's Post-Signing Placing and to the extent there is shortfall, the Company will provide funding using its internal cash resources and proceeds from its equity fund raising activities. For details, please refer to the paragraph headed "Financing of the Projects" in this announcement.



In relation to the US\$5,000,000 deposit mentioned in paragraph (2) above, in the event that CCEC decides not to complete the ACIL Project SPA with the ACIL Sellers for whatever reason, CCEC may, at its sole discretion, request: (a) to convert such deposit into an 18 per cent. equity interest in ACIL, in which case the ACIL Sellers are required to transfer their existing shares in ACIL (on a *pro rata* basis) or procure ACIL to issue new shares to such an extent to enable CCEC to hold 18 per cent. of the issued share capital of ACIL (on a fully diluted basis); or (b) that the US\$5,000,000 deposit be refunded forthwith.

To the best of the Company's knowledge, having made reasonable enquiry, the consideration for the 100 per cent. interest in ACIL was negotiated between the ACIL Sellers and CCEC on an arm's length basis, with reference to the net asset value and net profit of ACIL's 25 per cent. direct interest in Project 1 as at 31 July 2007. However, the Company wishes to stress that the Company is not a party to the ACIL Project SPA.

Shareholder's Loan

CCEC will also acquire from CCAC the interest free shareholder's loan granted by it to ACIL, for US\$3,399,935 (its face value), payable in cash on closing of the ACIL Project SPA.

Possible Acquisition of a Further Interest in Project 3

The Company understands that Sing Wang, Yunnan Coal, Yunnan Yunwei Group and Project 1 are discussing the possibility of increasing the registered capital of Project 3 by subscribing for new registered capital in Project 3. No definitive agreement on the proposed capital increase in Project 3 (including the relevant proportions) has been entered into between the above parties.

The Company's indirect interest in Project 3 (through Project 1 as an associated company of the Company) may increase as a result of such subscription. Moreover, and subject to the conclusion of the discussions between the above mentioned parties, CCEC, ACIL or any entities controlled by them may elect to enter into definitive and legally binding sale and purchase agreements (or other related acquisition or joint venture documentation) to acquire a direct or indirect equity interest of up to a maximum of 45 per cent. in Project 3 by way of a capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3. In the event that a maximum of 45 per cent. equity interest in Project 3 becomes available by way of a capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3, under the ACIL Project SPA, a maximum additional amount of US\$76.86 million shall be payable by CCEC, ACIL or any entities controlled by them. Should such capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3 be agreed at such price (on a dollar per percentage point interest) between the relevant counterparties (including CCEC) that CCEC is willing to pay, a further US\$5 million is payable by CCEC, ACIL or any entities controlled by them to CCAC. The Company will comply with the relevant Listing Rules as and when appropriate.

The consideration for the possible acquisition of a further interest in Project 3 was reached through arm's length negotiations between CCEC and CCAC based on the prospects and net assets value of Project 3 as at 31 July 2007.

Should the above possible acquisition consummate, CCEC will be legally responsible for the funding. CCEC will use its internal cash resources and funding raised in CCEC's Post-Signing Placing and to the extent there is shortfall, the Company will provide funding through its internal cash resources and proceeds from its equity fund raising activities. For details, please refer to the paragraph headed "Financing of the Projects" in this announcement.

The unaudited net profit or loss of Project 3 was nil for the period from the date of incorporation (i.e. 29 March 2005) to 31 December 2005 and for the year ended 31 December 2006. The unaudited net assets of Project 3 as at 31 July 2007 were approximately RMB761.31 million (being approximately US\$101.51 million). The above financial information has been prepared in accordance with PRC GAAP.



Conditions Precedent

Completion of the acquisition of ACIL is conditional upon fulfilment of, *inter alia*, the following conditions:

1. CCEC shall have passed at a board meeting a resolution to approve the acquisition of 100 per cent. of the equity interest of ACIL;
2. CCEC shall have obtained funding of not less than US\$20,000,000;
3. all regulatory approvals of the ACIL Sellers and ACIL shall have been obtained and all such approvals shall remain in full force and effect;
4. CCEC shall have received a written legal opinion from PRC legal counsel, dated as of the closing date of the ACIL Project SPA confirming that Project 1: (i) has been properly established as a Sino-foreign joint venture enterprise of limited liability, having independent legal person status under PRC law; and (ii) has obtained a business licence and capital verification report;
5. the representations and warranties contained in the ACIL Project SPA shall remain true and correct in all material respects at closing and the ACIL Sellers shall be in material compliance with their obligations thereunder;
6. no event, circumstance or development shall have occurred which in CCEC's sole discretion materially and adversely affects ACIL and the ACIL Project;
7. CCEC shall have been given reasonable access to conduct due diligence on ACIL and shall be satisfied with such due diligence;
8. any and all agreements and arrangements of an ongoing or recurrent nature entered into or subsisting in respect of the operating expenses of ACIL shall have been terminated, extinguished or repaid (as the case may require); and
9. CCEC and the ACIL Sellers shall have executed a disclosure letter (no later than 15 business days from the execution date of the ACIL Project SPA).

Termination

In certain circumstances, the ACIL Project SPA provides for either CCEC or the ACIL Sellers to have the right to terminate prior to its completion if there has been a material breach of certain warranties and obligations set out in the ACIL Project SPA.

Right of First Refusal

The ACIL Sellers have agreed to give CCEC a right of first refusal in respect of certain specific coal related projects they have been investigating in the PRC. As at the date of this announcement, to the best of the Company's knowledge, having made reasonable enquiry, no definitive agreements have been entered into by the ACIL Sellers. However, should CCEC exercise any such right of first refusal and enter into definitive agreements in respect of the same (post closing), the Company will comply with the relevant Listing Rules as and when appropriate.

Certain PRC Regulatory Issues Relating to Project 1

CCEC has identified a few PRC regulatory issues relating to Project 1 during the due diligence exercise and the findings are summarised below for Shareholders' information.

ACIL acquired its 25 per cent. interest in Project 1 from the founding shareholders, Qujing and Qujing Fupai Industry Co., Ltd., both of whom the Company understands to be state-owned enterprises, by way of contract. A state-owned assets valuation was performed in relation to ACIL's acquisition and the results of the valuation have been filed with the relevant state assets supervision and administration authority in accordance with the relevant laws and regulations in the PRC. The Company further understands that transfers of state-owned equity interests are subject to certain requirements under the rules promulgated by the State Assets Supervision and Administration



Commission including the need for such transfer to be conducted through an authorised equity exchange centre which may not have been strictly complied with, leaving such transfer being open to possible challenges from the relevant state assets supervision and administration authority which may include the filing of a case with the people's court to seek nullification of the transfer. The officials with the relevant state assets supervision and administration authority, upon inquiries made with them on a no-names basis, confirm this understanding but the Company also understands from them that, as far as the officials are aware, the relevant state assets supervision and administration authority has not sought nullification of any previous equity transfer transactions on this ground.

The coal production permit of Project 1 expired in March 2007. While the PRC national laws and regulations do not require Project 1's operations to have a coal production permit, the Company currently understands that the local regulations require such permit. The Company further understands that the local coal industry authority is considering amending its regulations to conform with the PRC national laws and regulations such that it will remove the licensing requirement for the coke production business. However, until such time as this requirement is removed or the requisite permit is reissued, strictly speaking, Project 1 will remain in breach.

Project 1 has not completed the requisite environmental impact assessment in respect of one of its three operating coke ovens (built in 2004). Should the relevant local authority view all three of Project 1's coke ovens as one coke production business, the failure to conduct the environmental impact assessment and obtain the environmental protection authority's confirmation of the results of the assessment may delay the acceptance of the auxiliary environmental protection facilities of all three coke ovens operated by Project 1. Such delay itself may have adverse knock-on consequences for Project 1, including delays to: (i) acceptance of the main body of the construction (i.e. the coke ovens); (ii) the issuance of a pollutant release permit; and (iii) the approval of any application for title certificates for real properties constructed in respect of Project 1. The Company understands that the environmental protection authority has the right to require Project 1 to suspend its production and to take certain remedial steps.

DETAILS OF THE JI RI GA LANG PROJECT

The Ji Ri Ga Lang Project envisages the acquisition of ACMC. ACMC is currently engaged in exploration, mining activities, the processing of mineral products and the sale of calcium carbonate products. ACMC owns the exploration licence of the Ji Ri Ga Lang Coal Mine in Abagaqi, Inner Mongolia.

ACMC holds an exploration licence for conducting geological exploration over the Ji Ri Ga Lang Coal Mine with a term from 27 July 2007 to 9 June 2009 which covers an exploration area of 132.23 square kilometres.

In addition, ACMC also owns the exploration licence of the Manitu Coal Mine in Manitu, Inner Mongolia and is in the process of constructing a crushing plant.

CCEC has been collecting and collating information on the financial information of ACMC. Further details will be set out in the Circular for Shareholders' information.

The Ji Ri Ga Lang Project SPA

Date

30 July 2007 (which amended and re-stated a prior agreement dated 27 June 2007)

Parties

Seller: Chen Minhua, Li Yun and Zhang Xiuhe (i.e. the ACMC Sellers)

Purchaser: CCEC

To the best of the Directors' knowledge, having made reasonable enquiry, each of the ACMC Sellers is independent of the Company and is not a connected person of it.



Share Transfer and Purchase Price

CCEC will acquire from the ACMC Sellers a 100 per cent. equity interest in ACMC for RMB180,000,000 (approximately US\$24,000,000) in cash. The acquisition shall be carried out through two stages:

Stage I: CCEC shall pay RMB80,000,000 (approximately US\$10,666,667) in cash to the ACMC Sellers to acquire a 51 per cent. equity interest in ACMC (the “**First-Stage ACMC Acquisition**”).

Stage II: CCEC shall pay RMB100,000,000 (approximately US\$13,333,333) in cash to the ACMC Sellers to acquire the ACMC Sellers’ remaining 49 per cent. equity interest in ACMC (the “**Second-Stage ACMC Acquisition**”).

To the best of the Company’s knowledge, having made reasonable enquiry, the consideration for the 100 per cent. interest in ACMC was negotiated between the ACMC Sellers and CCEC on an arm’s length basis, with reference to the valuation of the exploration licence of the Ji Ri Ga Lang Coal Mine on the basis of the amount of the coal deposit in the exploration area, the type of coal and the costs required for converting the exploration licence into a mining licence as estimated by CCEC management. However, the Company wishes to stress that the Company was not a party to the Ji Ri Ga Lang Project SPA and was not involved in the valuation prepared by CCEC management. The valuation of the ACMC’s assets only includes the exploration licence over the Ji Ri Ga Lang Coal Mine and does not include other assets of ACMC (i.e. the exploration licence of the Manitu Coal Mine and the assets of the crushing plant under construction). For details, please refer to the paragraph headed “Disposal of Other Assets” below.

Conditions Precedent

Completion of the acquisition of ACMC is conditional upon fulfilment of, *inter alia*, the following conditions:

1. CCEC shall have conducted the due diligence studies as set forth in the agreement and shall have received satisfactory reports;
2. CCEC shall have been provided with financial documents of ACMC and shall have been satisfied with their contents;
3. ACMC shall have renewed its exploration licence expiring in June 2007 in connection with the Ji Ri Ga Lang Coal Mine with terms and conditions reasonably satisfactory to CCEC;
4. the ACMC Sellers shall have provided all existing exploration documents/reports conducted by the ACMC Sellers or ACMC in connection with the Ji Ri Ga Lang Coal Mine (the “**Existing Report**”) to CCEC and CCEC shall have been satisfied with the contents of the Existing Report;
5. the contract and the articles of association of the Sino-foreign equity joint venture company shall have been approved by the relevant authorities;
6. the conversion of ACMC into a Sino-foreign equity joint venture company and the transfer of a 51 per cent. equity interest in ACMC shall have been approved by the relevant authorities;
7. the directors and management personnel of the Sino-foreign equity joint venture company that CCEC is entitled to appoint or nominate shall have been duly appointed and the ACMC Sellers shall have obtained resignation letters from their appointees and nominees from the corresponding positions;
8. the Sino-foreign equity joint venture company shall have received its approval certificate and business licence;
9. no material change in any relevant laws, regulations or policies shall have occurred that materially and adversely affects ACMC;
10. the parties shall not have materially breached any of their respective obligations and undertakings under the agreement and other transaction documents; and



11. all of the representations and warranties contained in the agreement shall remain true and authentic.

As at the date of this announcement, ACMC has renewed the exploration licence in connection with the Ji Ri Ga Lang Coal Mine with a term from 27 July 2007 to 9 June 2009. Accordingly, condition (3) mentioned above has been satisfied.

The Existing Report mentioned in condition (4) above refers to all existing exploration documents/reports that the ACMC Sellers and ACMC have in connection with the exploration activities conducted over the Ji Ri Ga Lang Coal Mine. The Company understands that the most important document among the reports is the Mineral Resource Reserve Examination Opinion of the Detailed Exploration Report of the Ji Ri Ga Lang Coal Mine, Abagaqi, Inner Mongolia Autonomous Region (《内蒙古自治区阿巴嘎旗即日嘎朗矿区煤炭详查报告》矿产资源储量评审意见书) (the “**Examination Opinion**”) issued by Beijing Zhongkuanglian Consulting Center (北京中矿联咨询中心) on 15 May 2007. According to the Examination Opinion, prepared in accordance with the Chinese resource classification scheme, the discovered type of mineral in the Ji Ri Ga Lang Coal Mine is lignite and the estimated reserve is approximately 98,390,000 tonnes.

Detailed Exploration

Under the Ji Ri Ga Lang Project SPA:

1. Prior to the First-Stage ACMC Acquisition and subject to the condition that there is no breach of the Ji Ri Ga Lang Project SPA, the ACMC Sellers shall procure ACMC to carry out detailed exploration over the Ji Ri Ga Lang Coal Mine in accordance with the detailed exploration programme provided by CCEC (the “**Detailed Exploration**”);
2. a reserve report (the “**Reserve Report**”) shall be issued and shall meet the requirements of the State Standards of Coal Industry of China after the completion of the Detailed Exploration; and
3. in the event that the resources that will be set out in the Reserve Report are 5 per cent. less than that of the Existing Report, then CCEC has the right to re-negotiate the transfer price for the Second-Stage ACMC Acquisition.

No price re-negotiation mechanism has been provided in the Ji Ri Ga Lang Project SPA. Nevertheless, after completion of the First-Stage ACMC Acquisition, CCEC may elect not to proceed with the Second-Stage ACMC Acquisition if the re-negotiated price is not fair and reasonable and in the interests of the shareholders of CCEC as a whole. In the event that CCEC decides to re-negotiate the transfer price for the Second-Stage ACMC Acquisition, the Company will comply with Rule 14.36 of the Listing Rules when and as appropriate.

Completion of the First-Stage ACMC Acquisition

Completion of the First-Stage ACMC Acquisition is subject to the ACMC Sellers’ delivery of the following documents to CCEC:

1. the approval certificate for the conversion of ACMC from a domestic company into a Sino-foreign equity joint venture company;
2. the business licence for the Sino-foreign equity joint venture company;
3. the list of assets and data as set forth in the agreement in a form and substance satisfactory to CCEC;
4. all exploration licences and mining licences of ACMC; and
5. all the originals of all other licences, permits, certificates and documents of ACMC and all the seals of ACMC, including but not limited to all items and documents included in the list of assets and data.

Upon completion of the First-Stage ACMC Acquisition, ACMC will become a 51 per cent. owned subsidiary of CCEC.



Completion of the Second-Stage ACMC Acquisition

The Second-Stage ACMC Acquisition is conditional upon fulfilment of, *inter alia*, the following conditions:

1. the resources in the Reserve Report shall not be less than that of the Existing Report by 5 per cent. or more;
2. the Sino-foreign equity joint venture company shall have obtained a mining licence in respect of the Ji Ri Ga Lang Coal Mine;
3. the relocation of villagers within the affected area, if necessary, shall have been completed and ACMC shall have received all relevant plans and effective agreements;
4. the relevant authority shall have approved the Second-Stage ACMC Acquisition and the conversion of the Sino-foreign equity joint venture company into a wholly foreign-owned company;
5. the business licence of the wholly foreign-owned company shall have been issued by the relevant authority; and
6. the parties shall not have materially breached any of their respective obligations and undertakings under the agreement and other transaction documents.

Upon completion of the Second-Stage ACMC Acquisition, ACMC will become a wholly-owned subsidiary of CCEC.

Disposal of Other Assets

The parties agree that certain assets (including the exploration licence of the Manitu Coal Mine and the assets of the crushing plant under construction) are not within the scope of the assets of ACMC for the purpose of the equity transfer contemplated by the Ji Ri Ga Lang Project SPA. Since the separation of assets involves complicated regulatory procedures in the PRC, the parties agree that the disposal will not occur by completion of the Second-Stage ACMC Acquisition. Upon the completion of the Second-Stage ACMC Acquisition, the ACMC Sellers shall propose a reasonable plan for the separation of such assets from ACMC and the transfer of them to the ACMC Sellers or their duly appointed party. ACMC shall review the plan and, subject to full compliance with all requirements under all applicable laws, take necessary actions and execute necessary documents to effect such separation and transfer. The Company will comply with the relevant Listing Rules as and when appropriate.

Termination

The Ji Ri Ga Lang Project SPA can be terminated upon agreement by the parties. Furthermore, either party may terminate the agreement if any of the following circumstances arises:

1. any of the conditions precedent have not been satisfied or waived within 180 days of the date of the agreement;
2. the other party is in breach of its obligations and undertakings under the agreement and fails to remedy them within three months of receipt of a notice from the non-defaulting party about such breach;
3. the other party has lost the ability to fulfil its obligations under the agreement;
4. force majeure; and
5. the other party is in material breach of the agreement which renders it impossible to achieve the purpose of the agreement.

The ACMC Sellers are entitled to terminate the Ji Ri Ga Lang Project SPA if CCEC has failed to pay the purchase price payable under the agreement after the purchase price falls due for over 30 days.



Breach and Indemnification

The consequences of a breach of the Ji Ri Ga Lang Project SPA are as follows:

1. if CCEC fails to pay the purchase price payable under the agreement on time, CCEC is liable to pay penalty interest for the late payment at the rate of 0.05 per cent. per day;
2. CCEC may sell the equity interest back to the ACMC Sellers at the original transfer price and the ACMC Sellers shall also pay CCEC liquidated damages calculated at the rate of 0.05 per cent. per day using the original price as the principal for the period from the date of payment by CCEC of the original transfer price until the date on which it is returned to CCEC in the case of any representations and warranties made by the ACMC Sellers being untrue, inaccurate, misleading or incomplete or a violation by the ACMC Sellers of any of their undertakings or obligations under the agreement which may have material adverse effect on ACMC or may impact on the transfer price; and
3. either party in breach of any representation, warranty, and undertaking shall indemnify the other non-defaulting party against all direct economic losses, expenses and liabilities (excluding any indirect and consequential damages or liabilities) arising from such breach.

DETAILS OF THE YUKE PROJECT

Pursuant to the Yuke Option Agreements, CCEC holds options to acquire the entire issued share capital of Yuke Coal and Yuke Exploration. Yuke Coal is party to an agreement (the “**Yuke Coal Acquisition Agreement**”) whereby four Shandong Exploration Licences (the details of which are set out below under the paragraph headed “The Yuke Coal Acquisition Agreement”) held by Shandong Institute of Surveying and Mapping of Geology and Shandong Geological Printing Ltd. are to be transferred to Yuke Coal or its nominee. CCEC has agreed to provide Yuke Coal with a loan in order to satisfy certain amounts payable under the Yuke Coal Acquisition Agreement and has entered into an agreement to this effect, the details of which are set out below under the paragraph headed “The Yuke Coal Loan Agreement”. CCEC has also agreed to provide Yuke Exploration with a loan in order to finance the costs involved in seeking investment opportunities in the mining section in the PRC, the details of which are set out below under the paragraph headed the Yuke Exploration Loan Agreement.

The exercise of the rights under the Yuke Option Agreements are at CCEC’s sole discretion and subject to Completion, the Company will comply with the applicable Listing Rules including Chapter 14 and Chapter 18 on the exercise of such options by the Company or its subsidiaries.

To the best of the Company’s knowledge, having made reasonable enquiry, the consideration for the Yuke Option Agreements and the Yuke Coal Acquisition Agreement was negotiated between Mr. Yan and CCEC on an arm’s length basis, with reference to the valuation of the Shandong Exploration Licences under the Yuke Coal Option Agreement on the basis of the amount of the coal deposit in the exploration area, the type of coal and the costs required for converting the exploration licence into a mining licence as estimated by CCEC management. However, the Company wishes to stress that the Company was not a party to the Yuke Option Agreements or the Yuke Coal Acquisition Agreement was not involved in the valuation prepared by CCEC management.

The Yuke Coal Option Agreement

Date

31 August 2007 (which amended and re-stated a prior agreement dated 3 February 2007)

Parties

Vendor: Mr. Yan Ping (“**Mr. Yan**”)

Purchaser: CCEC

Mr. Yan is a consultant in the mining business with experience in the PRC and Europe. Mr. Yan is the sole beneficial owner of Yuke Coal and Yuke Exploration since incorporation.



To the best of the Directors' knowledge, having made reasonable enquiry, Mr. Yan is independent of the Company and is not a connected person of it.

Grant of Option and Consideration Price

Mr. Yan has granted to CCEC, for a nominal price of US\$1.00, an option to purchase the entire share capital in Yuke Coal, exercisable within the period of two years from the date of the agreement. The consideration payable on exercise of the option is the US\$ equivalent of RMB20,000,000, payable one month after completion or discharge of all of the financial obligations agreed to in the Yuke Coal Acquisition Agreement.

Yuke Coal is an investment holding company incorporated in Hong Kong. Yuke Coal is engaged in seeking investment opportunities in the coal mining sector in the PRC. The Company understands that Yuke Coal currently does not have any assets, liabilities (apart from a loan currently totaling approximately US\$4.62 million that was provided by CCEC pursuant to the Yuke Coal Loan Agreement) and operations.

Due Diligence

During the two years in which the option is exercisable, CCEC has the right to conduct due diligence on Yuke Coal.

Completion

Completion is to take place within 2 business days of the issuance of a business licence for the Chinese wholly owned foreign enterprise entity that is required to be established under the Yuke Coal Acquisition Agreement, irrespective of whether or not the two year option exercise period has expired.

The Yuke Exploration Option Agreement

Date

31 August 2007 (which amended and re-stated a prior agreement dated 20 April 2007)

Parties

Vendor: Mr. Yan

Purchaser: CCEC

Grant of Option and Consideration Price

Mr. Yan has granted to CCEC, for a nominal price of US\$1.00, an option to purchase the entire issued share capital in Yuke Exploration, exercisable within the period of two years from the date of the agreement. The consideration payable on exercise of the option is the US\$ equivalent of RMB8,000,000, payable by 20 October 2007.

Yuke Exploration is an investment holding company incorporated in Hong Kong. Yuke Exploration is engaged in seeking investment opportunities in the coal mining sector in the PRC. The Company understands that Yuke Exploration currently does not have any assets, liabilities (apart from a loan currently totaling approximately US\$0.14 million that was provided by CCEC pursuant to the Yuke Exploration Loan Agreement) and operations.

Due Diligence

During the two years in which the option is exercisable, CCEC has the right to conduct due diligence on Yuke Exploration.

Completion

Completion is to take place within 2 business days of the earlier of either the execution of a formal equity transfer agreement in respect of the Yuke Exploration shares, or the issuance of a business licence for a foreign investment enterprise entity.



The Yuke Coal Acquisition Agreement

Date

8 August 2007

Parties

Sellers: Shandong Institute of Surveying and Mapping of Geology and Shandong Geological Printing Ltd. (i.e. the Shandong Parties)

Purchaser: Yuke Coal

To the best of the Directors' knowledge, having made reasonable enquiry, each of the Shandong Parties is independent of the Company and is not a connected person of it.

Exploration Licences

The Shandong Parties shall transfer to Yuke Coal or its nominees the following licences issued by the Land and Resources Department of Xinjiang Uygur Autonomous Region for exploration of coal deposits at Mulei-Qitai Kazak Autonomous County, Changji Hui Autonomous Prefecture, Xinjiang Uygur Autonomous Region (the "**Shandong Exploration Licences**"):

Licence Number	Licence Holder	Project Name	Exploration Area	Term
6500000731298	Shandong Institute of Surveying and Mapping of Geology	General exploration of Buo Ta Muo Yun Coal Mine, Mulei County	29.71 square kilometres	From 26 April 2007 to 26 April 2008
6500000731299	Shandong Institute of Surveying and Mapping of Geology	General exploration of Ku Lan Ka Zi Gan Coal Mine, Mulei County	29.43 square kilometres	From 26 April 2007 to 26 April 2008
6500000624285	Shandong Geological Printing Ltd.	General exploration of Suo Er Ba Si Tao Coal Mine, Mulei County	29.40 square kilometres	29 December 2006 to 29 September 2007
6500000624286	Shandong Geological Printing Ltd.	General exploration of Ku Lan Ka Zi Gan Northwest Coal Mine, Mulei County	29.44 square kilometres	29 December 2006 to 29 September 2007

Yuke Coal will register a foreign invested company ("**FIC**") in the Uygur Autonomous Region and may require the Shandong Parties at any time after the registration of FIC to transfer the Shandong Exploration Licences to FIC or Yuke Coal or affiliate(s) of Yuke Coal.

Transfer Price

The total transfer price for the Shandong Exploration Licences is RMB158,000,000 (the "**Transfer Price**"), payable in the following manner:

1. RMB30,000,000 or equivalent in foreign exchange shall be paid to the Shandong Parties within five working days after the Yuke Coal Acquisition Agreement is formally executed;
2. within three working days after the relevant government authorities approve the transfer of each of the Shandong Exploration Licences and each Shandong Exploration Licence has been transferred to FIC or Yuke Coal or Yuke Coal's affiliate(s), Yuke Coal shall pay to the Shandong Parties RMB30,000,000 for each



of the Shandong Exploration License, making a total consideration of RMB120,000,000 payable for the four Shandong Exploration Licences;

3. a deposit of RMB5,000,000 paid by Yuke Coal to the Shandong Parties before the execution of the Yuke Coal Acquisition Agreement shall be counted toward the Transfer Price upon the payment of the last instalment of RMB30,000,000 as provided in the preceding paragraph; and
4. within one month upon the completion of the transfer of all Shandong Exploration Licences, Yuke Coal shall pay the Shandong Parties RMB3,000,000.

As at the date of the announcement, a deposit of RMB5,000,000 has been paid by Yuke Coal as referred in paragraph (3) above.

The Responsibilities of the Parties

The Shandong Parties' responsibilities primarily include:

1. transferring the Shandong Exploration Licences to FIC, Yuke Coal or Yuke Coal's affiliate(s) and taking all steps necessary to maintain compliance with the terms and conditions associated with the Shandong Exploration Licences;
2. obtaining all approvals, permits, rights and licenses necessary and desirable for the performance of the Yuke Coal Acquisition Agreement, and submitting to the relevant government authority the necessary documents in connection with the transfer of the Shandong Exploration Licences;
3. providing necessary help for communication and coordination with the relevant authorities to ensure Yuke Coal and its exploration team will be able to conduct confirmatory drilling in the relevant exploration area smoothly;
4. providing and explaining all related policies and regulations on coal mine exploration and exploitation issued by the state, the autonomous region or local government, and providing necessary consultation; and
5. providing all domestically available geological and geophysical data relating to the relevant exploration area and the Shandong Exploration Licences.

Yuke Coal's responsibilities include:

1. providing for all funds required for carrying out the confirmatory drilling in the relevant exploration area; and
2. at the request of the Shandong Parties, assisting the Shandong Parties in the obtaining all documents as maybe necessary to enable the Shandong Parties to exercise their rights and/or carry out their obligations under the terms of the Yuke Coal Acquisition Agreement.

Termination

The Yuke Coal Acquisition Agreement can be terminated upon agreement by the parties. Under any of the following circumstances, either party has the right to commence procedures to terminate by giving 30 days' prior written notice to the other party:

1. a party materially breaches the Yuke Coal Acquisition Agreement, and such breach or violation is not remedied within 30 days of written notice to the breaching party from the non-breaching party;
2. a party is declared bankrupt, or is the subject of proceedings for bankruptcy, dissolution or liquidation, or becomes unable to pay its debts as they become due;
3. if there is any change in PRC law or regulations which causes any significant adverse economic effect to either or all parties; and



4. if the Shandong Exploration Licences are unable to be transferred, due to the Shandong Parties' faults, to FIC, Yuke Coal or Yuke Coal's affiliate(s) within the period as provided under the Yuke Coal Acquisition Agreement; or the Yuke Coal Acquisition Agreement could not be approved in the period set by the parties.

Breach of Contract and Indemnification

A party shall be in breach of the Yuke Coal Acquisition Agreement if any of its warranties is not true and accurate or is misleading, or if it fails to perform in any material respect its obligations.

If either party incurs any costs or expenses or additional obligation, including any obligation to pay money, or suffers any loss of profits, as a result of a breach of the Yuke Coal Acquisition Agreement by the other party, the defaulting party shall indemnify the other party.

In addition to the indemnification obligations as provided in the preceding paragraph, if the defaulting party is the Shandong Parties, the Shandong Parties shall pay to Yuke Coal an amount twice the deposit that Yuke Coal has paid to the Shandong Parties as a compensation to Yuke Coal; and if the defaulting party is Yuke Coal, the Shandong Parties do not need to return the deposit.

The Yuke Coal Loan Agreement

On 24 August 2007, CCEC has agreed to provide Yuke Coal with a loan totalling US\$5,000,000, provided in instalments, for the purpose of paying a portion of the Transfer Price under the Yuke Coal Acquisition Agreement. Interest on the loan is charged at 6-month LIBOR plus 3 per cent., or at 10 per cent. in the event of default. The loan and interest is payable on demand or otherwise in instalments within 12 months from being drawn down. Security for the loan is to be provided if requested by CCEC. As well as standard events of default, in the event that Yuke Coal receives any portion of the Transfer Price back as a result of the transfer of the Shandong Exploration Licences not proceeding or any other reason whatsoever, the loan becomes immediately due and payable. As at the date of this announcement, Yuke Coal has drawn down approximately US\$4.62 million of the loan.

The Yuke Exploration Loan Agreement

On 14 September 2007, CCEC has agreed to provide Yuke Exploration with a loan totalling US\$2,000,000, provided in instalments, for the purpose of financing the costs involved in seeking investment opportunities in the mining section in the PRC. Interest on the loan is charged at 6-month LIBOR plus 3 per cent., or at 10 per cent. in the event of default. The loan and interest is payable on demand or otherwise in instalments within 12 months from being drawn down. Security for the loan is to be provided if requested by CCEC. As at the date of this announcement, Yuke Exploration has drawn down approximately US\$0.14 million of the loan.

OTHER CCEC MATERIAL CONTRACTS

The Nuenco Loan Agreement

On 24 August 2007, CCEC has agreed to provide Nuenco with a loan totalling US\$2,650,000 for the purpose of paying a deposit in respect of Nuenco's proposed acquisition of an interest or interests in one or more of the companies owning the Wuxiang Project.

Interest on the loan is charged at 6-month LIBOR plus 2.5 per cent., or at 10 per cent. in the event of default. The loan and interest is payable on demand or otherwise within 12 months of the drawdown date, being 17 August 2007. Security for the loan is to be provided if requested by CCEC. As well as standard events of default, in the event that Nuenco receives any portion of the deposit back as a result of the proposed acquisition of an interest or interests in one or more of the companies owning the Wuxiang Project not proceeding or any other reason whatsoever, the loan becomes immediately due and payable.

Stephen Dattels' Service Agreement

Under the current service agreement between Stephen Dattels and CCEC, in recognition of services and expertise that Stephen Dattels may provide to CCEC in respect of business development and acquisition activities of CCEC,



Stephen Dattels shall be entitled to an advisory fee from CCEC of up to 2.5% of the funds banked by the Company pursuant to any such fund raising, payable at the successful completion of fund raising, provided that: (i) all Conditions under the Share Purchase Agreement have been satisfied or, where capable of waiver, waived; and (ii) the Company shall have banked not less than US\$75 million from such fund raising activity, with the amount of such advisory fee to be proportionally adjusted (subject to the minimum floor raising of US\$75 million mentioned above).

MANAGEMENT OF CCEC

The management team of CCEC consists of:

Mr. Stephen Dattels – chairman

Mr. Dattels is an experienced senior mining executive, and was one of the key executives at Barrick Gold Corporation (whose shares are listed on the Toronto Stock Exchange and the New York Stock Exchange) during its formative years before leaving in 1987. He has helped finance a number of mining ventures, including UraMin Inc, which was sold to AREVA NP, the French stated owned nuclear company for approximately US\$2.5 billion in cash in August 2007 and founded several junior exploration companies. Mr. Dattels has a bachelor of arts degree from McGill University, a law degree (cum laude) from the University of Western Ontario and has completed the Program for Management Development at Harvard University.

Mr. Stephen Bywater – deputy chairman

Mr. Bywater has had a successful career in the resources industry developing including operating a number of large-scale open pit mining operations. Previously, he was chief operating officer for Rio Tinto Coal Australia, a wholly-owned subsidiary of Rio Tinto plc. In this position Steve oversaw seven mining operations, producing 60 million tonnes of saleable coal a year. He was previously general manager operations for Robe River Mining, which subsequently became a subsidiary of Rio Tinto plc in 2000. He was also general manager, mine operations, for Hamersley Iron Limited and general manager at Mount Isa Mines in both mining and metallurgical operations. His position at Robe River Mining included management of both the port and rail facilities. Mr. Bywater has a B.Sc. in Engineering Geology and Geotechnics from Portsmouth University and an M.Sc. in Rock Mechanics and Excavation Engineering from Newcastle-upon-Tyne University. Mr. Bywater is a fellow of both the AUSIMM (Australasian Institute of Mining and Metallurgy) and the AIM (Australian Institute of Management).

Mr. Adrian Lungan – managing director

Mr. Lungan has over twenty five years of exploration and mining experience specialising in gold, copper, diamond, uranium and base metals in Australia, Asia, China, Africa, South America and the Pacific Rim with particular experience in mineral property evaluation and acquisitions. He was a co-founder of UraMin Inc which was sold to AREVA NP, the French stated owned nuclear company for approximately US\$2.5 billion in cash in August 2007. Mr. Lungan has held senior and corporate management positions with certain mining companies including being an ex-director of Placer Dome / Placer Pacific J.V. (South East Asia).

Dr. Wanfu Huang – director – technical

Dr. Huang is a geologist educated in China and Australia. He has over fifteen years resource industry experience, covering grass root exploration, resource delineation and investment evaluation of base metal and coal deposits. He has being employed by or consulted to major mining companies and was an advisor to Shell Coal China and Anglo Coal China.

Mr. Rick Lu – director

Mr. Lu graduated at the University of Toronto with a bachelor of Chemistry Science and a bachelor of Commerce. He was awarded with a master of business administration at the University of Windsor. Mr. Lu was initially involved in managing an established iron-ore steel and commodity company and later specialised in the acquisition of iron



ore and other mineral properties. Mr. Lu has been focused mainly on gold, copper, nickel and coal property acquisitions in the last three years.

Mr. Graham Taggart – chief financial officer

Mr. Taggart, an Australian, is a qualified Chartered Accountant with twenty five years experience in the resources industry. He was previously chief financial officer and company secretary for Rio Tinto Coal Australia, a wholly-owned subsidiary of Rio Tinto plc., where he was responsible for a group producing some 60 million tonnes per annum of thermal and coking coal and general manager commercial and chief financial officer for PT Kaltim Prima Coal (producing some 20 million tonnes of thermal coal per annum), and before that he was finance director for PT Kelian Equatorial Mining (producing some 500,000 oz of gold per annum), both Indonesian based.

DETAILS OF THE SELLERS AND THE INVESTORS

Name of CCEC shareholders	No. of CCEC shares held	% of the CCEC share capital
<u>The Sellers</u>		
LL Arthur Ltd.	21,400	10.19%
Sishen Co. Ltd.	21,400	10.19%
<u>The Investors (other than the Excluded Investors)</u>		
Anglo Irish Bank (Suisse), S.A.	360	0.17%
Bershaw & Co.	4,300	2.05%
BMO Capital Markets	300	0.14%
Centennial Assets Ltd.	1,200	0.57%
Crossway Partners	750	0.36%
Fitel Nominees Ltd.	1,140	0.54%
GMP Securities I/T/F 7TO-2209-E	300	0.14%
Goldman Sachs & Co.	1,100	0.52%
Highbridge Asia Opportunities Master Fund L.P.	3,600	1.71%
Highbridge International L.L.C.	2,400	1.14%
Investors Bank & Trust	700	0.33%
King Street Capital, L.P.	1,440	0.69%
King Street Capital, Ltd.	3,060	1.46%
Knotfloat & Co.	2,800	1.33%
Lion Hill Capital Limited	1,500	0.71%
Old Lane Cayman Master Fund, L.P.	3,140	1.50%
Old Lane HMA Master Fund L.P.	877	0.42%
Old Lane Master Fund, L.P.	1,233	0.59%
The Ospraie Portfolio Ltd.	3,000	1.43%
Ospraie Special Opportunities Master Holdings Ltd.	3,000	1.43%
Pershing Nominees	1,050	0.50%
Roytor & Co.	5,000	2.38%
Roytor & Co. fbo Passport Materials Master Fund, L.P.	4,950	2.36%
S.A.C. Capital Associates, L.L.C.	3,000	1.43%
TPG-Axon Capital Management, L.P.	6,000	2.86%
Wolverton Securities Ltd.	300	0.14%
Xerion Partners II Master Fund Limited	3,000	1.43%



Name of CCEC shareholders	No. of CCEC shares held	% of the CCEC share capital
The Excluded Investors		
Angstrom Capital Ltd.	16,400	7.81%
Beck Family 2001 Trust	4,000	1.91%
Chiropo Company S.A.	19,400	9.24%
The Dattels Family Trust	2,000	0.95%
Dragonhill International Ltd.	10,000	4.76%
Global Coal Management plc	12,500	5.95%
Logic System Limited	18,000	8.57%
Michael S. Vitton	3,900	1.86%
Nemo Asset Management Ltd.	2,250	1.07%
RAB Special Situations (Master) Fund Limited	12,500	5.95%
Rig II Fund Limited	5,250	2.50%
Stephen Beck	1,500	0.71%
TOTAL	210,000	100.00%

To the best of the Directors' knowledge, after making reasonable enquiry, the Sellers, the Investors and their ultimate beneficial owners are third parties independent of the Company and are not connected persons of it.

The Directors understand that the Sellers and the Investors are high net worth individuals, investment holding vehicles (controlled by high net worth individuals) or institutional investors.

THE FINDER'S FEE AGREEMENT

Stephen Dattels is an experienced senior mining and corporate finance executive, having previously held key executive positions in both Asia and abroad. Stephen Dattels was introduced to the Company through professional channels and assisted the Company (through introductions) in its past acquisitions of: (i) an indirect 40 per cent. interest in Yunnan Simao Shanshui Copper Company Limited, a Sino-foreign equity joint venture; and (ii) an indirect 90.5 per cent. interest in Simao Regent Minerals Limited, another PRC joint venture enterprise.

On 5 September 2007, the Company entered into the Finder's Fee Agreement with Stephen Dattels, existing chairman and director of CCEC, pursuant to which the Company has agreed to issue 75,000,000 Shares by way of consideration for introducing the Transaction to the Company (i.e. the Finder's Fee Shares). The issuance of the Finder's Fee Shares shall be subject to Completion and the satisfaction of the Conditions set out in the paragraph headed "The Share Purchase Agreement – Conditions" above. Such Finder's Fee Shares, if any, shall be issued at the same time as the issuance of the Consideration Shares and, if applicable, the Additional Consideration Shares at Completion.

By way of background information, Stephen Dattels was at one point in time a connected person of the Company solely because he was a substantial shareholder (as defined in the Listing Rules) in a subsidiary of the Company, Regent Metals Holdings Limited ("RMHL", formerly known as Red Dragon Resources Limited). Pursuant to a prior transaction, the Company acquired and completed the purchase of 100 per cent. of the issued share capital of RMHL in stages. This transaction was announced by the Company on 4 July 2005. Following final completion of the transaction on 15 March 2006, Stephen Dattels has ceased to be a connected person of the Company.

Stephen Dattels has not been a director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Group in the 12 months preceding the date of this announcement. To the best of the Directors' knowledge, after making reasonable enquiry, Stephen Dattels is a third party independent of the Company and is not a connected person of it.

As at the date of this announcement, to the best of the Company's knowledge, after making reasonable enquiry, Stephen Dattels is interested in 49,775,534 Shares (approximately 3.016% of the existing issued share capital of



the Company) (i.e. the SD Existing Shares). As Stephen Dattels is potentially beneficially interested in Chiropo Company S.A., in addition to the Finder's Fee Shares, Stephen Dattels will be interested in 106,881,819 Consideration Shares to be issued as a result of the Transaction (i.e. the SD Consideration Shares). Taking into account the SD Existing Shares, the SD Consideration Shares and the Finder's Fee Shares, Stephen Dattels will be directly or indirectly interested in an aggregate of 231,657,353 Shares (approximately 6.678 per cent. of the Enlarged Share Capital) as a result of the Transaction.

RIGHTS ATTACHING TO CONSIDERATION SHARES, ADDITIONAL CONSIDERATION SHARES (IF ANY) AND FINDER'S FEE SHARES AND LOCK-UP

The Consideration Shares, and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares 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.

The Consideration Shares issued to the Sellers and the Finder's Fee Shares issued to Stephen Dattels are subject to a lock-up of 12 months from the date of receipt of such Shares. In addition, each Seller and Stephen Dattels shall undertake with the Company that it will not dispose of or agree to dispose of these Shares (or any interest therein) for an additional 12-month period from the date of expiry of the first lock-up without the prior consent of the Board.

The Company intends to impose certain lock-up arrangements on the Consideration Shares and, if applicable, the Additional Consideration Shares issued to certain of the Investors in the Offer. Further details will be announced by the Company once such lock-up arrangements are finalised in the Offer.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,650,488,495 Shares in issue. According to the register kept by the Company under section 336 of the Securities and Futures Ordinance as at the date of this announcement, save for the shareholdings held by the Concert Party Group and the Directors, approximately 70.787 per cent. of the Existing Share Capital is held by the public Shareholders.

For the information of the Shareholders, on 31 March 2006, the Company issued US\$20 million 12% guaranteed convertible bonds due 2009 (i.e. the CBs). As at the date of this announcement, the CBs confer on the holders a right to convert the CBs into a maximum of 372,912,749 Shares. Moreover, on 30 November 2006, the Company issued 6,250 Redeemable Convertible Preference Shares. As at the date of this announcement, the Redeemable Convertible Preference Shares confer on the holders rights to convert the Redeemable Convertible Preference Shares into a maximum of 147,931,035 Shares. Details of the CBs and the Redeemable Convertible Preference Shares have been set out in the announcements issued by the Company on 30 March 2006 and 7 September 2006, respectively. In addition, as at the date of this announcement, there are outstanding Options under the Share Option Scheme (2002) entitling their holders to subscribe, in stages according to the vesting schedules of the respective Options, for an aggregate of 142,604,000 Shares.

To the best of the knowledge of the Directors, having made reasonable enquiry, and save as disclosed in the aforesaid announcement dated 7 September 2006, holders of the CBs and the Redeemable Convertible Preference Shares are parties independent of the Company, the Sellers, the Investors, Stephen Dattels and connected persons of the Company.

Assuming full acceptance of the Offer by the Investors and upon satisfaction of the Conditions in both the Share Purchase Agreement and the Offer, 1,156,968,140 Consideration Shares (representing 70.099 per cent. of the Existing Share Capital or 33.350 per cent. of the Enlarged Share Capital) will be issued to the Sellers and the Investors. Moreover, 75,000,000 Finder's Fees Shares (representing 4.544 per cent. of the Existing Share Capital or 2.162 per cent. of the Enlarged Share Capital) will be issued to Stephen Dattels under the Finder's Fee Agreement. Moreover, the current general mandate as at the date of this announcement allows the Company to issue up to 293,339,464 Shares. In the event that CCEC raises additional equity capital prior to Completion (i.e. CCEC's Post-Signing Placing), a maximum of 293,335,498 Additional Consideration Shares (representing 17.773



per cent. of the Existing Share Capital or 8.456 per cent. of the Enlarged Share Capital) may be issued to the Investors (other than the Excluded Investors) participating in such fund raising, apportioned on a *pro rata* basis according to their respective additional new shares in CCEC. Immediately following such issuance and assuming that there will be no change in the shareholding of the Company up to and including the date of issuance (other than the issue of the Shares under the Company's existing general mandate, the Consideration Shares and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares) and without taking into account the CBs and the Redeemable Convertible Preference Shares, the public Shareholders will hold approximately 69.653 per cent. (with reference to the following paragraph) of the Enlarged Share Capital. Based on the above, the aggregate number of the Consideration Shares, the Additional Consideration Shares and the Finder's Fee Shares is 1,525,303,638 Shares (representing 92.415 per cent. of the Existing Share Capital or 43.968 per cent. of the Enlarged Share Capital).

The Company understands that some of the CCEC directors are interested in some of the CCEC shareholders. Based on the information provided by the Sellers, Steve Bywater, Rick Lu and Adrian Lungan are beneficially interested in Logic System, LL Arthur Ltd. and Sishen Co. Ltd., respectively. Stephen Dattels is potentially interested in Chiropo Company S.A. Since it is the Company's intention to retain Stephen Dattels, Steve Bywater, Rick Lu and Adrian Lungan on the CCEC board, upon Completion, each of them will become a connected person of the Company (by virtue of being a director of a subsidiary of the Company) and the Consideration Shares and, if applicable, the Finder's Fee Shares and the Additional Consideration Shares received by the above-mentioned Sellers will be excluded for the purpose of the public float calculation.

As set out above, the number of Consideration Shares to be issued to Chiropo Company S.A. as a result of the Transaction is 106,881,819 Shares (i.e. the SD Consideration Shares), representing approximately 3.081 per cent. of the Enlarged Share Capital. In addition, the number of Consideration Shares as a result of the Transaction to be issued to Logic System, LL Arthur Ltd. and Sishen Co. Ltd. are 99,168,698 Shares (representing 2.859 per cent. of the Enlarged Share Capital), 117,900,563 Shares (representing 3.399 per cent. of the Enlarged Share Capital) and 117,900,563 Shares (representing 3.399 per cent. of the Enlarged Share Capital), respectively. After excluding the Shares held by the Directors and the above CCEC directors, the public Shareholders will hold approximately 69.653 per cent. of the Enlarged Share Capital of the Company.

To the best of the Directors' knowledge, having made reasonable enquiry, the Sellers and the Investors have no intention of entering into any kind of formal or informal arrangement (e.g. shareholders' agreement) between themselves or with the existing Shareholders (including the Concert Party Group) to actively cooperate to obtain or consolidate control of the Company (i.e. the definition of "acting in concert" under the Takeovers Code). In this connection, the Company has made a number of enquiries of the representatives of the CCEC shareholders as to the nature of the CCEC shareholders' relationship in an effort to identify whether there is any agreement or understanding in place now or proposed to be entered into in the future to obtain or consolidate control of the Company. Moreover, the Company has obtained confirmation letters from the Concert Party Group, Stephen Dattels, the Sellers and the Excluded Investors that each of them is independent of each other and is not actively cooperating to obtain or consolidate control of the Company. The Company also has reviewed the register of members of CCEC which, on the face of it, has revealed the institutional and sophisticated nature of these shareholders, together with CCEC's US\$20 million placing documents which revealed the arm's length nature of the placing and did not reveal any agreement or understanding in place now or proposed to be entered into in the future to obtain or consolidate "control" of the Company. By way of further support, the Company has sought and obtained from BMO, the institution acting as placing agent and coordinator of CCEC's US\$20 million placing, confirmation that the placees are not parties acting in concert with the Concert Party Group and the CCEC shareholders in relation to obtain or consolidate control of the Company.

Accordingly, the Concert Party Group will be the largest group of shareholders both before and after the Transaction. The Transaction will not create a new controlling shareholder or a new group of controlling shareholders and will not result in a change in control of the Company.



The following table summarises the effect on the shareholding structure of the Company as a result of the issue of the Consideration Shares (assuming full acceptance of the Offer) and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares:

Name of Shareholder	Existing Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (assuming the CBs and the Redeemable Convertible Preference Shares are fully converted into Shares and all outstanding Options are exercised)	
	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding
<i>Concert Party Group</i>						
James Mellon	414,037,311	25.086%	414,037,311	11.935%	488,002,828	11.809%
Jayne Sutcliffe Anderson	45,125,691	2.734%	45,125,691	1.301%	51,849,829	1.255%
Whamond	14,326,088	0.868%	14,326,088	0.413%	21,050,226	0.509%
Other Directors	8,663,582	0.525%	8,663,582	0.250%	111,187,720	2.691%
Existing public shareholders (other than holders of the CBs and the Redeemable Convertible Preference Shares)						
Holders of the CBs and the Redeemable Convertible Preference Shares	1,043,999,302	63.254%	1,043,999,302	30.094%	1,090,803,302	26.395%
Holders of the CBs and the Redeemable Convertible Preference Shares	70,560,987	4.275%	70,560,987	2.034%	497,266,840	12.033%
Independent third party placees	---	0.000%	293,339,464	8.456%	293,339,464	7.098%
Stephen Dattels*	49,775,534	3.016%	124,775,534	3.597%	124,775,534	3.019%
Adrian Lungan*	4,000,000	0.242%	4,000,000	0.115%	4,000,000	0.097%
<i>The Sellers</i>						
LL Arthur Ltd.*	---	0.000%	117,900,563	3.399%	117,900,563	2.853%
Sishen Co. Ltd.*	---	0.000%	117,900,563	3.399%	117,900,563	2.853%
<i>The Investors</i>						
Anglo Irish Bank (Suisse), S.A.	---	0.000%	3,757,392	0.108%	3,757,392	0.091%
Angstrom Capital Ltd.	---	0.000%	90,353,702	2.605%	90,353,702	2.186%
Beck Family 2001 Trust	---	0.000%	22,037,488	0.635%	22,037,488	0.533%
Bershaw & Co.	---	0.000%	44,890,364	1.294%	44,890,364	1.086%
BMO Capital Markets	---	0.000%	3,129,324	0.090%	3,129,324	0.076%
Centennial Assets Ltd.	---	0.000%	12,528,313	0.361%	12,528,313	0.303%
Chiropo Company S.A.*	---	0.000%	106,881,819	3.081%	106,881,819	2.586%
Crossway Partners	---	0.000%	7,828,818	0.226%	7,828,818	0.189%
The Dattels Family Trust	---	---	11,018,744	0.318%	11,018,744	0.267%
Dragonhill International Ltd.	---	0.000%	55,093,721	1.588%	55,093,721	1.333%
Fitel Nominees Ltd.	---	0.000%	11,900,244	0.343%	11,900,244	0.288%
Global Coal	---	0.000%	68,867,151	1.985%	68,867,151	1.666%



Name of Shareholder	Existing Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (assuming the CBs and the Redeemable Convertible Preference Shares are fully converted into Shares and all outstanding Options are exercised)	
	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding
Management plc*						
GMP Securities I/T/F 7TO-2209-E	---	0.000%	3,129,324	0.090%	3,129,324	0.076%
Goldman Sachs & Co.	---	0.000%	11,481,531	0.331%	11,481,531	0.278%
Highbridge Asia Opportunities Master Fund L.P.	---	0.000%	37,579,427	1.083%	37,579,427	0.909%
Highbridge International L.L.C.	---	0.000%	25,056,624	0.722%	25,056,624	0.606%
Investors Bank & Trust King Street Capital, L.P.	---	0.000%	7,305,427	0.211%	7,305,427	0.177%
King Street Capital, Ltd.	---	0.000%	15,035,077	0.433%	15,035,077	0.364%
Knoffloat & Co.	---	0.000%	31,943,340	0.921%	31,943,340	0.773%
Lion Hill Capital Limited	---	0.000%	29,232,728	0.843%	29,232,728	0.707%
Logic System Limited*	---	0.000%	15,657,635	0.451%	15,657,635	0.379%
Michael S. Vitton Nemo Asset Management Ltd.	---	0.000%	99,168,698	2.859%	99,168,698	2.400%
Old Lane Cayman Master Fund, L.P.	---	0.000%	21,486,551	0.619%	21,486,551	0.520%
Old Lane HMA Master Fund, L.P.	---	0.000%	12,396,087	0.357%	12,396,087	0.300%
Old Lane Master Fund, L.P.	---	0.000%	32,780,764	0.945%	32,780,764	0.793%
The Ospraie Portfolio Ltd.	---	0.000%	9,156,576	0.264%	9,156,576	0.222%
Ospraie Special Opportunities Master Holdings Ltd.	---	0.000%	12,869,893	0.371%	12,869,893	0.311%
Pershing Nominees RAB Special Situations (Master) Fund Limited	---	0.000%	31,320,780	0.903%	31,320,780	0.758%
Rig II Fund Limited	---	0.000%	10,963,651	0.316%	10,963,651	0.265%
Roytor & Co. Roytor & Co. fbo Passport Materials Master Fund L.P.	---	0.000%	68,867,151	1.985%	68,867,151	1.666%
S.A.C. Capital	---	0.000%	28,924,204	0.834%	28,924,204	0.700%
	---	0.000%	52,195,791	1.505%	52,195,791	1.263%
	---	0.000%	51,672,401	1.489%	51,672,401	1.250%
	---	0.000%	31,320,780	0.903%	31,320,780	0.758%



Name of Shareholder	Existing Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (without taking into account the CBs, the Redeemable Convertible Preference Shares and the Options)		Enlarged Share Capital (assuming the CBs and the Redeemable Convertible Preference Shares are fully converted into Shares and all outstanding Options are exercised)	
	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding	Number of Shares held	Approximate percentage shareholding
Associates, L.L.C.						
Stephen Beck	---	0.000%	8,264,058	0.238%	8,264,058	0.200%
TPG-Axon Capital Management, L.P.	---	0.000%	62,636,051	1.806%	62,636,051	1.516%
Wolverton Securities Ltd.	---	0.000%	3,129,323	0.090%	3,129,323	0.076%
Xerion Partners II Master Fund Limited	---	0.000%	31,320,780	0.903%	31,320,780	0.758%
Sub-total for public Shareholders	1,168,335,823	70.787%	2,416,351,748	69.653%	2,889,861,601	69.929%
Sub-total for non-public Shareholders	482,152,672	29.213%	1,052,779,849	30.347%	1,242,717,780	30.071%
Total	1,650,488,495	100.000%	3,469,131,597	100.000%	4,132,579,381	100.000%

Note:

* Shares interested or potentially interested by CCEC directors, who will become connected persons of the Company after Completion.

Assumptions:

- 235,801,126 Consideration Shares will be issued to the Sellers at Completion.
- 921,167,014 Consideration Shares will be issued to the Investors (assuming full acceptance of the Offer) at Completion.
- 75,000,000 Finder's Fee Shares will be issued to Stephen Dattels at Completion.
- 293,335,498 Additional Consideration Shares will be issued to the Investors (other than the Excluded Investors) at Completion.
- 293,339,464 Shares will be issued upon the Company's exercise of the general mandate by Completion.

The Consideration Shares, and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares are proposed to be issued pursuant to a specific mandate to be sought at the EGM. An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Consideration Shares, and, if applicable, the Additional Consideration Shares and the Finder's Fee Shares.

FINANCIAL EFFECTS OF THE TRANSACTION ON THE GROUP

The Directors do not expect that the Transaction will have any material adverse effect on the consolidated results of the Group.

INFORMATION ON THE COMPANY

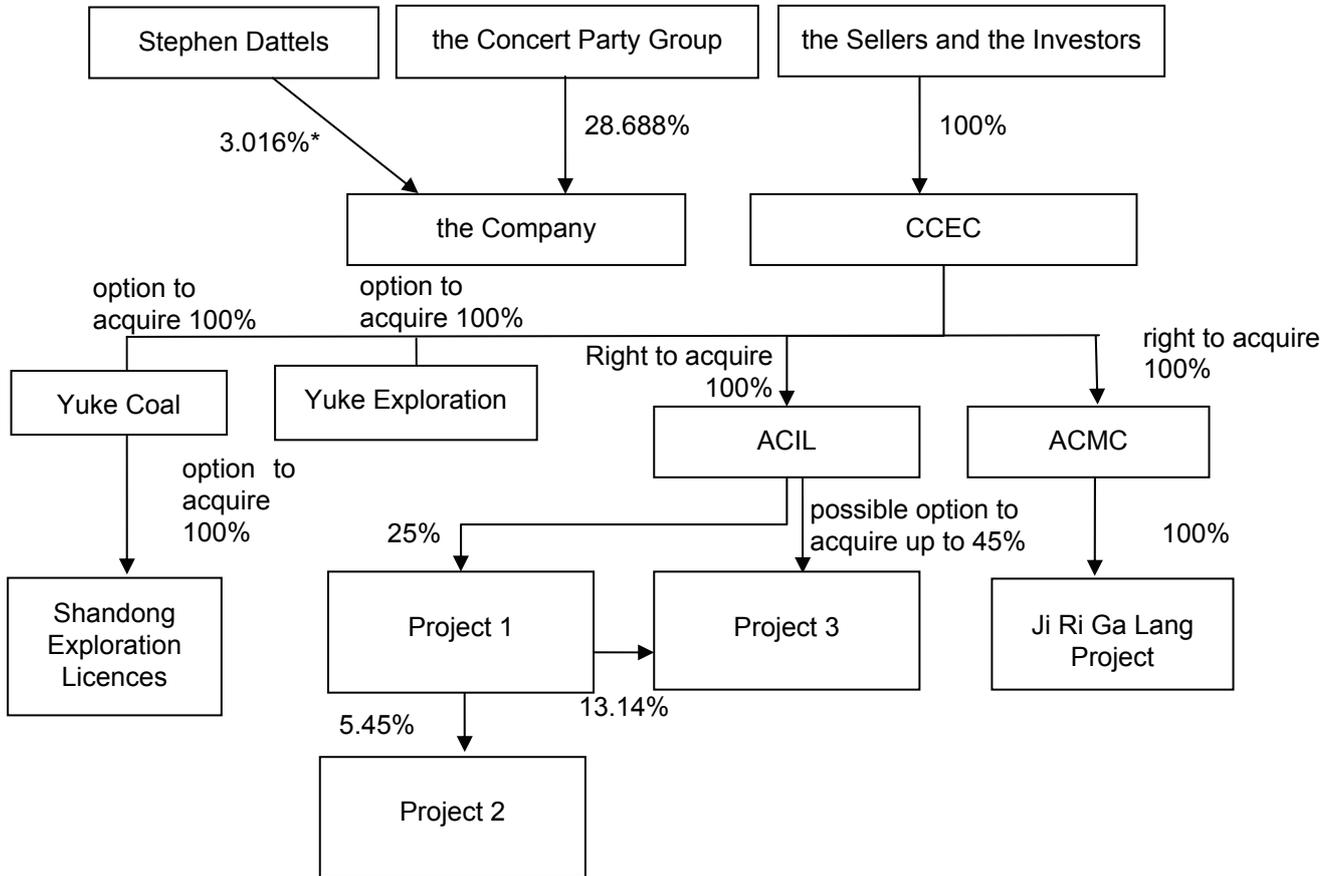
The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the Stock Exchange and the Frankfurt Stock Exchange. The Company is an investment holding company focused on investment in mining assets, principally in the PRC.



STRUCTURE OF THE TRANSACTION

The structure of the Transaction is summarised as follows:

At the execution of the Share Purchase Agreement and the making of the Offer

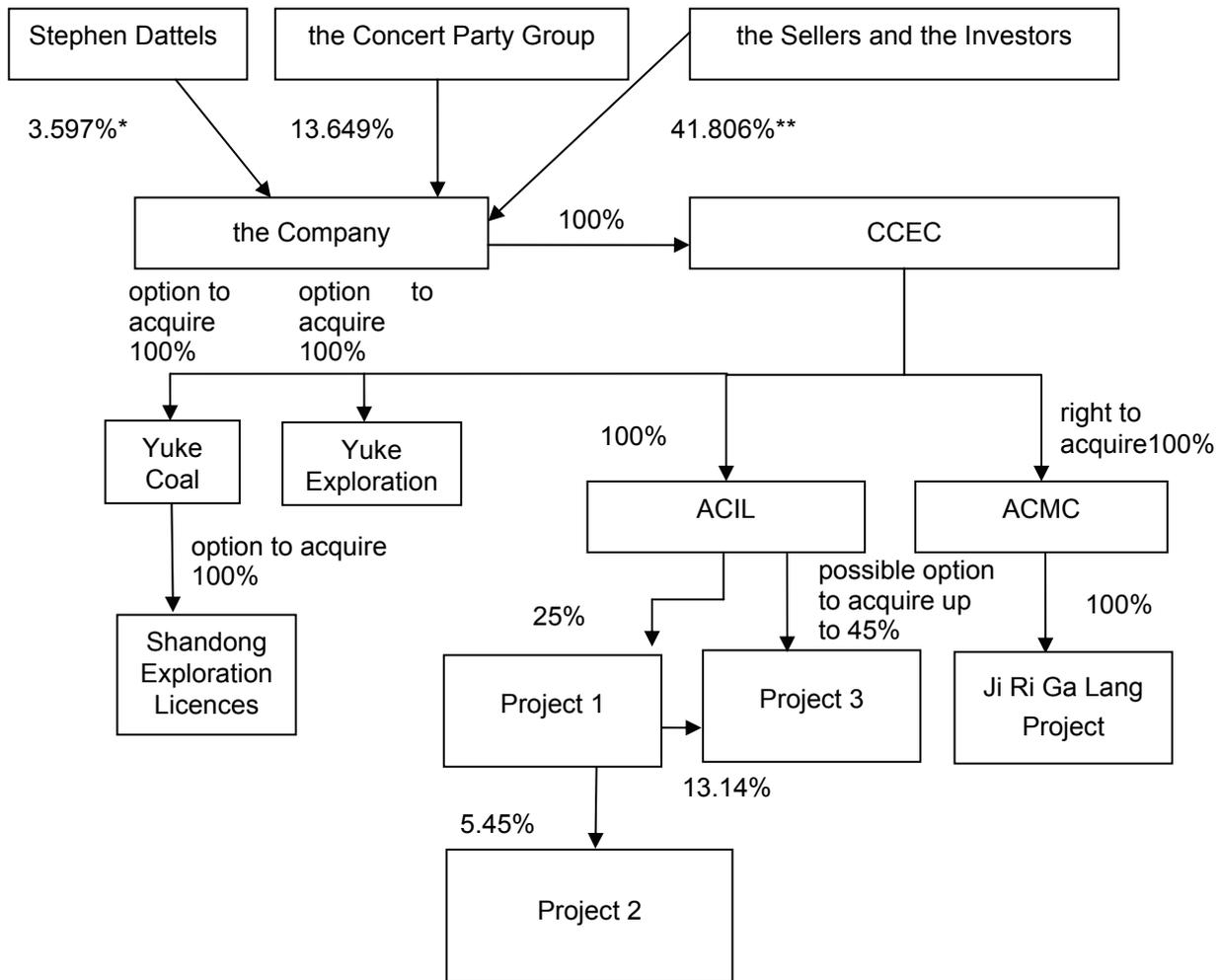


Note:

* Being Stephen Dattels' interest in 49,775,534 SD Existing Shares.



At Completion



Note:

* Being Stephen Dattels' interest in 49,775,534 SD Existing Shares and 75,000,000 Finder's Fee Shares, excluding Stephen Dattels' potential interest in 106,881,819 SD Consideration Shares.

** Including Stephen Dattels' potential interest in 106,881,819 SD Consideration Shares.



EXPECTED TIMETABLE OF THE TRANSACTION

Set out below is an indicative timetable for the Transaction. **The timetable is subject to change due to various factors, such as regulatory approvals, market conditions and commercial decisions. The Company will notify the Shareholders of any material change to the expected timetable as and when appropriate.**

4 September 2007	Signing of the Share Purchase Agreement
around mid-September 2007	The Company's placing under its existing general mandate
around late-September 2007	CCEC's Post-Signing Placing
around early-October 2007	Making of the Offer
around October-November 2007	Despatch of the Circular setting out further details of the Transaction
around October-November 2007	Completion of the ACIL Project SPA
around November-December 2007	EGM
around December 2007	Completion Issuance of the Consideration Shares, the Additional Consideration Shares (if any) and the Finder's Fee Shares
around December 2007	Completion of the Ji Ri Ga Lang Project SPA

VERY SUBSTANTIAL TRANSACTION

The Transaction constitutes a very substantial transaction for the Company and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

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

The Company has been informed that, as at the date of the announcement, Stephen Dattels and Adrian Lungan, both directors of CCEC, hold approximately 3.016 per cent. and 0.242 per cent. of the Existing Share Capital respectively. Accordingly, both Stephen Dattels and Adrian Lungan, together with each of their associates, will be required to abstain from voting on the resolution approving the Transaction at the EGM.

The Concert Party Group, which holds 473,489,090 Shares in aggregate as at the date of this announcement (representing 28.688 per cent. of the Existing Share Capital), has undertaken to the Excluded Investors (other than GCM) that it would vote in favour of the resolution approving the Transaction.

The Company will comply with Rule 14.36 of the Listing Rules (as appropriate) in relation to the Transaction.

REASONS FOR THE TRANSACTION

As stated on the Company's website, the Company is an investment holding company focused on investing in mining assets, principally in the PRC. 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 mining house and acquisitive transactions such as the proposed acquisition of CCEC is an essential part of its overall strategy for meeting this objective.

The search for sources of energy is a global phenomenon. With coal, aside from the energy prospects, there is the further opportunity to extract various other commodity by-products. The PRC market is the world's largest consumer of coal and there is a shortage of this form of energy. Prices for coal and coal products have been rising in the PRC. In view of the continued economic growth and accelerated industrialization and urbanization in the PRC, thermal coal, coking coal and coal related by-products will be in sustained demand in the PRC. The Directors are optimistic about the future prospects for these commodities and products. The Directors believe that the



Transaction with CCEC, a company focused on acquisition of coal projects in the PRC, provides an opportunity for the Group to strengthen its position in the PRC's coal industry and create value for all its Shareholders. The CCEC management has relevant global coal exploration and mining experience as well as China deal execution expertise. CCEC is at various stages of negotiation on a number of acquisition targets. By diversifying the Group's investment portfolio, the Group will be less susceptible to fluctuations of raw commodity prices. In addition, the retention of the CCEC management team, including Stephen Dattels and Steve Bywater, will strengthen the expertise of the Group's management in the mining business and enable the Group to benefit from their knowledge and experience. This will facilitate the Group's development and expansion in the coal industry.

The Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary and usual course of business of the Group and the terms of the Transaction have been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable in so far as the interests of the Company and the Shareholders as a whole are concerned.

FINANCING OF THE PROJECTS

While the Company does certainly contemplate raising additional funding to help meet CCEC's capital commitments for the Projects (before and/or after the EGM), such funding (whether pursuant to its general mandate or any specific mandate that may be sought from Shareholders) is not a condition to Completion. Should any such additional funding be raised or any associated placing or other fund raising document be entered into, the Company will make the requisite disclosures required under the Listing Rules at that time, including the making of any necessary announcement and the inclusion of relevant details in the Circular. Equally, should a specific mandate be sought from the shareholders at the EGM for such purpose, relevant details will be set out in the Circular.

GENERAL

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

At the request of the Company, trading in the Shares has been suspended on the Stock Exchange from 9:30 a.m. on 3 September 2007 pending release of this announcement. An application has been made to the Stock Exchange for resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 17 September 2007.

DEFINITIONS

"ACIL"	Amerinvest Coal Industry Holding Company Limited
"ACIL Project"	Project 1, Project 2 and Project 3
"ACIL Project SPA"	the sale and purchase agreement dated 3 September 2007 between CCEC and the existing owners of ACIL and their guarantors in relation to the acquisition of the entire share capital in ACIL for US\$24,380,065 and an interest free shareholder's loan for US\$3,399,935 granted by CCAC to ACIL, together with a possible option to acquire up to a 45 per cent. interest in Project 3, details of which have been set out in the paragraph headed "Details of the ACIL Project" of this announcement
"ACIL Sellers"	(i) CCAC and (ii) Smart Way Resources Limited, being the sellers under the ACIL Project SPA
"ACMC"	Abagaqi Changjiang Mining Co., Ltd., a company registered in Abagaqi, Inner Mongolia
"ACMC Sellers"	(i) Chen Minhua, (ii) Li Yun and (iii) Zhang Xiuhe, being the sellers under the Ji



	Ri Ga Lang Project SPA
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Additional Consideration Shares”	the additional new Shares which may be issued by the Company pursuant to the Offer in the event that CCEC proceeds with CCEC’s Post-Signing Placing
“Amendment Agreement”	the amendment agreement executed on 14 September 2007 between, among others, the Sellers, the Company and CCEC under which the parties have agreed to amend certain terms of CCEC’s Post-Signing Placing under the Share Purchase Agreement
“Average Closing Price”	HK\$1.114, being the average closing price of Shares on the Stock Exchange for the last five trading days immediately preceding the date of this announcement
“BMO”	BMO Nesbitt Burns Inc., a North American investment firm, which is part of the BMO Financial Group whose shares are listed on the Toronto Stock Exchange and the New York Stock Exchange under stock code BMO
“Board”	the board of Directors
“Business Day”	a day on which banks are open for business in either Hong Kong or the PRC (excluding Saturdays, Sundays and public holidays in either Hong Kong or in the PRC)
“CBs”	the US\$20 million 12% guaranteed convertible bonds of the Company due 2009, details of which have been set out in the announcement issued by the Company on 30 March 2006
“CCAC”	China Capital Advisors Corporation, a company incorporated in the Cayman Islands and which is wholly-owned by Sing Wang
“CCEC”	CCEC Ltd., a company incorporated in the British Virgin Islands and which is wholly-owned by the Sellers and the Investors as at the date of execution of the Share Purchase Agreement
“CCEC’s Post-Signing Placing”	has the meaning ascribed to it in the paragraph headed “The Offer to Investors” in this announcement
“Circular”	the shareholders’ circular to be issued by the Company in relation to the Transaction pursuant to the Listing Rules
“Company”	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability and whose ordinary shares are listed on the Stock Exchange and the Frankfurt Stock Exchange
“Completion”	completion of the sale and purchase of: (i) 42,800 Sale Shares from the Sellers as contemplated under the Share Purchase Agreement; and (ii) 167,200 Sale Shares and any new CCEC shares, issued pursuant to CCEC’s Post-Signing Placing (other than to the Excluded Investors), from the Investors as contemplated under the Offer
“Completion Date”	the date on which the Completion occurs
“Concert Party Group”	certain Directors comprising James Mellon, Jayne Sutcliffe and Anderson Whamond who are regarded as acting in concert for the purpose of the Takeovers Code and have registered the combined voting rights of the Company held by them (being 473,489,090 Shares in aggregate) with the SFC



	under the transitional provisions in Rule 26.6 of the Takeovers Code
“Conditions”	the conditions set out in the paragraph headed “The Share Purchase Agreement - Conditions” in this announcement
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consideration Shares”	1,156,968,140 new Shares to be issued by the Company at the Issue Price as part of the Total Consideration pursuant to the Share Purchase Agreement and the Offer
“control”	has the meaning ascribed to it under the Takeovers Code
“Directors”	the directors of the Company, including the independent non-executive directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider and approve the Transaction, the details of which will be set out in the Circular
“Enlarged Share Capital”	the issued share capital of the Company, as enlarged by the issue of the Shares under the Company’s existing general mandate, the Consideration Shares, the Additional Consideration Shares and the Finder’s Fee Shares assuming the full acceptance of the Offer and the successful completion of CCEC’s Post-Signing Placing
“Examination Opinion”	has the meaning ascribed to it under the paragraph headed “Details of the Ji Ri Ga Lang Project - The Ji Ri Ga Lang Project SPA” in this announcement
“Exchange Ratio”	has the meaning ascribed to it in the paragraph headed “The Offer to Investors” in this announcement
“Excluded Investors”	Angstrom Capital Ltd., Beck Family 2001 Trust, Chiropo Company S.A., The Dattels Family Trust, Dragonhill International Ltd., GCM, Logic System, Michael S. Vitton, Nemo Asset Management Ltd., RAB, Rig II Fund Limited and Stephen Beck
“Existing Share Capital”	the existing issued share capital of the Company as at the date of this announcement
“Existing Report”	has the meaning ascribed to it under the paragraph headed “Details of the Ji Ri Ga Lang Project - The Ji Ri Ga Lang Project SPA” in this announcement
“Finder’s Fee Agreement”	the agreement entered into on 5 September 2007 between Stephen Dattels and the Company pursuant to which, subject to the terms and conditions set out therein, the Company has agreed to issue the Finder’s Fee Shares by way of consideration for introducing the Transaction to the Company
“Finder’s Fee Shares”	75,000,000 new Shares to be issued by the Company to Stephen Dattels under the Finder’s Fee Agreement
“First-Stage ACMC Acquisition”	has the meaning ascribed to it in the paragraph headed “The Ji Ri Ga Lang Project SPA” in this announcement
“GCM”	Global Coal Management plc., a London-based resource development company listed on the Alternative Investment Market (AIM) of the London Stock Exchange, being a shareholder of CCEC
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong



“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“Inner Mongolia”	Inner Mongolia Autonomous Region, the PRC
“Investors”	the remaining shareholders of CCEC (not including the Sellers) to whom the Offer will be sent, details of which have been set out in the paragraph headed “Details of the Sellers and the Investors” in this announcement
“Issue Price”	HK\$1.07 per Consideration Share, being the average closing price of Shares on the Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the last trading day before the execution of the Share Purchase Agreement
“Ji Ri Ga Lang Coal Mine”	the Ji Ri Ga Lang coal mine in Abagaqi, Inner Mongolia
“Ji Ri Ga Lang Project”	the exploration business conducted by Abagaqi Changjiang Mining Co., Ltd., pursuant to an exploration licence of the Ji Ri Ga Lang coal mine in Bayanchagan Town, Abagaqi, Inner Mongolia
“Ji Ri Ga Lang Project SPA”	the sale and purchase agreement dated 30 July 2007 which amended and re-stated a prior agreement dated 27 June 2007 entered into between CCEC and the existing owners of the Ji Ri Ga Lang Project in relation to the acquisition of the Ji Ri Ga Lang Project for RMB182,000,000, details of which have been set out in the paragraph headed “Details of the Ji Ri Ga Lang Project” in this announcement
“LIBOR”	London Interbank Offered Rate
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Logic System”	Logic System Limited, a company wholly-owned by Steve Bywater (a director of CCEC), being a shareholder of CCEC
“Morgan Stanley”	Morgan Stanley Asia Limited, the financial adviser to the Company in the Transaction
“Manitu Coal Mine”	the Manitu coal mine in Manitu, Inner Mongolia
“Nuenco”	Nuenco Limited, a limited liability company incorporated in the British Virgin Islands
“Nuenco Loan Agreement”	the loan agreement entered into between CCEC and Nuenco on 24 August 2007, pursuant to which CCEC has agreed to provide Nuenco with a loan totalling US\$2,650,000 for the purpose of paying a deposit in respect of Nuenco’s proposed acquisition of an interest or interests in one or more of the companies owning the Wuxiang Project
“Offer”	the offer to be made by the Company to the Investors in respect of the Sale Shares and the new CCEC shares issued pursuant to CCEC’s Post-Signing Placing, held by them
“Options”	the options granted and exercisable under the Share Option Scheme
“PRC”	the People’s Republic of China
“PRC GAAP”	Generally Accepted Accounting Principles of the PRC



“Project 1”	Qujing Dawei Coking & Gas Company Limited (or otherwise known as West China Coking & Gas Company Limited), a sino-foreign joint venture company established in the PRC
“Project 2”	Yunnan Dawei Coking Co., Ltd., a PRC limited liability company
“Project 3”	Yunnan Dawei Ammonia Co., Ltd., a PRC limited liability company
“Projects”	the ACIL Project, the Ji Ri Ga Lang Project and the Yuke Project, some or all of which will be acquired by CCEC or entities controlled by CCEC pursuant to the Project SPAs
“Project SPAs”	the ACIL Project SPA, the Ji Ri Ga Lang Project SPA and the Yuke Option Agreements and any amendments thereto, including any other transaction or definitive agreements entered into or to be entered into in connection therewith
“Qujing”	Qujing Development and Investment Co., Ltd, a state-owned policy investment company, being a shareholder of Project 1 and Project 2
“Redeemable Convertible Preference Shares”	the 6,250 redeemable convertible preference shares of the Company, details of which have been set out in the announcement issued by the Company on 7 September 2006
“RAB”	RAB Special Situations (Master) Fund Limited, being a shareholder of CCEC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	210,000 shares of no par value in CCEC, being the entire issued share capital of CCEC as at the date of this announcement
“SD Existing Shares”	the 49,775,534 Shares currently held by Stephen Dattels in the existing issued share capital of the Company
“SD Consideration Shares”	the 106,881,819 Consideration Shares to be issued under the Offer to Chiropo Company S.A. in which Stephen Dattels is potentially interested
“Second-Stage APMC Acquisition”	has the meaning ascribed to it in the paragraph headed “The Ji Ri Ga Lang Project SPA” in this announcement
“Securities and Futures Ordinance”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sellers”	the sellers who have agreed to sell their Sale Shares on and subject to the terms of the Share Purchase Agreement (not including the Investors), details of which have been set out in the paragraph headed “Details of the Sellers and the Investors” in this announcement
“SFC”	Securities and Futures Commission of Hong Kong
“Shandong Parties”	(i) Shandong Institute of Surveying and Mapping of Geology and (ii) Shandong Geological Printing Ltd., being the sellers under Yuke Coal Acquisition Agreement
“Shandong Exploration Licences”	has the meaning ascribed to it in the paragraph headed “The Yuke Coal Acquisition Agreement” in this announcement
“Shanxi”	Shanxi Province, the PRC
“Shareholders”	the shareholders of the Company



“Share(s)”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Share Option Scheme”	the Company’s existing share option scheme
“Share Purchase Agreement”	the conditional share purchase agreement entered into on 4 September 2007 (as amended by the Amendment Agreement entered into on 14 September 2007) between, among others, the Sellers, the Company and CCEC under which the parties agree to proceed with the Transaction
“Sing Wang”	Mr. Sing Wang, a high net worth individual who is independent of the Company and is not connected person of it, and who is also the guarantor of CCAC under the ACIL Project SPA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers, as amended from time to time
“Total Consideration”	the total consideration for the acquisition of the entire share capital of CCEC payable or deliverable to the Sellers under the Share Purchase Agreement and to the Investors under the Offer
“Transaction”	(i) the acquisition by the Company of the entire share capital of CCEC (including the Sale Shares and the CCEC shares to be issued pursuant to CCEC’s Post-Signing Placing) under the Share Purchase Agreement and the Offer; (ii) the execution and performance of the Finder’s Fee Agreement; (iii) the issuance of the Consideration Shares and, if applicable, the Additional Consideration Shares and the Finder’s Fee Shares; and (iv) the consummation by CCEC or entities controlled by it of (a) the ACIL Project SPA (including the possible option to acquire a maximum 45 per cent. interest in Project 3), (b) the Ji Ri Ga Lang Project SPA, (c) the Yuke Coal Option Agreement and (d) the Yuke Coal Acquisition Agreement
“Transfer Price”	has the meaning ascribed to it in the paragraph headed “The Yuke Coal Acquisition Agreement” in this announcement
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US
“Willie International”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and whose ordinary shares are listed on the Stock Exchange
“Wuxiang Project”	the Wuxiang project, which comprises a coal mine, associated wash/coke plant, coke production plant and magnesium smelter, which are owned and operated by three operating entities registered in the Wuxiang County, Shanxi, being Shanxi Xianghui Huayuan Coking Company Limited, Shanxi Wuxiang Xianghui Coking Company Limited and Wuxiang County Hongshui Town Zhaipingun coal mine
“Xinjiang”	Xinjiang Autonomous Region, the PRC
“Yuke Coal”	Yuke Coal Limited, a company incorporated in Hong Kong which is established to hold the rights of certain coal exploration and/or mining licences in Xinjiang, the PRC
“Yuke Coal Acquisition”	has the meaning ascribed to it in the paragraph headed “Details of the Yuke



Agreement”	Project” in this announcement
“Yuke Coal Loan Agreement”	has the meaning ascribed to it under the paragraph headed “Details of the Yuke Projects – The Yuke Coal Loan Agreement” in this announcement
“Yuke Coal Option Agreement”	the option agreement entered into on 31 August 2007 by CCEC and Mr. Yan pursuant to which CCEC is granted an option to purchase the entire share capital in Yuke Coal
“Yuke Exploration”	Yuke Exploration Limited, a company incorporated in Hong Kong which is established to hold the rights of certain coal exploration and/or mining licences at Abagaqi, Inner Mongolia
“Yuke Exploration Loan Agreement”	has the meaning ascribed to it under the paragraph headed “Details of the Yuke Projects – The Yuke Exploration Loan Agreement” in this announcement
“Yuke Exploration Option Agreement”	the option agreement entered into on 31 August 2007 by CCEC and Mr. Yan pursuant to which CCEC is granted an option to purchase the entire share capital in Yuke Exploration
“Yuke Project”	the proposed acquisitions of Yuke Coal and Yuke Exploration pursuant to the Yuke Coal Option Agreement and the Yuke Exploration Option Agreement
“Yuke Option Agreements”	the Yuke Coal Option Agreement and the Yuke Exploration Option Agreement
“Yunnan”	Yunnan Province, the PRC
“Yunnan Coal”	Yunnan Coal Chemical Industry Group Co., Ltd., being a shareholder of Project 3
“Yunnan Yunwei”	Yunnan Yunwei Joint Stock Co., Ltd., a public listed company with its shares listed on the Shanghai Stock Exchange, being a shareholder of Project 1 and Project 2
“Yunnan Yunwei Group”	Yunnan Yunwei Group Co., Ltd., a state-owned company and the parent company of Yunnan Yunwei
%	per cent.

For reference only, the figures in RMB referred to above have been translated into Hong Kong dollars on the basis of assumed exchange rates of US\$1 = HK\$7.8 and US\$1=RMB7.5.

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



Directors of the Company:

James Mellon (*Chairman*)^{*}

Jamie Gibson (*Chief Executive Officer*)

Clara Cheung

David Comba[#]

Julie Oates[#]

Patrick Reid[#]

Mark Searle[#]

John Stalker^{*}

Jayne Sutcliffe^{*}

Dr. Youzhi Wei^{*}

Anderson Whamond^{*}

^{*}*Non-Executive Directors*

[#]*Independent Non-Executive Directors*

Hong Kong, 14 September 2007