



Regent Pacific Group Limited



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

4 December 2007



ANNOUNCEMENT

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CCEC SIGNED LETTER OF AGREEMENT AND AGREED WITH INNER MONGOLIA AUTONOMOUS REGION COALMINE GEOLOGICAL BUREAU TO JOINT VENTURE A SIGNIFICANT THERMAL COAL PROJECT IN INNER MONGOLIA, CHINA



Highlights

- **CCEC entered into a LOA and the parties have agreed to establish a joint venture to develop a potentially significant thermal coal project in Inner Mongolia, China of approximately 6 billion tonnes of coal resources (Chinese resource classification)**



(Hong Kong, 4 December, 2007) – As previously announced, the Company intends to acquire CCEC Ltd. (“**CCEC**”), an investment holding company whose principal business is to seek 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 China. Consistent with its stated investment strategy, CCEC has signed a letter of agreement (the “**LOA**”) and agreed with the Inner Mongolian Autonomous Region Coalmine Geological Bureau, China (the “**Inner Mongolian Government**”) for the purpose of evaluating and developing what the Company understands could be a potentially significant coal deposit in Inner Mongolia on a joint venture basis. It is anticipated that, subject to the conclusion of a definitive legal agreement between the parties, CCEC may acquire up to a direct or indirect 55% equity interest in the Sino-foreign joint venture company (the “**JV**”), to be established for the purpose of the project, by funding the JV into production. Following which, the remaining 45% in the JV will be held by the Inner Mongolian Government.

The Coal Deposit

The coal deposit is located in Inner Mongolia, China and contains a significant resource of lignite or brown coal with an overall Chinese resource estimate of approximately 6 billion tonnes. From a recent geological report the coal to overburden ratios are favourable with a total mineable thickness of approximately 70 metres in areas where the major seams are present. It is understood by CCEC that coal mined from the project may be suitable for use in local power stations. CCEC management is optimistic that government support may facilitate marketing to strategically located power stations and that infrastructure support may be provided by the Inner Mongolian government to ensure expeditious development of the project which is potentially world class.

It is the intention of CCEC to complete confirmatory drilling to establish an open pittable measured and indicated coal resource of >500Mt with possible production rates of >10Mt per annum, subject to results of the confirmatory drilling, feasibility design work and market demands, amongst others.

Letter of Agreement

The LOA allows CCEC to undertake full due diligence (technical, legal and financial) with access to all the geological data currently held by the Bureau for the exploration licence area. The due diligence programme is to commence in December 2007 and CCEC will, in parallel, enjoy an exclusive right to negotiate the JV with the Inner Mongolian Government during the period of such due diligence programme.



Following the completion of the due diligence period it is intended that the parties will conclude negotiations and enter into definitive legal documentation, in which details relating to structuring and funding requirements for the project, including funding and development requirements of an open pit mine in the exploration area, will be set out. As there is no binding capital commitment provided under the LOA, upon the Company acquiring CCEC the LOA would not constitute a notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Upon completion of the acquisition of CCEC and the subsequent conclusion of such JV definitive legal documentation, the Company will comply with the relevant Listing Rules requirements, as applicable. As the transaction contemplated under the LOA is at a preliminary stage only (being subject to confirmatory due diligence and definitive documentation), the Directors believe that the LOA does not have an impact on the shareholders’ vote on the acquisition of CCEC at the Company’s extraordinary general meeting to be held on 8 December 2007. Shareholders are recommended to refer to the Company’s circular dated 22 November 2007 for details of the acquisition of CCEC and the underlying projects.

For reasons motivated by confidentiality and commercial sensitivity, during this period of due diligence and exclusivity, details of the deposit are being withheld from this release. While material details of the structure of the JV are yet to be finalised, preliminary discussions suggest that CCEC may be the majority partner upon establishment and formation of the JV. **Shareholders and investors should note that the formation of the JV and the development of the underlying project pursuant to the LOA is subject to a number of conditions which include, among others, the conclusion of confirmatory due diligence and definitive legal documentation. There is no assurance that any of the conditions will be fulfilled and the transaction may or may not proceed. Shareholders and investors should exercise caution when dealing in the shares of the Company.**

Comments

Stephen Bywater, CCEC Deputy Chairman Commented:

“We are very pleased that the LOA has been signed. We are confident that together with our partner, a major producing open pit coal mine can be developed to meet China’s growing power needs and that the transaction will be of substantial benefit to both China and the shareholders of Regent Pacific Group Limited assuming completion of the contemplated acquisition of CCEC. To be able to enter into a joint venture with the Inner Mongolian government is a credit to the



technical, financial strength and relationship building of the CCEC team and bodes well for the future success of Regent Pacific Group Limited.”

On Behalf of the Board of
Regent Pacific Group Limited

Jamie Gibson
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, 4 December 2007