



Regent Pacific Group Limited



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

27 December 2007



ANNOUNCEMENT

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Consummation of Possible Project 3

Further Acquisition



SUMMARY

On 21 December 2007, ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 entered into the Capital Increase and Subscription Agreement pursuant to which ACIL has agreed to subscribe for new share capital in Project 3 equivalent to approximately 32.98 per cent. of the enlarged share capital of Project 3 at a total consideration of approximately RMB425 million (approximately US\$58 million) in two stages, payable in US dollars. The above total consideration comprises: i) ACIL's capital contribution to the registered capital of Project 3 of approximately RMB375 million; and ii) a premium payable by ACIL for the capital increase which shall be booked as the capital reserve of Project 3 of approximately RMB50 million (valued as at 30 November 2007). The premium is calculated in the form of an interest on the basis of the capital contribution to be made by ACIL and its proportion to the previous capital contributions made by the existing shareholders with reference to benchmark RMB bank loan interest rates published by the People's Bank of China from time to time. As at 30 November 2007, such premium is approximately RMB50 million and the final amount will increase as the Company expects to close the capital increase in or around March 2008. Such consideration and the US\$5 million payment to CCAC will be funded by the unused proceeds of CCEC's placing (in July and October 2007) and the Company's placing (in September and December 2007).



On 21 December 2007, Yunnan Coal (the controlling entity of Project 1) has undertaken to ACIL that it will procure Project 1 to commence negotiation with ACIL in relation to the transfer of Project 1's 8.80 per cent. interest in Project 3 (after completion of the Capital Increase and Subscription Agreement). Such possible further acquisition of 8.80 per cent. interest of the enlarged share capital of Project 3 is contemplated as part of the Possible Project 3 Further Acquisition as disclosed in the VSA Circular and has been approved by the Shareholders at the EGM. Such further acquisition is subject to the conclusion of definitive legal agreement(s) and satisfaction of various conditions (including the obtaining of the relevant PRC regulatory approval and the conclusion of further definitive documents or amendments to existing contractual arrangements between shareholders of Project 3). As at the date of this announcement, no definitive legal binding agreement has been entered into between ACIL and Project 1. Upon execution of any such agreement(s) and consummation of such further acquisition, the Company will comply with the relevant Listing Rules as and when appropriate.

Pursuant to the terms of the ACIL Project SPA, in addition to the consideration paid for the capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3, upon completion of the acquisition of further interest in Project 3 and the obtaining of the relevant PRC approval for the operation of Project 3, a further US\$5 million is payable by CCEC, ACIL or any entities controlled by them to CCAC, a company wholly-owned by Sing Wang.

BACKGROUND

As disclosed in the VSA Circular, the Company understood that ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 had been discussing the possibility of increasing the registered share capital of Project 3 by subscribing for new registered capital in Project 3. As at the date of this announcement, ACIL is an indirect wholly-owned subsidiary (held through CCEC) of the Company.

Under the ACIL Project SPA, CCEC, ACIL or any entities controlled by them may in its/their sole discretion: (i) determine whether or not to negotiate and conclude such negotiations in respect of any possible further acquisition and (ii) elect to enter into definitive and legally binding sale and purchase agreements (or other related acquisition or joint venture documentation) in respect thereof, in each case in relation to any further acquisition of a direct or indirect equity interest of up to a maximum of 45 per cent. in Project 3 (inclusive of the existing effective 3.29 per cent. interest held through ACIL and Project 1) 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 45 per cent. equity interest in Project 3 (inclusive of the existing effective 3.29 per cent. interest held through ACIL and Project 1) 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 (i) 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); and (ii) CCEC be willing to pay such amount, a further US\$5 million is payable by CCEC, ACIL or any entities controlled by them to CCAC. Please refer to the paragraph headed "Possible Acquisition of a Further Interest in Project 3" set out in the VSA Circular for further details.

Shareholders' approval in respect of the Possible Project 3 Further Acquisition (including payment of (i) a maximum of US\$76.86 million as consideration for the capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3 and (ii) US\$5 million to CCAC) has been obtained at the EGM on 8 December 2007.



THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT

On 21 December 2007, ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 entered into the Capital Increase and Subscription Agreement pursuant to which ACIL has agreed to subscribe for new share capital in Project 3 equivalent to approximately 32.98 per cent. of the enlarged share capital of Project 3 at a total consideration of approximately RMB425 million (approximately US\$58 million) in two stages, payable in US dollars. The above total consideration comprises: i) ACIL's capital contribution to the registered capital of Project 3 of approximately RMB375 million; and ii) a premium payable by ACIL for the capital increase which shall be booked as the capital reserve of Project 3 of approximately RMB50 million (valued as at 30 November 2007). The premium is calculated in the form of an interest on the basis of the capital contribution to be made by ACIL and its proportion to the previous capital contributions made by the existing shareholders with reference to benchmark RMB bank loan interest rates published by the People's Bank of China from time to time. As at 30 November 2007, such premium is approximately RMB50 million and the final amount will increase as the Company expects to close the capital increase in or around March 2008. Such consideration and the US\$5 million payment to CCAC (please refer to the paragraph headed "Payment to CCAC" in this announcement for details) will be funded by the unused proceeds of CCEC's placing (in July and October 2007) and the Company's placing (in September and December 2007). For details of such placing, please refer to the VSA Circular and the Company's announcement on 17 December 2007 for reference.

To the best of the Company's knowledge, having made reasonable enquiry, each of Yunnan Coal, Yunnan Yunwei Group and Project 1 is a third party independent of the Company and connected persons of the Company and its subsidiaries. Yunnan Yunwei Group is a state-owned company. 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 consideration for the capital increase in Project 3 was negotiated between ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 on an arm's length basis, with reference to the terms of the ACIL Project SPA (regarding the Possible Project 3 Further Acquisition), financial and property valuation information on Project 3 and CCEC management's assessment (based on its expertise, knowledge and experience in the PRC mining industry) of Project 3's designed annual production capacity and construction progress.

The Capital Increase and Subscription Agreement is conditional upon fulfilment or waiver of, among others, the obtaining of the relevant PRC regulatory approval and registration and the warranties and undertakings contained in the Capital Increase and Subscription Agreement remain true, accurate and complete. It is expected that completion of the Capital Increase and Subscription Agreement will occur in or around March 2008. Upon such completion, Project 1's interest in Project 3 will be diluted from approximately 13.14 per cent. to approximately 8.80 per cent. Taking into account CCEC's 25 per cent. interest in Project 1, the Company will own an aggregate of 35.18 per cent. effective interest in Project 3, representing a direct interest of 32.98 per cent. and an indirect effective interest of 2.20 per cent. in Project 3 (held through Project 1).



In connection with the Capital Increase and Subscription Agreement, the parties have also entered into the Joint Venture Agreement and the Articles of Association in relation to Project 3 setting out details of the relationship among the shareholders of Project 3 such as board composition, reserved matters and the respective shareholdings in Project 3.

As a dynamic and opportunistic investor in the mining industry in the PRC, the Company believe that ACIL's subscription for new share capital in Project 3 under the Capital Increase and Subscription Agreement provides the Group with an opportunity to strengthen its position in the PRC's coal industry and create value for all its Shareholders. The Directors believe that the terms of the Capital Increase and Subscription Agreement are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

POSSIBLE FURTHER PURCHASE OF PROJECT 1'S INTEREST IN PROJECT 3

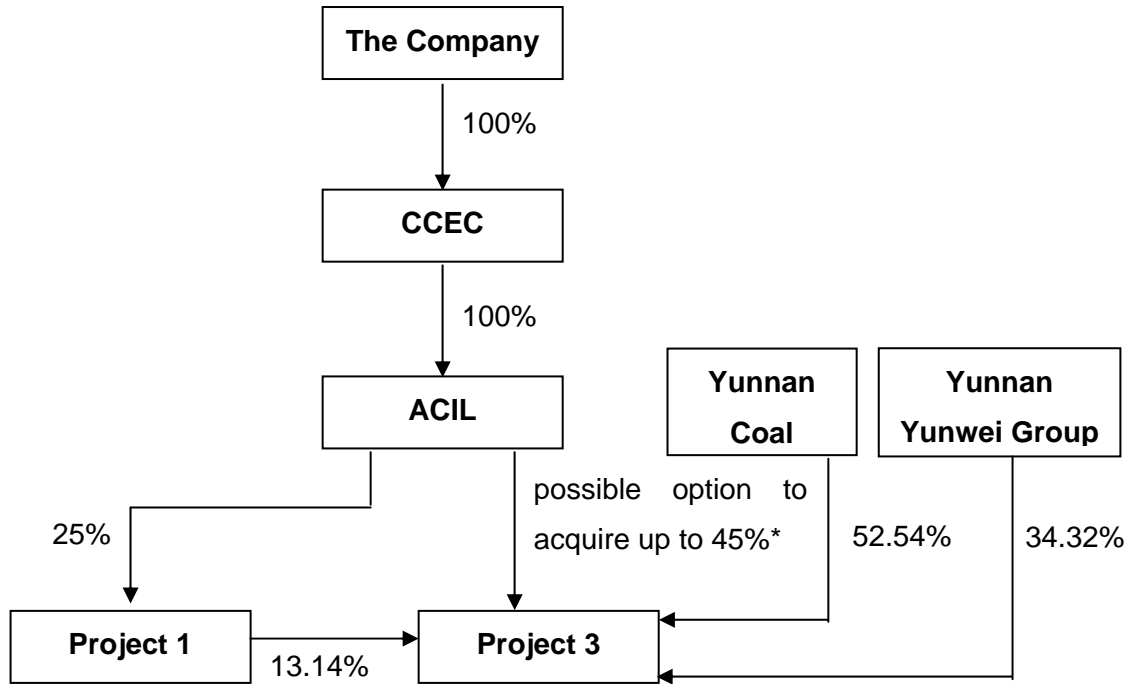
On 21 December 2007, Yunnan Coal (the controlling entity of Project 1) has undertaken to ACIL that it will procure Project 1 to commence negotiation with ACIL in relation to the transfer of Project 1's 8.80 per cent. interest in Project 3 (after completion of the Capital Increase and Subscription Agreement). Such possible further acquisition of 8.80 per cent. interest of the enlarged share capital of Project 3 is contemplated as part of the Possible Project 3 Further Acquisition as disclosed in the VSA Circular and has been approved by the Shareholders at the EGM. Such further acquisition is subject to the conclusion of definitive legal agreement(s) and satisfaction of various conditions (including the obtaining of the relevant PRC regulatory approval and the conclusion of further definitive documents or amendments to existing contractual arrangements between shareholders of Project 3). As at the date of this announcement, no definitive legal binding agreement has been entered into between ACIL and Project 1. Upon execution of any such agreement(s) and consummation of such further acquisition, the Company will comply with the relevant Listing Rules as and when appropriate.



EFFECT OF THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT ON THE SHAREHOLDING STRUCTURE OF PROJECT 3

The effect of the Capital Increase and Subscription Agreement on the shareholding structure of Project 3 is summarised as follows:

Before completion of the Capital Increase and Subscription Agreement

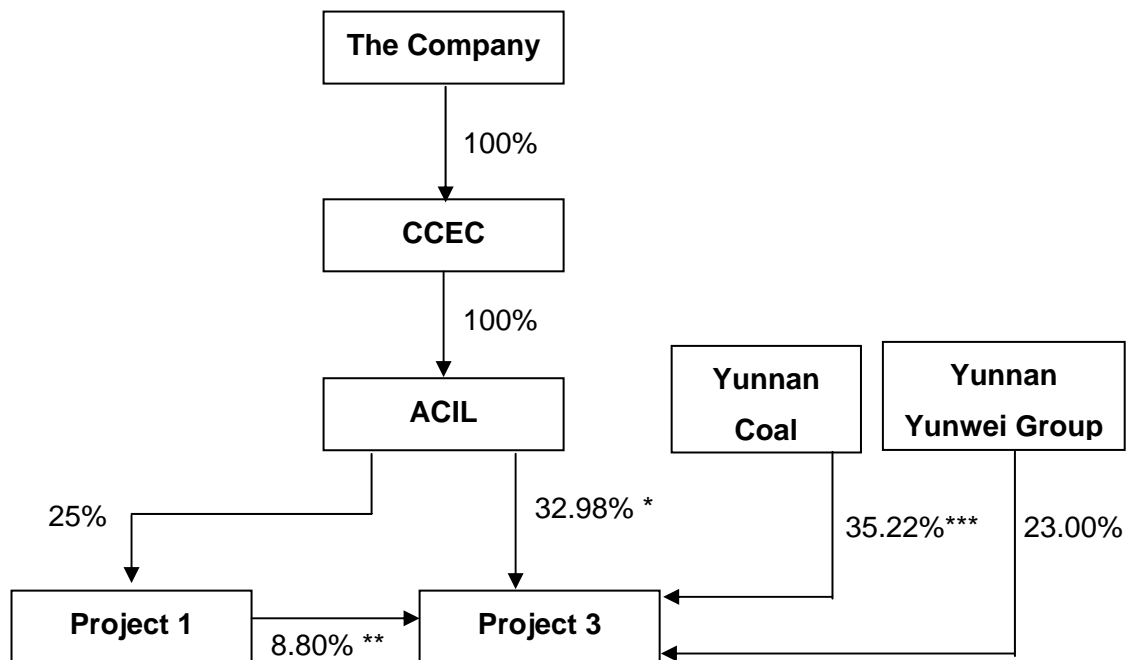


Note:

* This number is inclusive of the existing effective 3.29 per cent. interest held through Project 1.



Upon Completion of the Capital Increase and Subscription Agreement



Notes:

- * Being ACIL’s direct interest in Project 3 upon completion of the Capital Increase and Subscription Agreement. This number is exclusive of the effective 2.20 per cent. interest held through Project 1.
- ** Project 3 is discussing with Yunnan Coal in relation to the possible acquisition of such 8.80 per cent. interest from Project 1 as part of the Possible Project 3 Further Acquisition.
- *** This is a rounded up figure.

PAYMENT TO CCAC

Pursuant to the terms of the ACIL Project SPA, in addition to the consideration paid for the capital contribution in Project 3 and/or purchase of an equity interest from an existing shareholder of Project 3, upon completion of the acquisition of further interest in Project 3 and the obtaining of the relevant PRC approval for the operation of Project 3, a further US\$5 million is payable by CCEC, ACIL or any entities controlled by them to CCAC, a company wholly-owned by Sing Wang.

Shareholders’ approval on such US\$5 million payment has been obtained at the EGM. As at the date on which the EGM was held (i.e. 8 December 2007), to the best of the Company’s knowledge, having made reasonable enquiry, Sing Wang was a third party independent of the Company and connected persons of the Company and its subsidiaries.

Upon completion of the acquisition of CCEC on 14 December 2007, Sing Wang has become a connected person of the Company as a director of ACIL (a subsidiary of the Company).



DETAILS OF PROJECT 3

Project 3 is a limited liability company incorporated on 29 March 2005 in the PRC. The business scope of Project 3 is the production of liquid ammonia. Project 3 has been designed for annual production of 500,000 tonnes of synthetic ammonium. Project 3 has commenced commissioning with production targeted for first quarter 2008.

Before the execution of the Capital Increase and Subscription Agreement, Project 1 (a 25 per cent. owned associated company of the Company) has a 13.14 per cent. interest in Project 3. Yunnan Coal and Yunnan Yunwei Group own the remaining 86.86 per cent. of Project 3.

The audited net losses of Project 3 (before and after taxation) were approximately RMB4.2 million and RMB 13.7 million for the years ended 31 December 2005 (from 29 March 2005, being the date of incorporation of Project 3) and 31 December 2006, respectively. The audited net assets of Project 3 were RMB315.8 million and RMB743.5 million as at 31 December 2005 and 31 December 2006, respectively. The audited net loss of Project 3 (before and after taxation) was approximately RMB5.7 million for the seven month period ended 31 July 2007 and the audited net assets of Project 3 was approximately RMB737.8 million as at 31 July 2007. The above audited financial information of Project 3 is prepared in accordance with HKFRS. Further details of Project 3's audited financial information (including the audited net asset value, revenue and profit or loss information) and property valuation information has been set out in the VSA Circular for Shareholders' information.

GENERAL

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

The consummation of the Possible Project 3 Further Acquisition is contemplated as part of the Transaction which has been approved by the Shareholders at the EGM. The purpose of this announcement is to provide the Shareholders with information on further details of the consummation of the Possible Project 3 Further Acquisition for information purpose only.



DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“ACIL”	Amerinvest Coal Industry Holding Company Limited, a wholly-owned subsidiary of the Company as at the date of this announcement
“ACIL Project SPA”	the sale and purchase agreement dated 3 September 2007 entered into 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 the Possible Project 3 Further Acquisition, details of which have been set out in the paragraph headed “Details of the ACIL Project” of the VSA Circular
“Articles of Association”	the articles of association of Project 3 dated 21 December 2007 entered into between ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 reflecting the Capital Increase and Subscription Agreement
“Board”	the board of Directors
“Capital Increase and Subscription Agreement”	the capital increase and subscription agreement dated 21 December 2007 entered into between ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 in relation to ACIL’s subscription for approximately 32.98 per cent. of the enlarged share capital of Project 3
“CCAC”	China Capital Advisors Corporation, a company incorporated in the Cayman Islands, a company wholly owned by Sing Wang
“CCEC”	CCEC Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company as at the date of this announcement
“Company”	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Stock Exchange and are traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company held on 8 December 2007 which approved, among others, the Possible Project 3 Further Acquisition
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China



“Joint Venture Agreement”	the joint venture agreement of Project 3 dated 21 December 2007 entered into between ACIL, Yunnan Coal, Yunnan Yunwei Group and Project 1 reflecting the Capital Increase and Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Possible Project 3 Further Acquisition”	the possible acquisition of a direct or indirect equity interest by CCEC, ACIL or entities controlled by them of up to a maximum of 45 per cent. in Project 3 (inclusive of the existing effective 3.29 per cent. interest held through ACIL and Project 1) at a maximum consideration of US\$76.86 million and a further US\$5 million payable to CCAC under the ACIL Project SPA
“PRC”	the People’s Republic of China
“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, being a shareholder of Project 3
“Project 3”	Yunnan Dawei Ammonia Co., Ltd., a PRC limited liability company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary share(s) of US\$0.01 each in the share capital of the Company
“Sing Wang”	Mr. Sing Wang, a high net worth individual who is also the guarantor of CCAC under the ACIL Project SPA
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	has the meaning as defined in the VSA Circular
“US”	the United States of America
“US\$”	US dollars, the lawful currency of the US
“VSA Circular”	the circular dated 22 November 2007 of the Company in relation to, among others, details of the Transaction (which constitutes a very substantial transaction for the Company under the Listing Rules)
“Yunnan Coal”	Yunnan Coal Chemical Industry Group Co., Ltd., being a shareholder of Project 3
“Yunnan Yunwei Group”	Yunnan Yunwei Group Co., Ltd., being a shareholder of Project 3
“%”	per cent.



For reference only, the figures in RMB and US\$ referred in this announcement have been translated on the basis of assumed exchange rates of US\$1=RMB7.3.

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, 27 December 2007