



# Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575

2 July 2008

## ANNOUNCEMENT

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### Price Sensitive Information

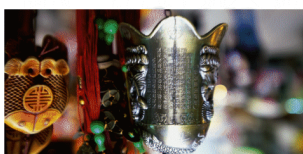
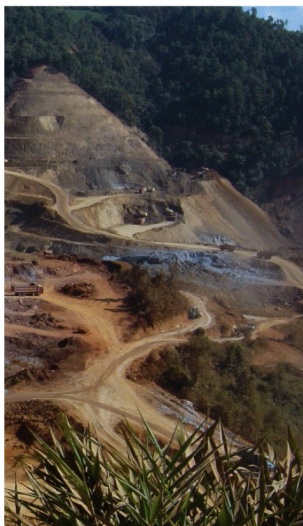
### Termination of Possible Project 3 Further Acquisition

#### 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 agreed to subscribe for new share capital in Project 3. ACIL is an indirect wholly-owned subsidiary (held through CCEC) of the Company. The Capital Increase and Subscription Agreement is conditional upon fulfilment or waiver of, among others, the obtaining of the relevant PRC regulatory approvals and registration.

Since the conditions precedent set out in the Capital Increase and Subscription Agreement, in particular, the relevant approvals from the PRC approving authorities, had not been satisfied or waived within 180 days of the execution of the Capital Increase and Subscription Agreement, the Directors are of the view that any waiver on the performance of the Capital Increase and Subscription Agreement is not in the best interests of the Company and the Shareholders in light of the uncertainty over whether or not the relevant conditions precedent would be satisfied.

Accordingly, on 23 June 2008 (following a decision of the Board of Directors of the Company on 21 June 2008), ACIL sent (by courier) a termination notice to Yunnan Coal, Yunnan Yunwei Group and Project 1 to terminate the Capital Increase and Subscription Agreement, the confirmation of receipt of which the Company expects to receive as early as tomorrow.





## BACKGROUND

Reference is made to the very substantial acquisition circular dated 22 November 2007 (the “**VSA Circular**”) and the announcement dated 27 December 2007 (the “**Project 3 Announcement**”) issued by the Company. Capitalised terms used in this announcement shall have the same meanings as defined in the Project 3 Announcement.

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.

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 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.

As disclosed in the Project 3 Announcement, 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. 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.

#### **TERMINATION OF THE CAPITAL INCREASE AND SUBSCRIPTION AGREEMENT**

Since the conditions precedent set out in the Capital Increase and Subscription Agreement, in particular, the relevant approvals from the PRC approving authorities, had not been satisfied or waived within 180 days of the execution of the Capital Increase and Subscription Agreement, the Directors are of the view that any waiver on the performance of the Capital Increase and Subscription Agreement is not in the best interests of the Company and the Shareholders in light of the uncertainty over whether or not the relevant conditions precedent would be satisfied in a timely manner post 21 June 2008.

On 23 June 2008 (following a decision of the Board of Directors of the Company on 21 June 2008), ACIL sent (by courier) a termination notice to Yunnan Coal, Yunnan Yunwei Group and Project 1 to terminate the Capital Increase and Subscription Agreement, the confirmation of receipt of which the Company expects to receive as early as tomorrow. As a result of such termination, the Group's interest in Project 3 remains unchanged before the execution of the Capital Increase and Subscription Agreement (i.e. approximately 3.29 per cent. effective interest via Project 1's (a 25 per cent.-owned associated company) approximately 13.14 per cent. interest in Project 3).

Since the completion of the Capital Increase and Subscription Agreement lapses, ACIL is not obliged to pay US\$5 million to CCAC.

The Company does not expect that termination of the Capital Increase and Subscription Agreement will have any financial or operational impact on the Company.



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.

By Order of the Board  
**REGENT PACIFIC GROUP LIMITED**

**Jamie Gibson**  
*Executive Director*

**Directors of the Company:**

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

*\*Non-Executive Directors*

*#Independent Non-Executive Directors*

Hong Kong, 2 July 2008