

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.



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

DISCLOSEABLE TRANSACTION — EXECUTION OF A COOPERATION AGREEMENT RELATING TO THE CONDITIONAL ACQUISITION OF A COMPANY WHICH IS INTENDING TO ESTABLISH A JOINT VENTURE IN THE PEOPLE'S REPUBLIC OF CHINA

Further to the announcements made by the Company on 21 January 2005 and 12 April 2005, on 23 June 2005, the Company entered into the Cooperation Agreement with RDRC, the RDRC Shareholder and the beneficial owner of the share interests held by the RDRC Shareholder for the conditional acquisition of all the issued share capital in RDRC currently held by the RDRC Shareholder for a total consideration, to be paid in instalments, of US\$4.805 million (HK\$37.479 million), being US\$3.5 million (HK\$27.3 million) by way of cash, and the remaining US\$1.305 million (HK\$10.179 million) by way of the issue by the Company of the Consideration Shares to the RDRC Shareholder. The Company has paid in aggregate US\$500,000 (HK\$3.9 million) under the Exclusivity Agreements.

RDRC is currently in initial discussions with the Joint Venture Counterparty with a view to establishing the Joint Venture Company for the purposes of exploring, mining and processing base metals in the PRC. If the Joint Venture Company is successfully established, it is anticipated that RDRC will, over time, acquire up to an 80 per cent. shareholding in the Joint Venture Company in return for a cash investment of up to US\$27 million (HK\$210.6 million). Such cash investment will be funded through a combination of the Company's internal working capital resources and external financing, (by way of equity and/or debt financing), the relative proportions of which have not yet been determined. Negotiations with respect to the Joint Venture Contract have not yet commenced, although the framework for such contract has been agreed in the form of the Heads of Agreement.

Upon completion of the acquisition of all the existing shares held by the RDRC Shareholder mentioned above, the Company would have acquired 100 per cent. of the total issued share capital of RDRC for the total consideration of US\$4.805 million (HK\$37.479 million). Payment of the total consideration of US\$4.805 million (HK\$37.479 million) constitutes a discloseable transaction of the Company under the Listing Rules.

While the Cooperation Agreement has been signed, there can be no assurance that the conditions to the acquisition of all the shares in RDRC will be satisfied. Shareholders and potential shareholders are advised to exercise caution when dealing in the shares of the Company.

A circular containing details of the transaction will be sent to the shareholders of the Company in due course.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, RDRC, the RDRC Shareholder and its ultimate beneficial owner are independent third parties not connected with and not acting in concert with the Company, the Directors, chief executive officer or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules).

In connection with the execution of the Joint Venture Contract by RDRC and the Joint Venture Counterparty and the establishment of the Joint Venture Company, the Company will comply with the applicable provisions of the Listing Rules and make further announcements as and when appropriate, including details of the Joint Venture Counterparty and the Joint Venture itself.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 24 June 2005 pending release of this announcement. Application has been made for trading to resume at **9:30 a.m. on Tuesday, 5 July 2005. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rules 14.06 and 14.58 of The Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Further to the announcements made by Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") on 21 January 2005 and 12 April 2005 with respect to discussions with independent third parties in connection with a proposed acquisition of a majority interest in a company that seeks investment opportunities in businesses that are engaged in the exploration, processing and mining of minerals in the People's Republic of China ("**PRC**"), the directors (the "**Directors**" or the "**Board**") of the Company are pleased to announce that:

A The Cooperation Agreement

On 23 June 2005, the Company entered into a cooperation agreement (the "**Cooperation Agreement**") with Red Dragon Resources Corporation ("**RDRC**"), the sole shareholder of RDRC (the "**RDRC Shareholder**") and the beneficial owner of the share interests held by the RDRC Shareholder for the conditional acquisition of all the issued share capital in RDRC currently held by the RDRC Shareholder for a total consideration of US\$4.805 million (HK\$37.479 million), to be paid, subject to the satisfaction of certain conditions, in instalments, such consideration comprising US\$3.5 million (HK\$27.3 million) by way of cash, and the remaining US\$1.305 million (HK\$10.179 million) by way of the issue by the Company of the Consideration Shares (as defined below) to the RDRC Shareholder. Of the US\$3.5 million (HK\$27.3 million), the Company, as announced on 12 April 2005, has already paid in aggregate US\$500,000 (HK\$3.9 million) (the "**Deposits**") on 4 and 11 April 2005 under the two exclusivity agreements dated 31 March 2005 and 11 April 2005 (the "**Exclusivity Agreements**").

Completion of the acquisition of the shares in RDRC is conditional (see below) and to be carried out in stages as follows:

- (a) completion of the transfer of 1,500 RDRC shares by the RDRC Shareholder took place on 27 June 2005, in consideration for the payment of the Deposits. Such shares represent 15 per cent. of the total issued share capital of RDRC (the "**Signing Shares**");

- (b) completion of the transfer of 4,500 RDRC shares by the RDRC Shareholder took place on 27 June 2005, whereby the Company paid US\$2 million (HK\$15.6 million) (the “**Initial Completion Amount**”) to the order of the RDRC Shareholder. Such shares, together with the Signing Shares, represent 60 per cent. of the total issued share capital of RDRC (the “**Initial Completion Shares**”) (“**Initial Completion**”);
- (c) completion of the transfer of 2,000 RDRC shares by the RDRC Shareholder will take place on or before 10 July 2005, whereby the Company shall pay US\$1 million (HK\$7.8 million) (the “**Second Completion Amount**”) to the order of the RDRC Shareholder. Such shares will, together with the Signing Shares and the Initial Completion Shares, represent 80 per cent. of the total issued share capital of RDRC (the “**Second Completion Shares**”) (“**Second Completion**”); and
- (d) completion of the transfer of the remaining 2,000 RDRC shares held by the RDRC Shareholder will take place on or before 30 November 2005, in accordance with which the Company shall issue to the RDRC Shareholder 158,128,584 ordinary restricted shares (the “**Consideration Shares**”) at US\$0.008 (HK\$0.062) per share (as referred to below), which shall each carry a mandatory conversion right to convert into one ordinary share (“**Further Completion**”), such ordinary shares representing 14.3 per cent. of the Company’s existing issued ordinary share capital and 12.5 per cent. of the Company’s enlarged issued ordinary share capital upon conversion of the Consideration Shares.

The closing price of the Company’s shares quoted on the Stock Exchange on 23 June 2005 was HK\$0.265, and the average closing price for the last five trading days was HK0.262. The valuation of the Consideration Shares was, however, determined by reference to the Company’s net asset value per share of US\$0.06 (HK\$0.47) as at 30 September 2004 and, excluding the Company’s attributable interest in BIH (as defined below) as at such date, a net asset value per share of US\$0.008 (HK\$0.062) on an enlarged basis.

The Deposits, the Initial Completion Amount and the Second Completion Amount are and will be funded by the Company’s internal working capital resources.

After Further Completion, the Company would have acquired 100 per cent. of the total issued share capital of RDRC from the RDRC Shareholder.

Subject to shareholders’ approval, to allow Further Completion to occur and the consideration for such completion to be satisfied, a new class of ordinary restricted shares will be created by the Company and the Consideration Shares will be issued to the RDRC Shareholder.

Both Initial Completion and Second Completion are subject to the satisfaction of several conditions, including Board approval, completion of due diligence on the assets of the Joint Venture Counterparty (as defined below) to the satisfaction of both the Company and RDRC and the delivery of a legal opinion in respect of the validity of the exploration licences and mining licences (such licences being issued by the PRC authorities) which are to be transferred by the Joint Venture Counterparty to the Joint Venture Company (as defined below). It is commercially expedient for the Company to proceed with the transfer of the Signing Shares, Initial Completion and Second Completion before the execution of the Joint Venture Contract (as defined below) and the formation of the Joint Venture Company, as has been the case to date, in order to secure the investment opportunity. The Deposits, the Initial Completion Amount and the Second Completion Amount were paid to enable RDRC to secure the acquisition of certain mining facilities.

In addition, Further Completion is subject to the satisfaction of several conditions, including Board approval, Initial Completion and Second Completion having occurred, the execution of the Joint Venture Contract (as defined below) on terms satisfactory to the Company and the approval by the Stock Exchange and shareholders of the Company for the listing and issue of the Consideration Shares and the new ordinary shares arising upon conversion (where applicable). If Further Completion does not take place by 30 November 2005, the Deposits, the Initial Completion Amount and the Second Completion Amount shall be returned to the Company plus interest at 2 per cent. over LIBOR for two-month USD deposits during the exercise period of the Call Option (as defined below), following which the Company shall transfer the Signing Shares, the Initial Completion Shares and the Second Completion Shares back to the RDRC Shareholder.

A call option has been granted to the beneficial owner of the share interests held by the RDRC Shareholder (the “**Option Holder**”) under the Cooperation Agreement whereby the Option Holder can repurchase the Signing Shares, the Initial Completion Shares and the Second Completion Shares from the Company if Further Completion does not occur by 30 September 2005 (the “**Call Option**”). The consideration for the exercise of the Call Option is the repayment by the Option Holder of the Deposits, the Initial Completion Amount and the Second Completion Amount to the Company, plus interest at 2 per cent. over LIBOR for two-month USD deposits during the exercise period of the Call Option. The period in which the Option Holder may exercise the Call Option shall begin on 30 September 2005 and expire on 30 November 2005.

The Consideration Shares will be mandatorily converted into the ordinary shares of the Company, which will rank pari passu with the existing ordinary shares of the Company, on the earlier of 30 September 2006 or 10 business days after the Company has made arrangements for the distribution of 90 per cent. of the proceeds received from the realisation by Bridge Investment Holding Limited (“**BIH**”, a 40.2 per cent. associate of the Company) of its interest in Bridge Securities Co., Ltd. (“**Bridge**”) to all shareholders, subject to the Group retaining sufficient working capital for the next 24 months (the “**Conversion Date**”). Until the Conversion Date, the Consideration Shares will have no voting rights and will not be entitled to receive dividends. However, upon conversion of the Consideration Shares into ordinary voting shares of the Company on the Conversion Date, holders will have equal rights to dividends or distributions as are enjoyed by other holders of ordinary voting shares in the Company. No application will be made to the Stock Exchange for the listing of the Consideration Shares, but application will be made to the Stock Exchange for the listing of the new ordinary shares of the Company arising from the conversion of the Consideration Shares.

The Consideration Shares are to be issued in the form of ordinary restricted shares in order that the RDRC Shareholder will not participate in the realisation proceeds to be received from BIH distributed to all the shareholders of the Company.

On conversion, existing shareholders’ interests in the Company will be diluted to 87.5 per cent. of their current shareholding.

The Consideration Shares will be issued under a specific mandate to be sought by the Board at an extraordinary general meeting of the Company to be held in September 2005. The new ordinary shares arising from the conversion of the Consideration Shares will be issued under a specific mandate to be sought by the Board at the same extraordinary general meeting. If the shareholders of the Company do not approve the specific mandate in respect of the Consideration Shares, the Company will not proceed with Further Completion, whereupon the RDRC Shareholder will immediately repay the

Deposits, the Initial Completion Amount and the Second Completion Amount to the Company, plus interest at 2 per cent. over LIBOR for two-month USD deposits during the exercise period of the Call Option, following which the Company shall transfer the Signing Shares, the Initial Completion Shares and the Second Completion Shares back to the RDRC Shareholder.

A circular containing details of the transaction, including the proposed issue of the Consideration Shares, will be despatched to the shareholders of the Company as soon as practicable.

The consideration expressed in the Cooperation Agreement has been arrived at after arm's length negotiations between the RDRC Shareholder and the Company on normal commercial terms, including by way of reference to a preliminary economic evaluation report on the mining project prepared by an independent certified qualified Registered Member of the Association of Professional Engineers of Ontario, Canada.

While the Cooperation Agreement has been signed, there can be no assurance that the conditions to Initial Completion, Second Completion and Further Completion will be satisfied and/or that the Company will be successful in the acquisition of all the shares in RDRC. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

B The Joint Venture

On 2 June 2005, RDRC entered into non-binding heads of agreement (the “**Heads of Agreement**”) with a company incorporated in the PRC (the “**Joint Venture Counterparty**”), setting out the basic terms on which RDRC and the Joint Venture Counterparty will seek to form a co-operative joint venture (the “**Joint Venture Contract**”) to explore and develop certain mineral deposits in the PRC (the “**Joint Venture**”). RDRC and the Joint Venture Counterparty intend to proceed with the Joint Venture if the due diligence exercise undertaken by RDRC shows satisfactory results, the terms of the Joint Venture Contract are agreed, relevant PRC regulatory approvals are obtained and other conditions (if any) are satisfied. In this respect, RDRC and the Company have commenced a due diligence exercise including, but not limited to, the legal, financial, environmental and technical aspects of the mining project.

If the Joint Venture Company is successfully established, RDRC expects, over time, to acquire up to an 80 per cent. shareholding in the joint venture company to be created by RDRC and the Joint Venture Counterparty for the purpose of the Joint Venture (the “**Joint Venture Company**”) for a cash investment of up to US\$27 million (HK\$210.6 million), to be paid in instalments. Such cash investment will be funded through a combination of the Company's internal working capital resources and external financing (by way of equity and/or debt financing), the relative proportions of which have not yet been determined. Negotiations with respect to the Joint Venture Contract have not yet commenced, although the framework for such contract has been agreed in the Heads of Agreement.

While the Cooperation Agreement and the Heads of Agreement have been signed, there can be no assurance that the Joint Venture Contract will be signed and if signed, no assurance that it will not be terminated before the end of its term and before complete payment of the investment amount. Shareholders and potential investors should note that discussions between RDRC and the Joint Venture Counterparty as to the terms of the Joint Venture Contract have not yet commenced and that no definitive agreements have been entered into between them.

In connection with the execution of the Joint Venture Contract by RDRC and the Joint Venture Counterparty and the establishment of the Joint Venture Company, the Company will comply with the applicable provisions of the Listing Rules and make further announcements as and when appropriate, including details of the Joint Venture Counterparty and the Joint Venture itself.

C Information on RDRC, the RDRC Shareholder and the Company

RDRC is a limited liability company, which was incorporated under the laws of the British Virgin Islands on 4 March 2005. It is engaged principally in seeking investment opportunities in businesses that are engaged in the exploration, processing and mining of minerals. Since incorporation, RDRC has made no profits.

The RDRC Shareholder is a limited liability company incorporated under the laws of the British Virgin Islands. It is a nominee company managed by a Guernsey-based investment trust.

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose shares are listed on the Stock Exchange. It is engaged principally in investment holding.

D Reasons for entering into the Cooperation Agreement

The Company is of the view that by entering into the Cooperation Agreement on the agreed terms the Company will capture a good opportunity for investment in the minerals exploration, mining and processing industry in the PRC in the form of investment in the Joint Venture Company.

The Directors believe that the terms of the Cooperation Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole. If the Joint Venture Contract proceeds, the Company will continue to be an investment holding company and as such is regularly evaluating and considering new investment areas particularly in the light of the need for reinvestment of part of the proceeds received from BIH.

E General Information

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, RDRC, the RDRC Shareholder and its ultimate beneficial owner are independent third parties not connected with and not acting in concert with the Company, the Directors, chief executive officer or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules).

The transaction contemplated by the Cooperation Agreement constitutes a discloseable transaction for the Company under Rules 14.06 and 14.58 of the Listing Rules, by reference to the aggregate value of the consideration (the cash consideration and issue of the Consideration Shares) and the value of the Consideration Shares are more than 5 per cent. but less than 25 per cent. of the Company's market capitalisation and existing equity value respectively.

Shareholders should note that it is still the Directors' current intention when it receives the proceeds from the realisation by BIH of its indirect interest in Bridge that arrangements will be made, subject to receipt of all necessary approvals, which will entitle all shareholders to receive 90 per cent. of such proceeds, subject to the Group retaining sufficient working capital for the next 24 months following receipt of such proceeds.

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on Friday, 24 June 2005 pending release of this announcement. Application has been made for trading to resume at **9:30 a.m. on Tuesday, 5 July 2005. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

On Behalf of the Board of
Regent Pacific Group Limited

Jamie Gibson
Director

Directors of the Company:

Anthony Baillieu (*Chairman*) *
Jamie Gibson (*Chief Executive Officer*)
Clara Cheung
James Mellon *
Julie Oates #
Mark Searle #
Jayne Sutcliffe *
Anderson Whamond *
Robert Whiting #

* *Non-Executive Directors*

Independent Non-Executive Directors

Hong Kong, 4 July 2005

Please also refer to the published version of this announcement in The Standard.