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## **REGENT PACIFIC GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 0575)**

### **(1) AMENDED DISCLOSEABLE TRANSACTION — SIDE LETTER DATED 28 SEPTEMBER 2005 TO COOPERATION AGREEMENT DATED 23 JUNE 2005 (2) EXECUTION OF HEADS OF AGREEMENT WITH RESPECT TO A JOINT VENTURE CONTRACT RELATING TO ESTABLISHMENT OF A SINO-FOREIGN JOINT VENTURE ENTERPRISE**

Further to the announcement and the circular dated 4 July 2005 and 25 July 2005 respectively issued by the Company with respect to the Cooperation Agreement, the Directors announce that as a result of further negotiations among the parties, the parties have amended the Cooperation Agreement by way of the Side Letter. Pursuant to the Side Letter:

- (i) The number of Consideration Shares to be issued by the Company to the RDRC Shareholder upon Further Completion has been reduced to 70,653,197 Ordinary Restricted Shares (representing 6.4% of the Company's existing issued ordinary share capital and 6% of the Company's enlarged ordinary share capital upon conversion), at US\$0.013 (HK\$0.098) per share. Accordingly, the total consideration for the Acquisition, inclusive of the cash consideration of US\$3.5 million (HK\$27.3 million) paid, is now US\$4.385 million (HK\$34.203 million).
- (ii) The date for satisfaction of the conditions of the Further Completion has been amended to 31 March 2006.
- (iii) The period in which the Option Holder may exercise the Call Option has been amended to begin on 1 February 2006 and expire on 31 March 2006.

In order to clarify the statement made in the circular dated 25 July 2005, the Directors confirm that the Consideration Shares are to be issued in the form of Ordinary Restricted Shares in order that the RDRC Shareholder will not participate in 90% of the proceeds received by the Company from the realisation by BIH of its interest in Bridge, which are intended by the Directors to be distributed to the existing shareholders of the Company (subject to the Group retaining sufficient working capital for the next 24 months). However, the RDRC Shareholder will be entitled to participate in the remaining 10% of the proceeds which are to be retained by the Company for its working capital requirements.

The number of Consideration Shares to be issued by the Company to the RDRC Shareholder and, therefore the total consideration for the Acquisition have been reduced in view of the lesser equity interests to be held by RDRC in the Joint Venture Company pursuant to the Heads of Agreement.

The other commercial terms of the Cooperation Agreement remain unchanged and payment of the reduced consideration under the Cooperation Agreement still constitutes a discloseable transaction for the Company under Rule 14.06 of the HK Listing Rules.

In connection with the postponement of the date for satisfaction of the conditions to the Further Completion, the Extraordinary General Meeting in relation to the issue of the Consideration Shares will not be held in September 2005 (as referred to in the announcement dated 4 July 2005 and the circular dated 25 July 2005). The Extraordinary General Meeting will be convened by a further notice. A circular containing details of the Joint Venture Contract, the issue of the Consideration Shares and the specific mandates to be sought will be despatched to shareholders of the Company in due course.

The Directors also announce that RDRC entered into non-binding heads of agreement on 17 September 2005 with two PRC parties (including the PRC party who is a party to the heads of agreement dated 2 June 2005), which outline the principal terms and conditions with respect to the establishment of a Sino-foreign equity joint venture enterprise to co-explore and co-develop a copper base metal deposit which is currently in production in the PRC. The additional PRC party has been included in the Heads of Agreement as such party has specialist expertise in the development, mining and processing of copper mineral resources in the PRC. The Heads of Agreement have replaced the earlier heads of agreement dated 2 June 2005 in respect of the proposed cooperative joint venture enterprise (as announced on 4 July 2005), pursuant to which RDRC had previously expected to acquire up to an 80% interest shareholding for a cash investment of up to US\$27 million (HK\$210.6 million).

The total investment of the Joint Venture Company shall be US\$50 million and its registered capital shall also be US\$50 million, which shall be contributed by the parties in cash. Equity interests in the Joint Venture Company shall be held as to 50:40:10 by Joint Venture Counterparty A, RDRC and Joint Venture Counterparty B respectively. The registered capital shall be contributed and the profit shall be distributed proportionally to the parties' respective equity interests in the Joint Venture Company. The cooperation term of the Proposed Transaction is 20 years and may be extended if all parties elect to do so.

The Joint Venture Contract, if it is signed, may constitute a major transaction of the Company under Rule 14.06 of the HK Listing Rules. According to Rule 14.40, the Joint Venture Contract is subject to approval by the shareholders of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Joint Venture Counterparty A and Joint Venture Counterparty B and their respective ultimate beneficial owners 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 in the HK Listing Rules).

This announcement is made pursuant to Rules 14.36 and 13.09 of the HK Listing Rules.

**1. Amended discloseable transaction — Cooperation Agreement dated 23 June 2005**

**1.1 Cooperation Agreement dated 23 June 2005**

The Directors announced on 4 July 2005 that a cooperation agreement dated 23 June 2005 was entered into by the Company with (i) RDRC; (ii) the RDRC Shareholder; and (iii) the beneficial owner of the share interests held by the RDRC Shareholder in RDRC for the conditional acquisition of 10,000 issued RDRC Shares, being all the issued share capital of RDRC then 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 comprised 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, subject to shareholders' approval, of 158,128,584 Ordinary Restricted Shares to the RDRC Shareholder, representing 14.3% of the Company's existing issued ordinary share capital and 12.5% of the Company's enlarged ordinary share capital upon conversion.

RDRC is seeking to form a joint venture in the PRC to co-explore and co-develop certain mineral deposits in the PRC.

The transaction contemplated by the Cooperation Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the HK Listing Rules. A circular containing, inter alia, details of the Cooperation Agreement and the terms of the Consideration Shares was despatched to all shareholders of the Company on 25 July 2005.

Pursuant to the Cooperation Agreement, an aggregate of US\$3.5 million (HK\$27.3 million) in cash was paid by the Company in tranches to acquire 80% of the total issued share capital of RDRC on 8 July 2005. It was intended that the transfer of the remaining 2,000 RDRC Shares held by the RDRC Shareholder to the Company in consideration for the issue by the Company of the Consideration Shares to the RDRC Shareholder would take place on or before 30 November 2005. A call option has been granted to the beneficial owner of the share interests held by the RDRC Shareholder in RDRC under the Cooperation Agreement, whereby the Option Holder can repurchase the 8,000 RDRC Shares from the Company if the Further Completion does not occur by a specified date, originally 30 September 2005. The consideration for the exercise of the Call Option is the repayment by the Option Holder of the paid cash consideration of US\$3.5 million to the Company, plus interest at 2% over LIBOR for two-month USD deposits during the exercise period of the Call Option. Under the Cooperation Agreement, the period in which the Option Holder may exercise the Call Option was originally due to begin on 30 September 2005 and to expire on 30 November 2005.

## 1.2 Side Letter

Due to further negotiations among the parties, the parties have amended the Cooperation Agreement by way of a side letter on 28 September 2005, whereby (i) the total consideration for the Acquisition; (ii) the date for satisfaction of the conditions of the Further Completion; and (iii) the period within which the beneficial owner of the share interests held by the RDRC Shareholder in RDRC can exercise the Call Option have been amended. Details of the amendments are set out below.

### 1.2.1 Consideration Shares

- Number to be issued — The number of Consideration Shares to be issued by the Company to the RDRC Shareholder upon Further Completion has been reduced to 70,653,197 Ordinary Restricted Shares. The Consideration Shares represent 6.4% of the Company's existing issued ordinary share capital and 6% of the Company's enlarged ordinary share capital upon conversion. On conversion of the Consideration Shares, existing shareholders' interests in the Company will be diluted to 94% of their current shareholding.
- Value — The closing price of the Shares quoted on the HK Stock Exchange on 27 September 2005 (being the trading day immediately prior to the signing of the Side Letter) was HK\$0.315, and the average closing price for the preceding five trading days (including and up to 27 September 2005) was HK\$0.308. The valuation of the Consideration Shares was, however, determined by reference to the Company's net asset value per Share of US\$0.046 (HK\$0.359) as at 31 March 2005 (being the date of the latest published audited results) and, excluding the Company's 90% attributable interest in BIH as at such date, a net asset value per Share of US\$0.013 (HK\$0.098) on an enlarged basis. Accordingly, the total value of the Consideration Shares amounts to US\$0.885 million (HK\$6.903 million) and therefore the total consideration for the Acquisition, inclusive of the cash consideration of US\$3.5 million (HK\$27.3 million) paid, is now US\$4.385 million (HK\$34.203 million). For reference, the net asset value per Consideration Share of US\$0.008 (HK\$0.062), as stated in the announcement and the circular dated 4 July 2005 and 25 July 2005 respectively, was calculated on the basis of the Company's net asset value as at 30 September 2004.

Other terms of the Consideration Shares, are set out in the shareholders' circular dated 25 July 2005 issued and despatched by the Company, remain unchanged. In order to clarify the statement made in the circular dated 25 July 2005, the Directors confirm that the Consideration Shares are to be issued in the form of Ordinary Restricted Shares in order that the RDRC Shareholder will not participate in 90% of the proceeds received by the Company from the realisation by BIH of its interest in Bridge, which are intended by the Directors to be distributed to the existing shareholders of the Company

(subject to the Group retaining sufficient working capital for the next 24 months). However, the RDRC Shareholder will be entitled to participate in the remaining 10% of the proceeds which are to be retained by the Company for its working capital requirements.

The number of Consideration Shares to be issued by the Company to the RDRC Shareholder and, therefore, the total consideration for the Acquisition have been reduced in view of the lesser equity interests to be held by RDRC in the Joint Venture Company (please refer to the description of the Heads of Agreement in paragraph 2 below).

### 1.2.2 Further Completion

The date for satisfaction of the conditions to the Further Completion has been amended to 31 March 2006.

### 1.2.3 Call Option

The period in which the Option Holder may exercise the Call Option has been amended to begin on 1 February 2006 and expire on 31 March 2006.

The other commercial terms of the Cooperation Agreement remain unchanged and payment of the reduced consideration under the Cooperation Agreement still constitutes a discloseable transaction for the Company under Rule 14.06 of the HK 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 being more than 5% but less than 25% of the Company's market capitalisation and existing equity value respectively. Other details relevant to the Cooperation Agreement, as required under Chapter 14 of the HK Listing Rules, were set out in the circular issued and despatched by the Company on 25 July 2005.

In connection with the postponement of the date for satisfaction of the conditions to the Further Completion, the extraordinary general meeting to be convened by the Directors in order to seek shareholders' approval of the specific mandates to be granted to the Directors to issue, allot and otherwise deal with the Consideration Shares and the new shares arising upon conversion will not be held in September 2005 (as referred to in the announcement dated 4 July 2005 and the circular dated 25 July 2005). The Extraordinary General Meeting will be convened by a further notice. A circular containing details of the Joint Venture Contract, the issue of the Consideration Shares and the specific mandates to be sought will be despatched to shareholders of the Company in due course.

## 2. Heads of Agreement

Further to the non-binding heads of agreement dated 2 June 2005 entered into between RDRC and a PRC party, as announced on 4 July 2005, the Directors are pleased to announce that RDRC entered into non-binding heads of agreement on 17 September

2005 with two PRC parties (including the PRC party who is a party to the heads of agreement dated 2 June 2005), which have replaced the earlier heads of agreement in respect of the proposed cooperative joint venture enterprise, pursuant to which RDRC had previously expected to acquire up to an 80% shareholding for a cash investment of up to US\$27 million (HK\$210.6 million). The additional PRC party has been included in the Heads of Agreement as such party has specialist expertise in the development, mining and processing of copper mineral resources in the PRC. The parties wish to jointly invest and establish a Sino-foreign equity joint venture enterprise to co-explore and co-develop a copper base metal deposit which is currently in production in the PRC. The Heads of Agreement outline the principal terms and conditions of the Joint Venture Contract, a summary of which is provided below.

## **2.1 Joint Venture Company**

### **2.1.1 Establishment**

A Sino-foreign equity joint venture enterprise (instead of the cooperative joint venture company previously intended in the Cooperation Agreement) will be established by the parties to co-explore and co-develop certain mineral resources in the PRC with each party contributing cash. The Joint Venture Company, after its establishment, will purchase from Joint Venture Counterparty B and other third parties the relevant exploration licences and mining licences, as referred to in the Heads of Agreement, and all relevant mining facilities.

### **2.1.2 Total investment and registered capital**

The total investment of the Joint Venture Company shall be US\$50 million and its registered capital shall also be US\$50 million, which shall be contributed by the parties in cash.

Equity interests in the Joint Venture Company shall be held in the following proportions:

- 50% by Joint Venture Counterparty A;
- 40% by RDRC; and
- 10% by Joint Venture Counterparty B.

The registered capital shall be contributed and the profit shall be distributed proportionally to the parties' respective equity interests in the Joint Venture Company.

### **2.1.3 Board of directors**

The board of directors of the Joint Venture Company shall consist of 9 directors, of which Joint Venture Counterparty A shall appoint 4, RDRC shall appoint 3 and Joint Venture Counterparty B shall appoint 2. The chairman shall be appointed by Joint Venture Counterparty B and two vice-chairmen shall be appointed by each of Joint Venture Counterparty A and RDRC.

## 2.2 Operation Term

The cooperation term of the Proposed Transaction is 20 years and may be extended if all parties elect to do so.

## 2.3 Effectiveness

The Heads of Agreement consist of the basic framework of the Joint Venture Contract and shall be terminated automatically after the Joint Venture Contract is signed. The parties will use their best efforts to complete the negotiation and signing of the Joint Venture Contract within 30 days of the signing of the Heads of Agreement.

## 2.4 Exclusivity

Joint Venture Counterparty B undertakes that from the date of the Heads of Agreement until the date when the Ministry of Commerce has approved the establishment of the Joint Venture Company, Joint Venture Counterparty A and RDRC shall have an exclusive right to negotiate the Proposed Transaction.

The Joint Venture Contract, if it is signed, may constitute a major transaction of the Company under Rule 14.06 of the HK Listing Rules, by reference to the amount of registered capital and total investment to be contributed by RDRC to the Joint Venture Company being more than 25% but less than 100% of the Company's market capitalisation. According to Rule 14.40, the Joint Venture Contract is subject to approval by the shareholders of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Joint Venture Counterparty A and Joint Venture Counterparty B and their respective ultimate beneficial owners 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 in the HK Listing Rules).

## 3. Definitions

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

“Acquisition”	the conditional acquisition by the Company of 10,000 RDRC Shares, being all the issued share capital of RDRC held by the RDRC Shareholder
“BIH”	Bridge Investment Holding Limited, a 40.2% owned associate of the Company incorporated in the Cayman Islands with limited liability
“Board”	the board of Directors

“Bridge”	Bridge Securities Co., Ltd, a 77.75% owned subsidiary of BIH incorporated in Korea, whose shares are listed on the Korea Exchange (but suspended with effect from 25 May 2005)
“Call Option”	the call option granted to the Option Holder under the Cooperation Agreement in respect of the repurchase of 8,000 RDRC Shares by the Option Holder
“Company”	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the HK Stock Exchange and the Frankfurt Stock Exchange
“Consideration Shares”	the Ordinary Restricted Shares to be issued by the Company to the RDRC Shareholder on Further Completion as partial consideration under the Cooperation Agreement for the Acquisition
“Cooperation Agreement”	the cooperation agreement dated 23 June 2005 entered into amongst the Company, RDRC, the RDRC Shareholder and the beneficial owner of the share interests held by the RDRC Shareholder in RDRC with respect to the Acquisition
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened by a further notice to consider and, if thought fit, approve the specific mandates to be granted to the Directors to issue, allot and otherwise deal with the Consideration Shares and the new Shares arising upon conversion of the Consideration Shares
“Further Completion”	the completion of the transfer of the remaining 2,000 RDRC Shares, pursuant to the Cooperation Agreement, by the RDRC Shareholder to the Company in consideration for the issue of the Consideration Shares by the Company to the RDRC Shareholder, upon which the Company would have acquired 100% of the total issued share capital of RDRC from the RDRC Shareholder
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the non-binding heads of agreement dated 17 September 2005 entered into amongst Joint Venture Counterparty A, RDRC and Joint Venture Counterparty B, outlining the principal terms and conditions of the Joint Venture Contract agreed by the parties

“HK\$”	Hong Kong dollar(s), the lawful currency in Hong Kong
“HK Listing Rules”	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
“HK Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Joint Venture Company”	a Sino-foreign equity joint venture enterprise to be established pursuant to the Joint Venture Contract for the Proposed Transaction
“Joint Venture Contract”	the joint venture contract to be entered into in relation to the Proposed Transaction and the establishment of the Joint Venture Company
“Joint Venture Counterparty A”	a PRC entity, with whom RDRC entered into the Heads of Agreement
“Joint Venture Counterparty B”	a PRC entity, with whom RDRC entered into the Heads of Agreement
“LIBOR”	the London Inter-Bank Offered Rate
“Option Holder”	the beneficial owner of the share interests held by the RDRC Shareholder in RDRC, to whom the Call Option was granted under the Cooperation Agreement
“Ordinary Restricted Share(s)”	a new class of ordinary restricted shares of US\$0.01 each to be created in the capital of the Company in order for the issue of the Consideration Shares
“PRC”	The People’s Republic of China
“Proposed Transaction”	the co-exploration and co-development of certain copper base metal deposits in the PRC through the Joint Venture Company
“RDRC”	Red Dragon Resources Corporation, a company incorporated in the British Virgin Islands with limited liability
“RDRC Shareholder”	the sole shareholder of RDRC, being a company incorporated in the British Virgin Islands with limited liability, which is a nominee company managed by a Guernsey-based investment trust
“RDRC Share(s)”	the ordinary shares(s) of US\$1.00 each in the capital of RDRC

“Share(s)”	the ordinary voting share(s) of US\$0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and the Frankfurt Stock Exchange
“Side Letter”	the side letter dated 28 September 2005 entered into amongst the parties to the Cooperation Agreement
“US\$” or “USD”	United States dollar(s), the lawful currency in the United States

*Note: In this announcement, for reference only and unless otherwise specified, the conversion of US\$ into HK\$ is calculated at the exchange rate of US\$1.00 to HK\$7.80.*

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, 30 September 2005

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