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## **REGENT PACIFIC GROUP LIMITED**

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

**(Stock code: 0575)**

### **UPDATE ON THE DISPOSAL OF SHARES IN BRIDGE SECURITIES CO., LTD AND ITS MERGER WITH LEADING INVESTMENT AND SECURITIES CO., LTD**

Further to announcements dated 15 February 2005 and 1 April 2005, the acquisition by Leading of 62,341,329 common shares of Bridge and merger between Bridge and Leading is awaiting approval from the FSC and shareholders of both of Bridge and Leading. The Acquisition Agreement, Merger Agreement and associated papers were submitted to the FSC on 7 March 2005 and 31 March 2005 respectively.

In the meantime, certain Bridge minority shareholders allegedly representing 3.02% of Bridge's total outstanding shares have filed two applications for injunction. The first, filed on 30 March 2005, seeks to suspend and replace each of Antony Butler, Robert Thomas, Richard Wells and David Paterson as directors of Bridge. The second, filed on 13 April 2005, seeks the nullification of certain board resolutions approving the Merger. In addition, Spec Watch Korea has filed a criminal complaint on 17 March 2005, and additional charges on 13 April 2005, against certain directors of each of Bridge, BIH and Leading. Bridge has sought legal advice and has informed the Directors that they consider the allegations in each set of proceedings to be groundless. Each set of proceedings will be vigorously defended. Further announcements will be made as and when appropriate.

**While the Acquisition Agreement and the Merger Agreement have been signed, there can be no assurance, however, that the conditions to the Acquisition and the Merger will be satisfied and that the agreements will result in a successful realisation of the Sellers' respective interests in Bridge. Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**") refer to the announcements by the Company:

- (i) dated 15 February 2005 with respect to the Acquisition Agreement dated 14 February 2005 between (a) the BIH Group; (b) RPCA, a wholly owned subsidiary of the

Company; and (c) SWIB, collectively as Sellers and (d) Leading as buyer in relation to the acquisition by Leading of, in aggregate, 62,341,329 common shares of Bridge at a cash consideration of KRW 131 billion (US\$127.8 million or HK\$996.8 million); and

- (ii) dated 1 April 2005 with respect to the Merger Agreement dated 31 March 2005 between Bridge and Leading.

Unless otherwise defined herein, terms used in this announcement have the same meanings as those defined in the announcements referred to above.

The Directors wish to provide an update on the current status of the Acquisition and the Merger.

### **GRANTING OF APPROVAL BY THE FINANCIAL SUPERVISORY COMMISSION OF KOREA (THE “FSC”)**

The completion of the Acquisition Agreement and the Merger Agreement is conditional upon the granting of approval by the FSC. Leading has filed the necessary applications to the FSC on 7 March 2005 and 31 March 2005 respectively and is currently awaiting the grant of approval by the FSC. The Company understands that the FSC may meet on 13 May 2005 and, if not, hopefully by 27 May 2005. There is, however, no guarantee that the Acquisition and Merger will be considered at such meetings.

### **EXTRAORDINARY GENERAL MEETING — SHAREHOLDERS’ APPROVAL**

As previously announced, the board of Bridge has resolved to convene an extraordinary general meeting of Bridge to be held on 27 May 2005, at which shareholders of Bridge will be asked to consider and, if thought appropriate, approve the Merger Agreement by a special resolution of a two-thirds majority.

Additionally, the Company wishes to announce that RPG (L) Ltd, KoreaOnline (Labuan) Limited and SWKOL (Labuan) Limited, each being wholly owned by BIH and collectively holding 55,802,133 Bridge shares (equivalent to 77.75% of the total voting shares of Bridge), have, pursuant to a notice dated 30 April 2005, requested that, if the approval for the Acquisition and the Merger has not been granted by the FSC by 13 May 2005, the agenda for the annual general meeting of Bridge for fiscal year 2004 include the dissolution of Bridge. If such resolution is approved by Bridge shareholders at its annual general meeting, the Sellers’ interests in Bridge will therefore be realised through distribution(s) received from Bridge on its liquidation.

### **LEGAL PROCEEDINGS**

The Directors were informed on 4 May 2005 that the following legal proceedings have been instituted at the Seoul Central District Court in relation to the Acquisition, Merger and associated transactions:

- (i) an injunction application dated 30 March 2005 seeking to suspend and replace each of Antony Butler, Robert Thomas, Richard Wells and David Paterson as directors of Bridge (the “**Directors Suspension Application**”);

- (ii) an injunction application dated 13 April 2005 seeking the nullification of certain board resolutions approving the Merger (the “**Board Resolutions Suspension Application**”)(together with the Directors Suspension Application, the “**Applications**”); and
- (iii) a criminal complaint dated 17 March 2005 against certain directors of each of Bridge, BIH and Leading, to which additional charges were added on 13 April 2005 (the “**Criminal Complaints**”).

## 1 **Directors Suspension Application**

The Directors Suspension Application was filed by certain minority shareholders of Bridge allegedly representing 3.02% of Bridge’s total outstanding shares (the “**Applicants**”) seeking dismissal of Richard Wells, Robert Thomas, David Paterson and Antony Butler as representative directors or directors of Bridge. It is alleged that these directors breached their fiduciary duties owed to Bridge by approving each of (i) the sale of the Euljiro and Yoido buildings; (ii) the issuing of bonus shares; (iii) the compulsory buy-back and retirement of shares; and (iv) the Merger.

## 2 **Board Resolutions Suspension Application**

The board of Bridge passed resolutions on 30 March 2005 approving the Merger and the Merger Ratio (the “**Merger Resolutions**”). Following the passing of the Merger Resolutions, the Merger Agreement was entered into by Bridge and Leading on 31 March 2005. Subsequently, the Board Resolutions Suspension Application was filed by the same Applicants who filed the Directors Suspension Application seeking to nullify the Merger Resolutions on the basis that, inter alia, the Merger Ratio was calculated favourably to Leading in violation of laws and regulations and that the approval of the Merger was to enable the sale of BIH’s shareholdings in Bridge to Leading contrary to applicable laws and regulations.

The board of Bridge believes that there are no reasonable grounds for the Applicants’ allegations of illegality. Bridge was advised by a leading Korean law firm throughout the events that form the basis of the Applications and has been advised that both the Acquisition and the Merger complied with all applicable Korean laws and regulations. The board of Bridge made the decision to approve the Merger because it believes that it is in the interests of Bridge to complete the Merger with Leading.

Papers have been filed with the court rebutting the allegations made in both Applications. A court hearing in relation to both Applications was held on 29 April 2005. No decision has yet been rendered. The Company understands that a decision may be made by 30 May 2005. The Company will keep shareholders informed as and when a decision is made.

### 3 Criminal Complaints

Spec Watch Korea filed a criminal complaint on 17 March 2005, and additional charges on 13 April 2005, against, amongst others, William Daniel, David Paterson, Andrew Fraser, Richard Wells, Robert Thomas and Antony Butler in their capacity as directors of Bridge and James Mellon and Neil McLoughlin in their capacity as majority shareholder and director of BIH. It is alleged that the accused directors of Bridge helped BIH to achieve financial gains without regard to the best interests of Bridge and that BIH entered into the Acquisition as a means of evading compulsory execution. The allegations reflect those made in the above Applications.

Bridge and BIH consider the allegations made in the Applications and the Criminal Complaints to be entirely unsubstantiated. The actions in question were the result of reasonable business judgement after careful consideration of Bridge's/BIH's best interests (as the case may be). Further, as noted above, Bridge and BIH both sought legal advice from leading Korean law firms in ensuring that the actions taken complied with all relevant Korean laws and regulations. In light of the legal advice received, the board of Bridge considers the allegations in each set of proceedings to be groundless. Each set of proceedings will be vigorously defended. Further announcements will be made as and when appropriate.

**While the Acquisition Agreement and the Merger Agreement have been signed, there can be no assurance, however, that the conditions to the Acquisition and the Merger will be satisfied and that the agreements will result in a successful realisation of the Sellers' respective interests in Bridge. 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, 9 May 2005

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