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## **REGENT PACIFIC GROUP LIMITED**

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

**(Stock code: 0575)**

### **DISCLOSEABLE TRANSACTION — MANDATORY CAPITAL REDUCTION AND CALL OPTION AGREEMENT RELATING TO BRIDGE SECURITIES CO., LTD**

Further to the announcements by the Company on 9 May 2005, 1 June 2005 and 8 June 2005, the Directors wish to provide a further update on Bridge. The resolutions proposed for the adjourned annual general meeting of Bridge held on 24 June 2005 to consider and, if thought fit, approve the voluntary dissolution of Bridge and other related issues were withdrawn by the proposing shareholders.

The board of directors of Bridge has approved on 23 June 2005 a KRW 100 billion Mandatory Capital Reduction, pursuant to which Bridge's shares will be repurchased by Bridge mandatorily at KRW 3,380 (US\$3.34 or HK\$26.05) per share, representing approximately 52.1% of Bridge's net asset value as at 31 March 2005, which is expected to complete on or around 20 September 2005. The Bridge EGM has been convened to be held on 4 August 2005 to consider and, if thought fit, approve the Mandatory Capital Reduction. Creditors of Bridge are allowed to present their objection, if any, before 5 September 2005. Assuming that no creditors object, it is expected that the BIH Subsidiaries will receive approximately US\$73.36 million (HK\$572.21 million) and RPCA will receive approximately US\$0.40 million (HK\$3.12 million), net of estimated Korean taxes, on or around 20 September 2005.

The Directors understand that it is the intention of the BIH directors to distribute the net proceeds received from the Mandatory Capital Reduction to BIH shareholders, after making provision for sufficient working capital, including payment of all trade creditors and outstanding Korean withholding taxes and interest accrued on the late payment of such withholding taxes amounting in aggregate to US\$12.90 million (HK\$100.62 million). On that premise, the Directors expect the Company to receive approximately US\$24.35 million (HK\$189.93 million) from BIH, net of estimated Korean taxes. It is the intention of your Directors that the Company will distribute 90% of the net proceeds received from BIH, subject to the Group retaining sufficient working capital for the next 24 months. Your Directors will consider the amount of the distribution that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner.

The Bridge Labour Union has confirmed its agreement to the Mandatory Capital Reduction and, in particular, has undertaken that the Bridge EGM will proceed without any interference from its members, the Korean Securities Industry Trade Union or any non-governmental organisation.

The Call Option Agreement was entered into on 24 June 2005 amongst the Sellers, Bridge and the Option Holder, pursuant to which the Sellers have agreed to grant the Call Option over the 62,341,329 Bridge shares currently held by the Sellers to the Option Holder in return for an initial consideration of KRW 3.81 billion (US\$3.77 million or HK\$29.41 million) in cash, which has been paid by the Option Holder to the Sellers on 29 June 2005. If the Option Holder exercises the Call Option, it will pay to the Sellers the Final Consideration of KRW 34.32 billion (US\$33.95 million or HK\$264.81 million) in cash (less the Korean securities transaction tax of approximately KRW 0.17 billion (US\$0.17 million or HK\$1.33 million)). The Option Holder and the Sellers have commenced negotiations for the purposes of entering into the Share Sale Option Agreement by 10 July 2005, concerning the sale of the Call Option Shares by the Sellers to the Option Holder. As far as BIH and the Directors understand, it is the intention of the Option Holder that it will seek resumption in the trading of Bridge's shares on the Korea Exchange.

If the Share Sale Option Agreement is signed and the transaction completes whereby the Call Option Shares are purchased by the Option Holder, it is, as far as the Directors understand, the intention of the BIH directors to distribute the net proceeds received from the Option Holder to BIH shareholders, after making provision for sufficient working capital, including payment of all trade creditors and outstanding Korean withholding taxes and interest accrued on the late payment of such withholding taxes amounting in aggregate to US\$12.90 million (HK\$100.62 million). On that premise, the Directors expect the Company to receive approximately US\$13.52 million (HK\$105.46 million) from BIH, net of estimated Korean taxes. It is the intention of your Directors that the Company will distribute 90% of the net proceeds received from BIH, subject to the Group retaining sufficient working capital for the next 24 months. Your Directors will consider the amount of the distribution that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner.

On the basis of the above estimated proceeds, the Company will receive approximately US\$37.87 million (HK\$295.39 million) from BIH in respect of the Mandatory Capital Reduction and the sale of the Call Option Shares, net of estimated Korean taxes.

The total proceeds to be received by RPCA directly from Bridge in respect of the Mandatory Capital Reduction and the sale of the Call Option Shares, net of estimated Korean taxes, will amount to approximately US\$0.60 million (HK\$4.68 million). The Mandatory Capital Reduction and the Call Option Agreement, in aggregate, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules.

The Bridge Labour Union has agreed in the Union Settlement Agreement to immediately suspend the Injunction process and the criminal complaints (as referred to in the Company's announcements dated 9 May 2005 and 1 June 2005). In the event that both the Mandatory Capital Reduction and the share purchase pursuant to the terms and conditions of the Share Sale Option Agreement (if agreed and signed) complete, the parties to the Union Settlement Agreement will immediately cease all existing civil and criminal litigation, legal claims or appeals and other actions commenced or contemplated against any other party, including its directors, officers and employees.

**While (a) the Mandatory Capital Reduction has been approved by the board of directors of Bridge, and (b) the Call Option Agreement has been signed by the parties, there can be no assurance that either (i) the Mandatory Capital Reduction will complete, or (ii) the conditions to the exercise of the Call Option pertaining to the purchase of the Call Option Shares will be satisfied or (iii) the Share Sale Option Agreement (which is subject to negotiation by the parties) will be signed relating to the acquisition of the Call Option Shares. Accordingly, shareholders and potential shareholders are advised to exercise extreme caution when dealing in the shares of the Company. Further, shareholders and potential shareholders should note that the amounts expressed in this announcement relating to the potential distributions by the Company are merely indicative and not definitive. Your Directors will consider the amount of the distribution(s) that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner. The Directors understand from the BIH directors that they hope BIH will make the distributions by 31 October 2005.**

The Company has requested that trading in the shares of the Company on the Stock Exchange be suspended with effect from 9:30 am on Friday, 24 June 2005 pending release of this announcement. Application has been made for trading to resume at **9:30 am 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, 14.58 and 14.60 of The Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**") and collectively with its subsidiaries, the "**Group**") refer to the announcements made by the Company on 9 May 2005, 1 June 2005 and 8 June 2005 with respect to updates on Bridge Securities Co., Ltd ("**Bridge**", a 77.75% owned subsidiary of Bridge Investment Holding Limited ("**BIH**"), which is in turn a 40.2% owned associate of the Company) and are pleased to provide a further update as follows.

## **1. ADJOURNED ANNUAL GENERAL MEETING**

The shareholders' resolutions proposed by RPG (L) Ltd, KoreaOnline (Labuan) Limited and SWKOL (Labuan) Limited (collectively the "**BIH Subsidiaries**"), each being a wholly owned subsidiary of BIH and collectively holding 55,802,133 Bridge shares

(equivalent to 77.75% of the total voting shares of Bridge), for the adjourned annual general meeting of Bridge held on 24 June 2005 to consider and, if thought fit, approve the voluntary dissolution of Bridge, the appointment of liquidator(s) and the suspension and closure of its securities business were withdrawn on 24 June 2005.

## 2. MANDATORY CAPITAL REDUCTION

The Directors have been informed by BIH that the board of directors of Bridge has approved on 23 June 2005 a KRW 100 billion mandatory capital reduction (the “**Mandatory Capital Reduction**”), pursuant to which Bridge’s shares will be repurchased by Bridge mandatorily at KRW 3,380 (US\$3.34 or HK\$26.05) per share, representing approximately 52.1% of Bridge’s net asset value as at 31 March 2005. It is expected that the Mandatory Capital Reduction will complete on or around 20 September 2005.

An extraordinary general meeting of Bridge (the “**Bridge EGM**”) has been convened to be held on 4 August 2005, at which a resolution will be proposed to shareholders to consider and, if thought fit, approve the Mandatory Capital Reduction.

BIH and the Company have undertaken to procure the BIH Subsidiaries and RPCA (L) Limited (“**RPCA**”, a wholly owned subsidiary of the Company holding 336,090 voting shares or 0.47% in Bridge) to vote in favour of the Mandatory Capital Reduction at the Bridge EGM.

As part of the Mandatory Capital Reduction, creditors of Bridge are allowed to present their objection, if any, before 5 September 2005. Assuming that no creditors object, the BIH Subsidiaries will receive approximately US\$76.91 million (HK\$599.90 million) and RPCA will receive approximately US\$0.46 million (HK\$3.59 million), before taxes, on or around 20 September 2005. BIH expects that withholding taxes of approximately KRW 3.59 billion (US\$3.55 million or HK\$27.69 million) and approximately KRW 0.06 billion (US\$0.06 million or HK\$0.47 million) would be levied on the BIH Subsidiaries and RPCA respectively in respect of the Mandatory Capital Reduction. It is therefore expected that the BIH Subsidiaries will receive approximately US\$73.36 million (HK\$572.21 million) and RPCA will receive approximately US\$0.40 million (HK\$3.12 million), net of estimated Korean taxes.

The Directors understand that it is the intention of the BIH directors to distribute the net proceeds received from the Mandatory Capital Reduction to BIH shareholders, after making provision for sufficient working capital, including payment of all trade creditors and outstanding Korean withholding taxes and interest accrued on the late payment of such withholding taxes amounting in aggregate to US\$12.90 million (HK\$100.62 million). On that premise, the Directors expect the Company to receive approximately US\$24.35 million (HK\$189.93 million) from BIH, net of estimated Korean taxes. It is the intention of your Directors that the Company will distribute 90% of the net proceeds received from BIH, subject to the Group retaining sufficient working capital for the next 24 months. Your Directors will consider the amount of the distribution that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner.

An agreement (the “**Union Settlement Agreement**”) was entered into on 24 June 2005 amongst, inter alia, BIH, the BIH Subsidiaries, the Company, RPCA, Bridge and the labour union of Bridge (the “**Bridge Labour Union**”), pursuant to which the Bridge Labour Union has confirmed its agreement to the Mandatory Capital Reduction, amongst others. In particular, it has undertaken that the Bridge EGM will proceed without any interference from its members, the Korean Securities Industry Trade Union or any non-governmental organisation.

The Company and RPCA are parties to the Union Settlement Agreement as RPCA is one of the sellers referred to in the Call Option Agreement (as defined below) and a certain Director of the Company is amongst the defendants of the criminal complaints (as referred to under the paragraph headed “Legal Proceedings” below), which are referred to in the Union Settlement Agreement.

### 3. CALL OPTION AGREEMENT

The Directors have also been informed by BIH that a call option agreement (the “**Call Option Agreement**”) was entered into on 24 June 2005 amongst the BIH Subsidiaries, RPCA and the State of Wisconsin Investment Board (“**SWIB**”) (collectively the “**Sellers**”), Bridge and Golden Bridge Co., Ltd (the “**Option Holder**”), pursuant to which the Sellers have agreed to grant a call option (the “**Call Option**”) over the 62,341,329 shares (the “**Call Option Shares**”) currently held by the Sellers in Bridge to the Option Holder at an initial consideration of KRW 3.81 billion (US\$3.77 million or HK\$29.41 million) in cash (the “**Initial Consideration**”), which has been paid by the Option Holder to the Sellers on 29 June 2005. The Option Holder and the Sellers have commenced negotiations for the purposes of entering into a share sale option agreement (the “**Share Sale Option Agreement**”) by 10 July 2005, concerning the sale of the Call Option Shares by the Sellers to the Option Holder.

Under the Call Option Agreement, the Option Holder can only exercise the Call Option if (1) the Share Sale Option Agreement to the satisfaction of the Sellers is signed and entered into with the Option Holder by 10 July 2005 and (2) the Mandatory Capital Reduction has been completed. Otherwise, the Call Option Agreement shall automatically lapse.

The Option Holder may exercise the Call Option by delivery of a notice (the “**Call Option Notice**”) to the Sellers after completion of the Mandatory Capital Reduction. Upon the Option Holder paying to the Sellers the final consideration of KRW 34.32 billion (US\$33.95 million or HK\$264.81 million) in cash (less the Korean securities transaction tax of approximately KRW 0.17 billion (US\$0.17 million or HK\$1.33 million) which the Option Holder must pay to the relevant Korean tax authority) (the “**Final Consideration**”) and otherwise taking such actions as are required under the Share Sale Option Agreement to effect completion of the transfer of the Call Option Shares, the Call Option Shares shall be transferred by the Sellers to the Option Holder, together with all rights and advantages attaching to them under law as at the settlement

date stipulated in the Call Option Notice (including, without limitation, the right to receive all dividends or distributions declared, made or paid on or after such settlement date), subject to the entering into of, and in accordance with the terms of, the Share Sale Option Agreement.

If the Share Sale Option Agreement is signed and the transaction completes whereby the Call Option Shares are purchased by the Option Holder, it is, as far as the Directors understand, the intention of the BIH directors to distribute the net proceeds received from the Option Holder to BIH shareholders, after making provision for sufficient working capital, including the payment of all trade creditors and outstanding Korean withholding taxes and interest accrued on the late payment of such withholding taxes amounting in aggregate to US\$12.90 million (HK\$100.62 million). On that premise, the Directors expect the Company to receive approximately US\$13.52 million (HK\$105.46 million) from BIH, net of estimated Korean taxes. It is the intention of your Directors that the Company will distribute 90% of the net proceeds received from BIH, subject to the Group retaining sufficient working capital for the next 24 months. Your Directors will consider the amount of the distribution that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner.

The sale proceeds attributable to RPCA in respect of the sale of the Call Option Shares, net of estimated Korean taxes, will amount to US\$0.20 million (HK\$1.56 million).

If either (a) the Share Sale Option Agreement has not been signed by 10 July 2005 or (b) the Mandatory Capital Reduction has not been completed by 15 October 2005, the Call Option Agreement shall expire with immediate effect. The Initial Consideration will only be refundable in the event that (i) the Share Sale Option Agreement is not signed by 10 July 2005 or (ii) the Option Holder's due diligence exercise on Bridge reveals a material adverse change by 15 August 2005.

#### **4. BASIS OF CONSIDERATION**

The book value of the 336,090 Bridge shares held by RPCA as at 30 September 2004 was US\$0.37 million (HK\$2.89 million).

RPCA's holding of Bridge's shares are to be redeemed under the Mandatory Capital Reduction at KRW 3,380 (US\$3.34 or HK\$26.05) per share.

RPCA's attributable holding of the Call Option Shares are to be sold under the Call Option Agreement at KRW 612 (US\$0.61 or HK\$4.76) per share.

#### **5. TOTAL PROCEEDS RECEIVABLE FROM THE MANDATORY CAPITAL REDUCTION AND THE SALE OF THE CALL OPTION SHARES**

On the basis of the above estimated proceeds, the Company will receive approximately US\$37.87 million (HK\$295.39 million) from BIH in respect of the Mandatory Capital Reduction and the sale of the Call Option Shares, net of estimated Korean taxes.

The total proceeds to be received by RPCA directly from Bridge in respect of the Mandatory Capital Reduction and the sale of the Call Option Shares, net of estimated Korean taxes, will amount to US\$0.60 million (HK\$4.68 million). Accordingly, a gain of US\$0.23 million (HK\$1.80 million), net of estimated Korean taxes, will be realised by RPCA from the Mandatory Capital Reduction and the sale of the Call Option Shares.

## **6. REASONS FOR ENTERING INTO THE TRANSACTION**

RPCA's holding of Bridge's shares are to be mandatorily repurchased by Bridge under the Mandatory Capital Reduction. The Directors believe that the terms of the Call Option Agreement are fair and reasonable and in the interests of the Company as a whole.

The Company is regularly evaluating and considering new investment areas, and the proceeds to be received under the Mandatory Capital Reduction and the sale of the Call Option Shares will provide financing for such new investment areas.

## **7. LISTING OF BRIDGE**

Trading of Bridge's shares was suspended by the Korea Exchange with effect from 25 May 2005 in view of a disclaimer delivered by Bridge's external auditor on its opinion in respect of Bridge's financial statements for the year ended 31 March 2005 due to the uncertainty that Bridge would remain as a going concern for the next twelve months ending 31 March 2006. However, as far as BIH and the Directors understand, it is the intention of the Option Holder that it will seek resumption in the trading of Bridge's shares on the Korea Exchange.

## **8. LEGAL PROCEEDINGS**

The Directors understand from BIH that the Bridge Labour Union has filed an appeal against the dismissal by the Seoul Central District Court for the injunction seeking dismissal of certain directors of Bridge ("**Injunction**"), as referred to in the Company's announcements dated 9 May 2005 and 1 June 2005.

However, the Bridge Labour Union has agreed in the Union Settlement Agreement, amongst others, that it will procure that:

- (i) the applicants will immediately upon execution of the Union Settlement Agreement file for a petition whereby both parties (applicants and respondents) will jointly file a petition to the court to suspend the Injunction process;
- (ii) Spec Watch Korea will immediately suspend their criminal complaints filed at the Seoul Central District Public Prosecutor's office against nine persons, including the directors of Bridge, of BIH and of the Company (the "**Defendants**") by filing a suspension notice to the Criminal Department of the Seoul Central District Public Prosecutor's office within 5 business days from the date of signing the Union Settlement Agreement and providing a copy of such suspension notice to the named Defendants forthwith; and

(iii) in the event that both the Mandatory Capital Reduction and the share purchase pursuant to the terms and conditions of the Share Sale Option Agreement (if agreed and signed) complete, the parties to the Union Settlement Agreement will immediately cease all existing civil and criminal litigation, legal claims or appeals and other actions commenced or contemplated against any other party, including its directors, officers and employees.

## 9. DISCLOSEABLE TRANSACTION

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Option Holder 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 Mandatory Capital Reduction and the Call Option Agreement, in aggregate, constitute a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, by reference to the revenue attributable to the 0.47% interest held by RPCA in Bridge is more than 5% but less than 25% of the Company's total revenue for the year ended 31 March 2004 (being the latest published audited final results).

A circular containing details of the Mandatory Capital Reduction and the Call Option Agreement will be despatched to shareholders in due course.

## 10. GENERAL INFORMATION

In the event that the Sellers successfully realise their interests in Bridge and BIH distributes the realisation proceeds to its shareholders, including the Company, the Group's remaining activities, as at the date of this announcement, will consist of fund management, corporate investment and investment in minerals exploration, mining and processing industry in the People's Republic of China. SWIB currently holds 7.46% of the total issued voting share capital of the Company.

Bridge is a company incorporated in Korea, the shares of which are listed on the Korea Exchange. The BIH Subsidiaries, SWIB and RPCA own directly 77.75%, 8.64% and 0.47% respectively of the issued share capital of Bridge. Third parties hold the remaining interests in the issued share capital of Bridge. Bridge's principal business activities consist of stock broking, corporate investment and financing services.

The net profits before and after taxation and extraordinary items attributable to the 336,090 Bridge shares held by RPCA for the year ended 31 March 2004 were US\$0.03 million (HK\$0.23 million) and US\$0.01 million (HK\$0.08 million) respectively. The net loss before and after taxation and extraordinary items attributable to these shares for the year ended 31 March 2005 were US\$0.14 million (HK\$1.09 million) and US\$0.18 million (HK\$1.40 million) respectively.

**While (a) the Mandatory Capital Reduction has been approved by the board of directors of Bridge, and (b) the Call Option Agreement has been signed by the parties, there can**

be no assurance that either (i) the Mandatory Capital Reduction will complete, or (ii) the conditions to the exercise of the Call Option pertaining to the purchase of the Call Option Shares will be satisfied or (iii) the Share Sale Option Agreement (which is subject to negotiation by the parties) will be signed relating to the acquisition of the Call Option Shares. Accordingly, shareholders and potential shareholders are advised to exercise extreme caution when dealing in the shares of the Company. Further, shareholders and potential shareholders should note that the amounts expressed in this announcement relating to the potential distributions by the Company are merely indicative and not definitive. Your Directors will consider the amount of the distribution(s) that the Company will make to all shareholders nearer the time the proceeds are paid to BIH shareholders and an appropriate announcement will be made to shareholders in the usual manner. The Directors understand from the BIH directors that they hope that BIH will make the distributions by 31 October 2005.

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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.