



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

RESULTS

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) announce the unaudited results of the Group for the six months ended 30 September 2003, together with comparative figures for the corresponding period ended 30 September 2002, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2003

		(Unaudited) For the six months ended 30 September	
	Note	2003 US\$'000	2002 US\$'000
Turnover:			
Asset management and corporate finance	2	766	1,007
Corporate investment income and net realised and unrealised gains and losses on investments		841	149
Internet retailing		1	16
Other revenues		<u>1,040</u>	<u>341</u>
		2,648	1,513
Expenses:			
Staff costs		(1,474)	(1,179)
Rental and office expenses		(178)	(293)
Information and technology expenses		(158)	(175)
Marketing costs and commissions		(9)	(10)
Professional fees		(111)	(96)
Other operating expenses		<u>(180)</u>	<u>(385)</u>
		538	(625)
Share of profits/(losses) of associates		<u>2,226</u>	<u>(3,696)</u>
Operating profit/(loss) from ordinary activities	3	2,764	(4,321)
Finance costs - interest on bank overdraft		<u>—</u>	<u>(9)</u>
Profit/(Loss) before taxation		2,764	(4,330)
Taxation	4	<u>(272)</u>	<u>(631)</u>
Profit/(Loss) after taxation		2,492	(4,961)
Minority interests		<u>(7)</u>	<u>(1)</u>
Net profit/(loss) attributable to shareholders		<u>2,485</u>	<u>(4,962)</u>
Dividend	5	<u>3,501</u>	<u>—</u>
Earnings/(Loss) per share (US cents)	6		
- Basic		<u>0.21</u>	<u>(0.42)</u>
- Diluted		<u>0.21</u>	<u>N/A</u>

Notes:

1. Basis of preparation and accounting policies

The condensed interim financial statements have been prepared in accordance with the requirements of The Rules Governing the Listing of Securities (the “**HK Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”), including compliance of Statement of Standard Accounting Practice (“**SSAP**”) 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants (the “**HKSA**”).

The condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended 31 March 2003.

The same accounting policies adopted in the financial statements for the year ended 31 March 2003 have been applied to these condensed interim financial statements except that the Group has changed certain of its accounting policies following the adoption of SSAP 12 “Income Taxes” issued by the HKSA which is effective for accounting periods commencing on or after 1 January 2003.

The change to the Group’s accounting policies and the effect of adopting this new policy are set out below.

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the new SSAP 12 represents a change in accounting policy, which has been applied retrospectively.

The adoption of this new SSAP has no material effect on the Group’s results and net asset value.

2. Segmented information

An analysis of the Group's revenue and results for the period by business segments is as follows:

For the six months ended 30 September 2003 (Unaudited)

	Asset management	Corporate finance	Corporate investment	Internet retailing	Inter- segment elimination	Unallocated	Consolidated
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	726	80	1,841	1	—	—	2,648
Inter-segment revenue	<u>1,294</u>	—	<u>1</u>	—	<u>(1,295)</u>	—	—
	<u>2,020</u>	<u>80</u>	<u>1,842</u>	<u>1</u>	<u>(1,295)</u>	—	<u>2,648</u>
Segment results	(536)	(550)	1,632	(8)	—	—	538
Unallocated operating expenses	—	—	—	—	—	—	—
Profit from operations							538
Share of profits of associates	—	—	—	—	—	2,226	2,226
Taxation							(272)
Minority interests							<u>(7)</u>
Net profit attributable to shareholders							<u>2,485</u>

For the six months ended 30 September 2002 (Unaudited)

	Asset management	Corporate finance	Corporate investment	Internet retailing	Inter- segment elimination	Unallocated	Consolidated
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	1,332	16	149	16	—	—	1,513
Inter-segment revenue	<u>3</u>	—	<u>1</u>	—	<u>(4)</u>	—	—
	<u>1,335</u>	<u>16</u>	<u>150</u>	<u>16</u>	<u>(4)</u>	—	<u>1,513</u>
Segment results	731	(266)	(194)	3	(97)	—	177
Unallocated operating expenses	—	—	—	—	—	(802)	<u>(802)</u>
Loss from operations							(625)
Share of losses of associates	—	—	—	—	—	(3,696)	(3,696)
Finance costs							(9)
Taxation							(631)
Minority interests							<u>(1)</u>
Net loss attributable to shareholders							<u>(4,962)</u>

3. **Operating profit/(loss) from ordinary activities**

	(Unaudited)	
	For the six months ended	
	30 September	
	2003	2002
	<i>US\$'000</i>	<i>US\$'000</i>
After charging:		
Auditors' remuneration	28	21
Depreciation on owned fixed assets	30	48
Loss on disposal of fixed assets	—	2
Operating lease rental on property	95	149
Net unrealised loss on non-current other investments*	—	41
Net unrealised loss on current other investments*	3	36
Staff costs	<u>1,474</u>	<u>1,179</u>
After crediting:		
Net realised profit on disposal of current other investments*	84	191
Net realised profit on disposal of non-current other investments*	—	45
Interest income on bank deposits	3	25
Dividend income from investments*	2	4
Net unrealised profit on non-current other investments*	<u>422</u>	<u>—</u>

* Included in turnover

4. **Taxation**

No provision for Hong Kong profits tax has been made in these financial statements as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the period. Taxes on profits assessable in overseas countries have been calculated at the rates of taxation prevailing in such countries. Provision has been set aside in respect of all entities where the directors believe a liability exists.

The amount of taxation charged to the consolidated income statement represents:

	(Unaudited)	
	For the six months ended	
	30 September	
	2003	2002
	<i>US\$'000</i>	<i>US\$'000</i>
Group:		
Overseas taxation	—	—
Share of tax of associates	<u>272</u>	<u>631</u>
Taxation charge	<u><u>272</u></u>	<u><u>631</u></u>

5. **Dividend**

	(Unaudited)	
	For the six months ended	
	30 September	
	2003	2002
	<i>US\$'000</i>	<i>US\$'000</i>
Special interim, proposed, of 0.295 US cent (2002: Nil) per ordinary share	<u>3,501</u>	<u>—</u>

On 27 October 2003, the Directors declared a special interim dividend of 0.295 US cent per share for the year ending 31 March 2004. This proposed dividend is not reflected as a dividend payable in these condensed interim financial statements, but will be reflected as an appropriation of share premium for the year ending 31 March 2004.

6. Earnings/(Loss) per share

- a. The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the period of US\$2,485,000 (2002: loss of US\$4,962,000) and on the weighted average of 1,186,915,193 (2002: 1,186,902,435) shares of the Company in issue during the period.
- b. The diluted earnings per share for the period ended 30 September 2003 is based on the net profit attributable to shareholders for the period of US\$2,485,000 and on the weighted average of 1,189,290,812 shares issued and issuable, calculated on the assumption that the Company's outstanding share options had been exercised. No diluted loss per share is presented for the period ended 30 September 2002 as the outstanding share options and warrants were anti-dilutive.

REVIEW AND PROSPECTS

CHAIRMAN'S STATEMENT

The Group recorded a profit attributable to shareholders of US\$2.5 million (2002: loss of US\$5.0 million) for the six months ended 30 September 2003, representing earnings per share of 0.21 US cent (2002: loss per share of 0.42 US cent). The profit was mainly due to the Group's share of profit after tax from Bridge Investment Holding Limited ("BIH") of US\$1.4 million. BIH recorded a loss attributable to shareholders of US\$4.9 million for the six months ended 30 September 2003, which was mainly due to the write down of US\$8.9 million in respect of its deferred tax assets. As the Group wrote off its BIH related deferred tax assets in prior years, the Group did not account for the write down of US\$8.9 million made by BIH, resulting in a share of profit before tax of US\$1.6 million for the Group.

The revenue of the Group's corporate investment division increased from US\$0.1 million to US\$0.8 million as compared to the corresponding period last year. The revenue of the asset management business division was reduced by 24% to US\$0.8 million (2002: US\$1.0 million) due to the reduction in assets under management.

The value of the Group's shareholders' equity increased by 14% to US\$97.1 million (31 March 2003: US\$85.2 million) during the period. Net assets per share were 8.2 US cents (31 March 2003: 7.2 US cents), an increase of 14% during the period. As at 30 September 2003, the Group had US\$4.7 million net cash or 4.8% of its total shareholders' equity.

I set out below a brief summary of the main elements of the profit attributable to shareholders as follows:

	US\$ million
Share of profits connected with BIH	1.4
Corporate investments	1.6
Asset management	(0.6)
Other operating income	<u>0.1</u>
Total profit attributable to shareholders	<u><u>2.5</u></u>

In terms of the consolidated balance sheet, the main elements consist of:

	US\$ million
Stake in BIH	85.3
Value of technology related assets	0.7
Other net assets	<u>11.1</u>
Total net assets	<u>97.1</u>

On 27 October 2003, the Directors announced that the Company received a dividend of US\$3.69 million from BIH in early September 2003, and that the Directors declared a special interim dividend of 0.295 US cent per share. Shareholders will note that the declaration of a special interim dividend complies with the Directors' stated policy mentioned in the Company's annual report and financial statements for the financial year ended 31 March 2002 and 31 March 2001 respectively to distribute at least 90% of any realisation received from BIH. On the basis of the Company's existing issued share capital, payment of the special interim dividend amounts to approximately US\$3.5 million or 95% of the proceeds received from BIH. The special interim dividend is payable on Friday, 19 December 2003 to those shareholders whose names were recorded on the Principal or Branch Register of Members of the Company as of 21 November 2003.

During the period and up to the date of this announcement, 2,045,801 new ordinary shares were issued pursuant to the exercise of share options and conversion of warrants (2002: Nil).

BRIDGE INVESTMENT HOLDING LIMITED

Bridge Investment Holding Limited ("**BIH**" and collectively with its subsidiaries, the "**BIH Group**") recorded a loss attributable to shareholders of US\$4.9 million (2002: US\$8.7 million) for the six months ended 30 September 2003, representing a loss per share of US\$0.11 (2002: US\$0.19).

Segmental analysis of the figures is as follows:

	US\$ million
By business:	
- Bridge Securities Co., Ltd (" BSC ")	5.9
- Restructuring charge	<u>(4.6)</u>
	1.3
- Corporate and other interests	<u>3.3</u>
Pre-tax profit	4.6
Write down of deferred tax assets	(11.3)
Minority interest	<u>1.8</u>
Net loss for the period	<u>(4.9)</u>

Balance Sheet

Shareholders' equity has increased by 4.9% to US\$212.4 million as at 30 September 2003 from US\$202.4 million as at 31 March 2003. The increase was due to an unrealised foreign exchange revaluation surplus of US\$24.1 million and an operating loss of US\$4.9 million. The BIH directors announced a special dividend of US\$0.205 per share. This dividend was paid on or about 5 September 2003 by way of a US dollar cheque payable to shareholders who appeared on the register of members as at 1 September 2003.

Gross assets of the BIH Group (after taking out the negative goodwill) have increased by 3.7% during the period, primarily due to an increase in the BIH Group's investments.

Funding

As at 30 September 2003, BIH's cash balance was US\$5.6 million. BSC completed on 7 August 2003 a mandatory buy back of 18.75 million shares at KRW 2,000 per share at a total cost of approximately KRW 37.5 billion. BSC has therefore mandatorily purchased 25.2682% of each shareholder's interest in BSC. As part of this process, BSC bought back 14,701,487 shares from certain of BIH's subsidiaries for cash at KRW 2,000 per share raising approximately KRW 29.3 billion or US\$24.8 million (after applicable taxes) for the BIH Group.

The US\$7 million bonds and accrued interest due to Tong Yang Investment Bank were fully repaid on 8 August 2003.

Investments

The BIH Group owns 78.4% of the outstanding share capital of BSC, being the BIH Group's only operating company. Subsequent to 30 September 2003, the BIH Group acquired an additional 507,340 BSC shares at an average price per share of KRW 1,833. As a result the BIH Group's shareholding in BSC has increased to 79.32% from 78.41%.

Operational Performance

The retail division continues to be the main generator of losses at BSC. With little pick up in commissions at the retail division during the period concerned coupled with the hangover of the consumer credit bubble that erupted at the end of last year leaving Korean households crippled with debt there appears to be no sign that the retail customer is returning to the stock market. Obviously the loss of the retail customer has a serious knock-on effect to the profitability of the retail division. Notwithstanding this, BSC's management has recently begun a productivity upgrade of the retail division where the main focus is on enforcing minimum productivity levels and replacing under-performing staff.

Despite the increase in the KOSPI during the period concerned and BSC's high level of shareholders' equity, BSC has consistently underperformed its peers in Korea, on a number of key parameters. In addition, the absence of a clear corporate vision designed to create long-term value for its shareholders by the former management of BSC continues to hamper BSC's road to recovery. The former BSC management did not:

- Prepare an adequate planning process pre and post merger of Ileun Securities Co., Ltd and Regent Securities Co., Ltd;
- Prepare a detailed business plan outlining BSC's strategy and goals, including its retail division;
- Prepare a detailed budgeting process;
- Prepare a disposal plan of non-core assets; and
- Recruit a suitably qualified and proven manager of the retail division.

Consequently BSC management continues to spend considerable time addressing these issues so that a plan can be adopted for BSC's further development that will be designed to create shareholder value.

FUND MANAGEMENT

The fund management division remains loss making, which is primarily due to (i) the redemption of the Asian Opportunity Fund 1998 — II which has been completed after the team successfully realised the fund's largest investment in PT Bank NISP Tbk, (ii) operating in a high cost base environment, and (iii) a relatively small amount of funds under management.

TECHNOLOGY INVESTMENTS

No provisions have been made against the Group's holding of technology related investments during the period ended 30 September 2003. The Group's 49.9% associate, Regent Markets Holdings Limited ("**Regent Markets**", formerly Exchangebet.com Holdings Limited), which provides online fixed-odds betting on financial markets continues to experience strong growth in its turnover and operating profit during the current financial year. For the ten months to 31 October 2003, the company's unaudited turnover was US\$48.7 million and its unaudited gross profit and net profit before a dividend distribution of US\$500,000 were US\$2.3 million and US\$0.949 million respectively. During the period, Regent Markets placed 680,000 shares at US\$1.25 per share raising US\$850,000 at a US\$26 million valuation. As at 30 September 2003, Regent Markets had 21.15 million shares outstanding. The Group's 49.9% interest in Regent Markets was held at US\$1.3 million in the Group's consolidated balance sheet as at 30 September 2003, based on the equity method of accounting. The company's main web-sites are: www.regentmarkets.com and www.betonmarkets.com.

OUTLOOK

The Group is committed to realising its investment in BIH and will continue its stated policy of distributing at least 90% of any realisation received from BIH. In this respect, on 27 October 2003, the Directors announced that the Company received a dividend of US\$3.69 million from BIH in early September 2003, and that the Directors declared a special interim

dividend of 0.295 US cent per share. Shareholders will note that the declaration of a special interim dividend complies with the Directors' stated policy mentioned in the Company's annual report and financial statements for the financial year ended 31 March 2002 and 31 March 2001 respectively to distribute at least 90% of any realisation received from BIH.

It is disappointing that, despite the rise in the KOSPI during the period concerned, BSC performed so poorly. BSC's management continues to face serious challenges going forward, especially in the retail division. The lack of a clear corporate vision by former BSC management, the impact of the Korean consumer credit bubble, the overcapacity in the Korean securities industry and the intense pricing competition will continue to lead to uncertain times ahead for the BIH Group. However the new BSC management is committed towards the adoption of a plan for the further rationalisation of BSC which I hope will lead to the creation of shareholder value. The BIH directors remain committed to taking steps to enhance the value of all shareholders' investment in BIH.

Your Directors are also fully committed towards taking steps that will enhance the value of all shareholders' investment in the Company.

INTERIM DIVIDEND

On 27 October 2003, the Directors declared a special interim dividend of 0.295 US cent per share for the year ending 31 March 2004 payable on Friday, 19 December 2003 in cash, either in Hong Kong dollars or in United States dollars at the exchange rate quoted at 4:00 pm (Hong Kong time) on Friday, 12 December 2003, to those shareholders whose names are recorded on the Principal or Branch Register of Members of the Company on Friday, 21 November 2003.

The Directors of the Company have resolved not to declare any further interim dividend for the six months ended 30 September 2003 (2002: Nil).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

REVENUE AND PROFITS

The Group recorded a profit attributable to shareholders of US\$2.5 million (2002: loss of US\$5.0 million) for the period ended 30 September 2003.

The profit was mainly attributable to the Group's share of profit after tax of US\$1.4 million (2002: US\$15.7 million) from its Korean associate, Bridge Investment Holding Limited. BIH recorded a loss attributable to shareholders of US\$4.9 million for the six months ended 30 September 2003, which was mainly due to the write down of US\$8.9 million in respect of its deferred tax assets. As the Group wrote off its BIH related deferred tax assets in prior years, the Group did not account for the write down of US\$8.9 million made by BIH, resulting in a share of profit before tax of US\$1.6 million for the Group.

The revenue of the asset management business division was reduced by 24% to US\$0.8 million (2002: US\$1.0 million) due to the reduction in assets under management. On the contrary, the revenue of the corporate investment business division increased from US\$0.1 million to US\$0.8 million during the period.

BALANCE SHEET

The shareholders' equity increased by 14% to US\$97.1 million (31 March 2003: US\$85.2 million) during the period and BIH accounts for approximately 87.9% (31 March 2003: 91.5%) of the Group's total shareholders' equity as at 30 September 2003. The remaining Group assets comprise the technology investments of US\$0.8 million and other corporate investments of US\$11 million.

There were no borrowings for the Group at the balance sheet date which is in keeping with the Directors' stated policy.

FUTURE FUNDING

As at 30 September 2003, the Group had US\$4.7 million net cash or 4.8% of its total shareholders' equity. There were no material charges against Group assets.

The Company's subsidiaries and associates may require funding as their businesses develop. It is expected that the bulk of such funding will be obtained from external sources but, dependent upon the amount and the duration, funding will also be made available by the Group from its internal resources.

MANAGEMENT OF RISK

The Company is exposed to foreign currency fluctuations arising from operations of its subsidiaries and associates. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. The Group has not taken any currency hedge against the investments in Korea and United Kingdom due to their non-cash nature and the high hedging cost such hedging would involve.

As BIH was responsible for approximately 87.9% of the total shareholders' equity as at 30 September 2003, the Company is exposed to the fluctuations in the equity values of BIH. The exposure is to the Korean economy, and its credit and equity markets. The responsibility for management of these risks rests with the BIH management.

The Group will operate both equity market and currency hedges from time to time. Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 September 2003, the amount of these margin deposits was US\$332,000 (2002: US\$69,000).

In terms of the total operations of the Group, activities of this nature are of limited materiality.

CONTINGENT LIABILITIES

The Group was not involved in any material litigation or disputes during the period ended 30 September 2003.

Subsequent to 30 September 2003, the Company has entered into a guarantee with a financial institution for an amount not exceeding US\$750,000 in respect of entering into foreign exchange contracts.

The Company understands that on 28 October 2003 Bridge Securities Co., Ltd received an official notice from the Korean Financial Supervisory Service instructing BSC to seek a new business licence from the Korean Financial Supervisory Commission (the “**FSC**”) in order to continue trading in futures and options. The reason for this is that under the Korean Futures Trading Act (the “**FTA**”), the trading of KOSPI 200 products is being transferred from the Korean Stock Exchange to the Korean Futures Exchange (the “**KOFEX**”) with effect from 1 January 2004. On 4 December 2003, BSC submitted an application for a new business licence with the FSC to trade in futures and options on the KOFEX. Further, the application was submitted on the basis that BIH and BSC satisfy all the relevant requirements under the FTA. However, shareholders should note that if BSC were to apply for a new business licence then the FSC may impose an administrative fine on BIH. The reason for this is that Regent Insurance Co., Ltd was designated under BIH’s ownership by the FSC as an ailing financial institution on 7 June 2002, and, as a result, the FSC may impose an administrative fine when BSC applies for a new business licence. It is however the view of BSC and its Korean legal adviser that BSC and BIH satisfy the requirements of the FTA and that no administrative fine should be paid by BIH in order for BSC to obtain the futures and options business licence. However, shareholders should note that the FSC may exercise its discretionary power in granting a licence to conduct futures business and there is a real possibility that the FSC may impose an administrative fine on BIH. The Company understands from BIH that the amount of this administrative fine may amount to approximately KRW 25 billion (approximately US\$20.8 million). As at the date of this announcement, no notification of an administrative fine has been received by either BIH or BSC.

No other material changes were noted during the six months ended 30 September 2003 from the information disclosed in the published annual report for the year ended 31 March 2003.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises the two independent non-executive Directors, namely Anthony Robert Baillieu and Stawell Mark Searle.

The interim financial statements of the Company for the six months ended 30 September 2003 have been reviewed by the Audit Committee.

COMPLIANCE OF THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2003, in compliance with The Code of Best Practice as set out in Appendix 14 to the HK Listing Rules.

PUBLICATION OF FURTHER INFORMATION

All information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 to the HK Listing Rules in respect of the preliminary announcement of the interim results will be published on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkex.com.hk) in due course.

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited interim results for the six months ended 30 September 2003 will be despatched to all its shareholders and be published on the aforesaid websites before 31 December 2003.

On behalf of the Board of
Regent Pacific Group Limited

Anthony Baillieu
Chairman

Hong Kong, 16 December 2003

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