



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 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 **audited** results of the Group for the year ended 31 March 2003, together with comparative figures for the year ended 31 March 2002, as follows:

Consolidated Income Statement

	<i>Note</i>	2003 <i>US\$'000</i>	2002 <i>US\$'000</i>
Turnover:			
Asset management and corporate finance		1,890	3,123
Corporate investment income and net realised and unrealised gains and losses on investments		(1,341)	(2,454)
Internet retailing		15	4,290
Other revenues		<u>1,771</u>	<u>242</u>
		2,335	5,201
Expenses:			
Staff costs	1	(2,137)	(5,535)
Rental and office expenses		(567)	(3,430)
Information and technology expenses		(356)	(612)
Marketing costs and commissions		(40)	(241)
Professional fees		(558)	(1,102)
Cost of goods sold		—	(3,705)
Other operating expenses		<u>(582)</u>	<u>(4,120)</u>
		(1,905)	(13,544)
Share of (losses)/profits of associates		<u>(4,976)</u>	<u>16,143</u>
Operating (loss)/profit	2	(6,881)	2,599
Loss on deemed disposal of a subsidiary	3	<u>—</u>	<u>(8)</u>
Operating (loss)/profit from ordinary activities		(6,881)	2,591
Finance costs - interest on bank overdraft		<u>—</u>	<u>(145)</u>
(Loss)/Profit before taxation		(6,881)	2,446
Taxation	4	<u>(395)</u>	<u>(923)</u>
(Loss)/Profit after taxation		(7,276)	1,523
Minority interests		<u>16</u>	<u>2,030</u>
Net (loss)/profit attributable to shareholders		<u>(7,260)</u>	<u>3,553</u>
Dividends	5	<u>—</u>	<u>—</u>
(Loss)/Earnings per share (US cents):	6		
- Basic		<u>(0.6)</u>	<u>0.3</u>
- Diluted		<u>N/A</u>	<u>0.3</u>

Notes:

1. **Staff costs**

	2003	2002
	<i>US\$'000</i>	<i>US\$'000</i>
Wages and salaries	2,115	5,509
Pension costs - defined contribution plans	<u>22</u>	<u>26</u>
	<u><u>2,137</u></u>	<u><u>5,535</u></u>

The amount includes directors' remuneration.

2. **Operating (loss)/profit**

	2003	2002
	<i>US\$'000</i>	<i>US\$'000</i>
After charging:		
Amortisation of intangible assets	—	628
Auditors' remuneration	146	205
Bad debts written off	4	1
Depreciation on owned fixed assets	93	398
Loss on disposal of fixed assets	1	125
Net realised loss on disposal of current other investments*	—	430
Operating lease rental on property	298	964
Net unrealised loss on non-current other investments*	2,557	2,772
Net unrealised loss on current other investments*	<u>53</u>	<u>—</u>
After crediting:		
Write-back of provisions for expenses	1,393	—
Net realised profit on disposal of current other investments*	204	—
Net realised profit on disposal of non-current other investments*	538	45
Interest income on bank deposits	31	206
Dividend income from investments*	54	6
Net unrealised profit on current other investments*	<u>—</u>	<u>239</u>

* *Included in turnover*

3. **Loss on deemed disposal of a subsidiary**

The loss on deemed disposal of a subsidiary for the year ended 31 March 2002 related to the dilution of the Group's interest in bigsave Holdings plc due to the issue of further shares by bigsave Holdings plc to its minority shareholders.

4. Taxation

Income Statement:

	2003 US\$'000	2002 US\$'000
Group:		
Overseas taxation		
- Provision for the year	—	196
- Over-provisions in prior years	(163)	—
Share of tax of associates	<u>558</u>	<u>727</u>
	<u>395</u>	<u>923</u>

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 year. 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.

5. Dividend

The Group does not intend to declare a final dividend, nor did the Group declare any interim dividend at the time when the interim results were announced.

6. (Loss)/Earnings per share

- a. The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders for the year of US\$7,260,000 (2002: profit of US\$3,553,000) and on the weighted average of 1,186,902,435 (2002: 1,186,902,435) shares of the Company in issue during the year.
- b. No diluted loss per share is presented for the year ended 31 March 2003 as the outstanding share options and warrants were anti-dilutive. The diluted earnings per share for the year ended 31 March 2002 was based on the net profit attributable to shareholders for the year of US\$3,553,000 and on the weighted average of 1,189,551,057 shares issued and issuable, calculated on the assumption that the Company's outstanding share options had been exercised.

CHAIRMAN'S STATEMENT

The Group recorded a loss attributable to shareholders of US\$7.3 million (2002: profit of US\$3.6 million) in the year ended 31 March 2003, representing a loss per share of 0.6 US cents (2002: earnings per share of 0.3 US cents). The loss was mainly due to the Group's share of the loss from Bridge Investment Holding Limited ("BIH", formerly known as "KoreaOnline Limited") of US\$5.7 million. The revenue of the asset management business division was reduced by 28% to US\$2.2 million (2002: US\$3.1 million) partly due to the reduction in assets under management. The technology and internet stock investment environment remains poor. The revenue of internet retailing has been decreased significantly by 99% to US\$15,000 (2002: US\$4.3 million).

The value of shareholders' equity decreased slightly by 2.1% to US\$85.2 million (2002: US\$87.0 million) over the previous year on an unchanged number of shares outstanding. Net assets per share were 7.2 US cents (2002: 7.3 US cents), a decrease of 1.4% over the previous year. As at 31 March 2003, the Group had US\$2.1 million net cash or 2.5% of its total shareholders' funds.

Full detail of the figures and summary is contained in the annual report and the Management's Discussion and Analysis section, respectively.

It should be noted that the Directors have made what they believe to be fair provisions in relation to the technology related assets due to the difficulties encountered within the sector.

The Directors of the Company have decided not to declare a dividend for the year. During the year and up to the date of this announcement, no new shares, either ordinary or deferred shares, were issued (2002: Nil).

Bridge Investment Holding Limited

As mentioned in the Chairman's statement for the six months ended 30 September 2002, the board of directors of BIH was reconstituted on 21 October 2002. I am also pleased to report that the board of directors of Bridge Securities Co., Ltd ("**BSC**") was reconstituted on 5 June 2003 with William Daniel being appointed the Representative Director and Chief Executive Officer and Harry Wells and Robert Thomas being appointed independent non-executive directors. I am confident that the new management team at BIH and BSC are now focusing their efforts on implementing the restructuring plan with a view to realising the Group's investment in BIH. As stated previously, it is the Directors' current intention that such a realisation will be substantially distributed to all shareholders and by this it is meant that at least 90% of any such realisation will be distributed to all shareholders.

On 1 May 2003, State of Wisconsin Investment Board ("**SWIB**"), BIH and the Company entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). The Company, SWIB and BIH have, amongst other things, agreed in the BIH Shareholders' Agreement to explore ways in which to realise their investment in BIH in the most effective and profitable manner. However, it should be noted that the directors of BIH intend to realise BIH's indirect interest in BSC for the benefit of all shareholders of BIH. Accordingly, any such realisation will be substantially distributed to all BIH shareholders.

The value of BIH's shareholders' equity decreased slightly by 1.6% to US\$202.4 million (2002: US\$205.7 million) over the previous year. The decrease was due to an unrealised foreign exchange revaluation surplus of US\$13.6 million offset by an operating loss of US\$16.9 million. Net asset value per share was US\$4.52 (2002: US\$4.59), representing a drop of 1.5% over the previous year. My fellow director, Jamie Gibson, has highlighted the operational performance of BIH during the fiscal year ended 31 March 2003 in the Group's annual report.

Fund Management

In general, the funds managed by the private equity division have performed well. In particular, the investment in PT Bank NISP Tbk, which was made by certain of the funds managed by the Group has performed well. The team expects to realise this investment over the coming financial year.

Overall, the Group's core business remains loss making with the conditions for raising new money for Asian investment proving difficult. Both our fund management and corporate finance businesses are loss making, which is primarily due to (i) operating in a high cost base environment, (ii) a relatively small amount of funds under management, and (iii) difficult stock market conditions. The Group has therefore taken steps to reduce costs in this area to restore the Group to profitability. In particular, the Group has decided to terminate its corporate finance activities with effect from 30 June 2003.

Technology Investments

The Directors have decided to make a further provision of US\$3.1 million against certain of the Group's holding of technology related investments. Exchangebet.com Holdings Limited, which provides online fixed-odds betting on financial markets, made a net profit after tax of US\$58,000 for the financial year ended 31 December 2002. The company has seen significant growth in its turnover and operating profit during the current financial year. For the six months to 30 June 2003, the company's turnover was US\$23.7 million and its gross profit was US\$2.4 million. The company's main web-sites are: www.fixedoddsgroup.com and www.betonmarkets.com.

Outlook

The Asian stock markets have continued to be very taxing during the financial year ended 31 March 2003, which coupled with the SARS epidemic has significantly affected the Asian region with growth forecasts being revised downwards for most Asian countries. However, the world markets have shown signs of a recovery in the second quarter of this calendar year.

The Group is committed to realising its investment in BIH. However, it should be noted that there are approximately 11 securities firms up for sale in Korea therefore management will face a challenging time in the short-to-medium term.

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

I would like to thank my fellow Directors and colleagues for all their hard work in the past year. I would also like to thank David McMahan, Mark Child and Julian Mayo (all former Directors of and within the Company) for their valuable contributions made during their tenure.

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

Revenue and Profits

The Group recorded a loss attributable to shareholders of US\$7.3 million (2002: profit of US\$3.6 million) in the year ended 31 March 2003.

The loss was mainly attributable to the Group's share of loss after tax of US\$5.7 million (2002: profit of US\$15.7 million) from its Korean associate, Bridge Investment Holding Limited ("BIH", formerly KoreaOnline Limited). The slowdown in the Korean securities

markets coupled with an absence of a planning process for the merger of the two main operating subsidiaries of BIH, Regent Securities Co., Ltd (“RSC”) and Ileun Securities Co., Ltd (“ISC”) now operating as Bridge Securities Co., Ltd (“BSC”), resulted in BIH making a loss of US\$16.9 million for the year ended 31 March 2003. In addition, the loss was also attributable to general provisions having been made in respect of litigation affecting BIH and the write down of the deferred tax assets at BSC. Intense competition in the securities industry fuelled by declining volumes and online trading resulted in a fall in commission rates as well as a loss in the market share for BSC. The cost base at BSC has increased while revenues have remained flat compared to the previous year. In comparison to the preceding year, revenues were significantly lower and BSC suffered a significant loss at the retail division. Furthermore, significant issues relating to the merger of RSC and ISC have not been appropriately addressed so that the benefits of the merger have yet to be achieved.

The revenue of the asset management business division was reduced by 28% to US\$2.2 million (2002: US\$3.1 million) partly due to the reduction in assets under management. The technology and internet stock investment environment remains poor. The revenue of internet retailing has been decreased significantly by 99% to US\$15,000 (2002: US\$4.3 million).

Balance Sheet

The shareholders’ equity decreased slightly by 2.1% to US\$85.2 million (2002: US\$87.0 million) during the year and BIH now accounts for approximately 91.5% of the total shareholders’ equity as at 31 March 2003. The remaining Group assets comprise the technology investments of US\$0.6 million and other corporate investments of US\$6.6 million. As mentioned in the Group’s 2002 annual report, its investment in bigsave Holdings plc was fully provided as at 31 March 2002 and there has been no effect on the Group’s income statement or balance sheet during the year.

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

Future Funding

As at 31 March 2003, the Group had US\$2.1 million net cash or 2.5% 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 91.5% of the total shareholders' equity as at 31 March 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.

Through investments of Interman Holdings Limited and Interman Limited in technology related ventures, the Group is exposed to the technology sector. The ability of these companies in controlling their operating cash requirements is key to their development and hence the value of the Group's investment in them. The Group's specialist investment managers closely monitor the operations and performance of these companies.

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 31 March 2003, the amount of these margin deposits was US\$240,000 (2002: US\$264,000).

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 year ended 31 March 2003 apart from the action commenced by the former executive directors of BIH against BIH.

Employees

The Group, including its subsidiaries but excluding associates, employed approximately 20 employees at 31 March 2003. The remuneration policy is to reward key employees by a combination of salaries, profit related bonuses and share options, where appropriate. For employees below board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by a sub-committee of the Board. In all cases, grants of share options will be agreed by the Board as a whole. During the year and up to the date of this announcement, no share options were granted to eligible participants.

FINAL DIVIDEND

The Directors of the Company have resolved not to declare a final dividend for the year ended 31 March 2003 (2002: Nil).

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 audited financial statements of the Company for the year ended 31 March 2003 have been reviewed by the Audit Committee.

PUBLICATION OF FURTHER INFORMATION

All information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**HK Stock Exchange**”) in respect of the preliminary announcement of the final 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.

On Behalf of the Board of
Regent Pacific Group Limited

Anthony Baillieu
Chairman

Hong Kong, 16 July 2003



REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company for Year 2003 will be held at Bowen Room, Level 7, Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Wednesday, 3 September 2003 at 11:00 am for the following purposes:

1. To receive and consider the audited financial statements of the Company and the reports of the directors and auditors for the year ended 31 March 2003.
2. To re-elect directors of the Company and to confirm their remuneration.
3. To re-appoint auditors of the Company and to authorise the directors of the Company to fix their remuneration.
4. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution

AS AN ORDINARY RESOLUTION

“THAT there be granted to the directors of the Company (the **“Directors”**) an unconditional general mandate to repurchase, on The Stock Exchange of Hong Kong Limited, the shares of US\$0.01 each in the capital of the Company (**“Shares”**), subject to and in accordance with all applicable laws, rules and regulations and the following conditions:

- (a) such mandate shall not extend beyond the Relevant Period;
- (b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such prices as the Directors may at their discretion determine;
- (c) the aggregate number of Shares to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the issued voting share capital of the Company as at the date of the passing of this Resolution;
- (d) for the avoidance of doubt, the non-voting convertible deferred shares of US\$0.01 each in issue in the capital of the Company shall not be counted in the Company’s issued voting share capital for the purpose of calculating the 10 per cent limit referred to in sub-paragraph (c) above; and

- (e) for the purposes of this Resolution, “**Relevant Period**” means the period from the date of the passing of this Resolution until whichever is the earlier of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company at a general meeting.”

By Order of the Board of
Regent Pacific Group Limited

Stella Fung
Company Secretary

Hong Kong, 16 July 2003

Notes:

1. The Directors standing for re-election under Resolution numbered 2 are James Mellon and Jayne Sutcliffe.
2. PricewaterhouseCoopers were appointed the Auditors of the Company in place of KPMG Audit LLC at the Company’s extraordinary general meeting held on 10 March 2003. PricewaterhouseCoopers will retire at the Company’s annual general meeting for Year 2003 being convened by this notice (the “**2003 Annual General Meeting**”) and, being eligible, offer themselves for re-appointment under Resolution numbered 3.
3. The general mandate granted to the Directors of the Company at its last annual general meeting held on 15 November 2002 to repurchase, on The Stock Exchange of Hong Kong Limited, the Company’s shares up to a maximum of 10 per cent of the Company’s then issued and fully paid voting share capital will expire at the conclusion of the 2003 Annual General Meeting. Accordingly, the Directors propose Ordinary Resolution numbered 4 to renew the repurchase mandate.

The repurchase mandate, if approved at the 2003 Annual General Meeting, will expire at the conclusion of the next annual general meeting of the Company unless it is revoked or varied by a shareholders’ resolution before then. Shareholders are recommended to read the shareholders’ circular which accompanies the Company’s annual report for the year ended 31 March 2003 and contains important information concerning Ordinary Resolution numbered 4 in respect of the repurchase mandate.

4. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if he so wishes.
5. In order for it to be valid, the form of proxy, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited with the Company Secretary at the Company’s principal place of business in Hong Kong at Suite 1501, Henley Building, 5 Queen’s Road Central, Hong Kong not less than 48 hours before the time appointed for the meeting or its adjourned meeting.

6. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members of the Company in respect of such joint holding.
7. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.