Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

Annual Report

2003/04

Regent Pacific Group Limited

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Chairman's Statement

The Group recorded a profit attributable to shareholders of US$5.1 million (2003: loss of US$7.3 million) in the year ended 31 March 2004, representing earnings per share of 0.4 US cent (2003: loss per share of 0.6 US cent). The profit was mainly attributable to the Group's share of profit after tax from Bridge Investment Holding Limited ("**BIH**") of US$6.7 million. Additionally, the revenue of the corporate investment business division increased significantly to US$1.4 million (2003: US$0.1 million), while the revenue of the asset management business division was reduced by 49% to US$1.1 million (2003: US$2.2 million), which was primarily due to the reduction in assets under management. The technology and internet stock investment environment remains poor, but our exposure is limited and fully provided for.

The value of shareholders' equity increased by 14.2% to US$97.3 million (2003: US$85.2 million) over the previous year. Net assets per share were 8.2 US cents (2003: 7.2 US cents), an increase of 13.9% over the previous year.

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

	US$ million
Share of profit connected with BIH	
(after adjustment in accordance with the Group's accounting policy)	7.0
Share of profit from other associates	0.4
Corporate investments	(0.7)
Asset management	(1.0)
Other operating losses	(0.3)
Profit before tax	5.4
Tax	(0.3)
Net profit after tax attributable to shareholders	5.1

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

	US$ million
Stake in BIH	91.3
Value of technology related assets	0.4
Other net assets	5.6
Total net assets	97.3

Full details of the figures and summary are contained in this 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.

Chairman's Statement

On 27 October 2003, the Directors declared an interim dividend of 0.295 US cent per share for the year ended 31 March 2004 (2003: Nil). In addition, on 19 July 2004, the Directors proposed a dividend of 2.72 US cents per share for the year. Accordingly, the Directors have approved a distribution in aggregate of 3.015 US cents per share or approximately 90% of the proceeds received (or to be received) from BIH, which is in line with the Directors' stated intention concerning distributions received from BIH.

Shareholders will be interested to know that since the Company listed its shares on The Stock Exchange of Hong Kong Limited in May 1997, the Company has paid and proposed a total of US$132.4 million (approximately HK$1,029 million) in dividends. This dividend includes the cash dividend paid to shareholders in lieu of shares of Charlemagne Capital Limited ("**CCL**"). Shareholders who elected to receive CCL shares will have received an even larger amount in dividends since the listing of the Company's shares over seven years ago.

During the year and up to the date of this report, no new shares, whether ordinary or deferred shares, were issued to third parties (2003: Nil) apart from 4.1 million shares, which were issued pursuant to the exercise of various options and registered warrants. Your Directors have decided that it is in the best interests of the Company not to seek a mandate from shareholders to issue new shares up to a maximum of 20% of the Company's issued share capital.

My fellow Director, Jamie Gibson, will provide an update concerning the main operations of the Group, which are as follows:

1 BRIDGE INVESTMENT HOLDING LIMITED

Bridge Investment Holding Limited ("**BIH**" and collectively with its subsidiaries, the "**BIH Group**") recorded a profit attributable to shareholders of US$8.3 million (2003: loss of US$16.9 million) for the year ended 31 March 2004, representing earnings per share of US$0.18 (2003: loss per share of US$0.38).

The change in results is mainly due to the following items:

i) Operating Income:

Bridge Securities Co., Ltd ("**BSC**") generated operating income before significant non-operating items and tax of KRW 3.5 billion (approximately US$2.96 million), which was consolidated by BIH. In addition, BIH amortised negative goodwill of US$5.9 million, which is included in BIH's income statement for the financial year concerned.

Chairman's Statement

I BRIDGE INVESTMENT HOLDING LIMITED (Continued)

ii) Significant Non-Operating Gains:

The BIH Group experienced the following significant non-operating gains (net of minority interest):

- Realised gain of US$1.8 million from the sale of certain properties at BSC;
- Unrealised revaluation gain of US$2.7 million from BSC's Korean Stock Exchange membership;
- Realised gain of US$1.9 million from BSC's partial realisation of its interest in the Stock Market Stabilisation Fund ("**SMSF**");
- Unrealised gain of US$3.1 million from BSC's interest in the SMSF;
- Refund of US$1.0 million received by BSC from the Korean tax authorities; and
- Write-back of certain provisions of US$3.9 million.

iii) Significant Non-Operating Expenses:

The BIH Group experienced the following significant non-operating charge and write-down (net of minority interest):

- Restructuring charge of US$3.8 million incurred in respect of the early retirement programme and the closure of 9 retail branches at BSC; and
- Full write-down of the BIH Group's deferred tax assets of US$9.1 million.

The BIH directors decided to write down the BIH Group's deferred tax assets in full because, in their opinion, it is not probable that the future taxable profit in the near future will be available against which the deductible temporary differences and unused tax losses can be utilised.

BSC reported a net profit after tax of KRW 2.7 billion (approximately US$2.28 million) for the year ended 31 March 2004, taking into account all significant non-operating items. At the Operating Income level, BSC was only marginally profitable. Substantial losses, which were incurred at the Retail Division, were offset by profits in the Wholesale and Proprietary Trading Divisions and in Treasury. The divisional results below represent the pre-tax profit/(loss), after both direct and allocated expenses, of each Division at BSC.

I BRIDGE INVESTMENT HOLDING LIMITED (Continued)

Divisional and segmental analysis of BSC and the BIH Group figures is as follows:

	At BSC KRW billions	At BIH US$ millions
Wholesale	4.5	
Proprietary Trading	3.0	
Treasury	13.7	
Retail	(17.7)	
Operating Income	3.5	
Significant Non-Operating Gains	12.6	
Significant Non-Operating Expenses	(9.5)	
BSC Pre-Tax Income (Note)	6.6	14.4
Taxes	(3.9)	
Net Income	2.7	
BIH Corporate and Other Interests		6.4
Consolidated Pre-Tax Profit		20.8
Write-down of Deferred Tax Assets		(11.5)
Minority Interest		(1.0)
Net Profit for the Year		8.3

Note:

Shareholders should note that the difference between the BSC and BIH figures at the BSC Pre-Tax Income line is mainly the result of the different accounting standards adopted by BIH in the preparation of its consolidated financial statements. The consolidated financial statements of BIH are prepared in accordance with International Financial Reporting Standards while the financial statements of BSC are prepared in accordance with financial accounting principles generally accepted in the Republic of Korea. The principal accounting adjustments at the BIH level are in respect of i) the unrealised valuation gain on BSC's membership in the Korean Stock Exchange of US$3.4 million, ii) the unrealised gain on BSC's investment in the Stock Market Stabilisation Fund of US$4.0 million, and iii) the unrealised gain on other investments of US$0.5 million.

Chairman's Statement

1 BRIDGE INVESTMENT HOLDING LIMITED (Continued)

1.1 BIH Balance Sheet

Shareholders' equity has increased by 12.2% to US$227.2 million as at 31 March 2004 from US$202.4 million as at 31 March 2003. This increase takes account of BIH's interest in the buy-back of 14.7 million shares by BSC at a cost of approximately US$24.8 million and the payment of a dividend of US$9.2 million by BIH. The increase of shareholders' equity was due to an unrealised foreign exchange revaluation surplus of US$25.7 million and an operating profit of US$8.3 million. A dividend of US$9.2 million was paid to shareholders during the year. Net assets per share were US$5.07 (2003: US$4.52).

1.2 BIH Funding

As at 31 March 2004, the cash balance of the BIH Group excluding BSC was US$4.1 million. The US$7 million bonds and accrued interest due to Tong Yang Investment Bank were fully repaid on 8 August 2003. BIH is now debt free.

A dividend of US$9.2 million was declared and paid during the year.

1.3 Investments

The BIH Group owns 79.32% of the outstanding share capital of BSC, being the BIH Group's only operating company. During the year, the BIH Group acquired 507,340 BSC shares at an average price per share of KRW 1,833, which preceded the share split of 3.9 shares for every one share held that was approved by the BSC directors on 13 May 2004. As a result, the BIH Group's shareholding in BSC has increased to 79.32% from 78.41%.

1.4 Significant Developments

Below is a summary of the more significant developments concerning the realisation of BIH's interest in BSC:

- The BIH directors have approved a dividend of US$2.00 per share on 19 July 2004 payable on or around 18 August 2004;
- BSC is in the process of completing on or around 16 August 2004, the mandatory purchase of 150 million shares at KRW 1,000 per share at a total cost of KRW 150 billion (approximately US$130.7 million) equivalent to 39.8% of BSC's shareholders' funds;
- In April 2004, BSC sold two properties for the aggregate sum of KRW 71.4 billion (approximately US$62.2 million);

Chairman's Statement

1 BRIDGE INVESTMENT HOLDING LIMITED (Continued)

1.4 Significant Developments (Continued)

- BSC has completed the disposal of 5.5 million Treasury Shares at an average price per share of KRW 830.90 to facilitate the retention of BSC's listing on the Korean Stock Exchange, which has reduced the BIH Group's interest in BSC to 77.36% from 79.32%;

- 321 employees out of 441 eligible employees have accepted early retirement. These employees will leave BSC by 31 August 2004. The early retirement programme will cost BSC approximately KRW 29.8 billion (approximately 26.0 million); and

- BSC will close 19 branches leaving 10 branches.

BSC management estimates that it will have approximately 230 employees (31 March 2003: 772 employees) and not more than 10 branches (31 March 2003: 39 branches) by 31 August 2004. In addition, BSC management estimates that the costs associated with the reduction of BSC's headcount and branches will be charged to the BIH Group's income statement during the financial year ended 31 March 2005. Consequently, the BIH directors consider that it is unlikely that BSC will be profitable in the near future given the scale back in operations, expected early retirement payment of KRW 29.8 billion (approximately US$26.0 million) and the capital reduction of KRW 150 billion (approximately US$130.7 million).

The BIH directors expect that the completion of BSC's current restructuring programme will considerably assist the BIH Group in realising its interest in BSC. The BIH directors are hopeful that this can be achieved within the next 12 months although there is no certainty on this timetable.

In June 2004, William Daniel resigned as BSC's Representative Director and Antony Butler was appointed in his place on 15 July 2004. In addition, Andrew Fraser and Nam-sik Yoo resigned as directors of BSC on 15 July 2004, as a result of BSC's effort to reduce costs.

2 FUND MANAGEMENT

The Group had assets under management of US$34.1 million as at 31 March 2004. During the year, Asian Opportunity Fund 1998-II was wound up after returning the bulk of its investments in cash to shareholders. Consequently, the reduction of assets under management has led to the division incurring greater losses than last year. The Group has again taken steps to reduce costs in this area by reducing headcount and relocating its office to smaller premises. However, it is unlikely that these initiatives will return this division to profitability in the foreseeable future.

Chairman's Statement

3 TECHNOLOGY INVESTMENTS

The Directors have decided to make a further provision of approximately US$130,000 against two technology related investments.

The Group's 49.9% associate, Regent Markets Holdings Limited (formerly known as Exchangebet.com Holdings Limited) provides online financial betting services via the websites *betonmarkets.com* and *betonmarkets.co.uk*. Betting turnover for the financial year ended 31 December 2003 was US$63 million, with gross income of US$2.4 million and net profit of US$738,000. The company has continued to grow in the current financial year, with annualised turnover for the year projected above US$100 million. The company's flagship subsidiary, Regent Markets Group Limited, placed a small percentage of its capital to strategic investors in September 2003 at a valuation of approximately US$26 million.

Regent Markets has offices in Malta, the Isle of Man, and Cyberjaya, Malaysia, and operates via bookmakers licences in the UK, the Isle of Man, and Malta. The company's growth leverages from its low cost bases in Malta and IT center in Malaysia, enabling it to generate organic profits, which are invested into marketing, research & development and further expansion.

OUTLOOK

The Group is committed to realising its investment in BIH and we are hopeful that the BIH directors will achieve this within the next 12 months. Your Directors remain 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 during the past year. I would also like to thank Karin Schulte (a former Director of the Company) for her valuable contribution made during her tenure.

Anthony Baillieu

Hong Kong, 19 July 2004

Report of the Directors

The Directors of the Company submit herewith their report and the audited financial statements of the Company and the Group for the year ended 31 March 2004 (the "**Financial Statements**").

PRINCIPAL ACTIVITIES

The Company's principal activity was investment holding, and the Group's principal activities consisted of asset management; provision of investment advisory services; corporate finance and advisory services; corporate investment; and internet retailing.

Principal activities of the respective subsidiaries of the Company during the year are set out in note 12 to the Financial Statements.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 March 2004 are set out in the Consolidated Income Statement on page 40.

A special interim dividend of 0.295 US cent per share for the year ended 31 March 2004 (2003: Nil) was declared on 27 October 2003 and paid on 19 December 2003.

On 19 July 2004, the Directors proposed a dividend of 2.72 US cents per share for the year (2003: Nil).

Report of the Directors

SUMMARY FINANCIAL INFORMATION

The results and the assets and liabilities of the Group for the current and the last four financial years (extracted from the audited financial statements and reclassified as appropriate) are set out below:

Results:

	For the year ended 31 March				
	2004 US$'000	2003 US$'000	2002 US$'000	2001 US$'000	2000 US$'000
Turnover	1,512	564	4,959	(744)	54,658
Revenue less expenses	(2,001)	(1,905)	(13,544)	(22,619)	14,725
Share of profits/(losses) of associates	7,445	(4,976)	16,143	(53,440)	32,178
Operating profit/(loss) on core activities	5,444	(6,881)	2,599	(76,059)	46,903
(Losses)/Profits on non-core activities	—	—	(8)	(22,193)	51,940
Operating profit/(loss) before interest, taxation and minority interests	5,444	(6,881)	2,591	(98,252)	98,843
Finance costs - interest on bank loans and overdraft	—	—	(145)	(358)	(462)
Profit/(Loss) before taxation	5,444	(6,881)	2,446	(98,610)	98,381
Taxation	(356)	(395)	(923)	(2,840)	(12,283)
Profit/(Loss) after taxation	5,088	(7,276)	1,523	(101,450)	86,098
Minority interests	(15)	16	2,030	3,119	(534)
Net profit/(loss) attributable to shareholders	5,073	(7,260)	3,553	(98,331)	85,564

SUMMARY FINANCIAL INFORMATION (Continued)

Assets and liabilities:

	As at 31 March				
	2004	2003	2002	2001	2000
	US$'000	US$'000	US$'000	US$'000	US$'000
Fixed assets	25	59	573	971	790
Intangible assets	—	—	—	628	—
Interests in associates and jointly controlled entities	92,392	78,912	78,960	64,332	92,606
Non-current investments in securities	3,922	4,562	7,422	10,276	16,237
Due from an associate	495	662	—	—	—
Current assets	1,543	3,667	8,398	21,780	71,359
Total assets	98,377	87,862	95,353	97,987	180,992
Current liabilities	1,098	2,670	8,299	9,826	62,491
Non-current liabilities	—	—	—	2,500	143
Total liabilities	1,098	2,670	8,299	12,326	62,634
Net assets	97,279	85,192	87,054	85,661	118,358

RESERVES

Details of movements in the reserves of the Group and the Company are set out in note 20 to the Financial Statements. The Company considers that only profits and share premium are distributable to shareholders.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Company's subsidiaries and the Group's associates are set out in notes 12 and 13 respectively to the Financial Statements.

FIXED ASSETS

Details of movements in the fixed assets of the Group during the year are set out in note 11 to the Financial Statements.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and outstanding share options are set out below and in note 19 to the Financial Statements.

There were no changes in the Company's authorised share capital during the year. An aggregate of 3,545,801 new ordinary shares were issued and allotted during the year upon exercise of registered warrants and share options for an aggregate consideration of HK$635,440 (approximately US$81,000). Subsequent to the year end date, additional 580,000 new ordinary shares were issued and allotted for an aggregate consideration of HK$92,800 (approximately US$12,000) upon exercise of share options.

The Company has two share option schemes:

a. Share Option Scheme (2002)

A new share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), was approved by shareholders at the Company's annual general meeting held on 15 November 2002. The scheme shall continue in force until the tenth anniversary of its commencement date, which will be 15 November 2012.

The Share Option Scheme (2002) provides the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants (including directors, executives, employees, consultants and service providers of the Company and its subsidiaries). The scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

The maximum number of shares available for issue upon exercise of all options to be granted under the scheme (excluding lapsed options) shall not exceed 110,017,428 shares, representing 10% of the ordinary share capital of the Company in issue as at the scheme's commencement date, being 15 November 2002, and 9.97% of the Company's total issued voting share capital as at 31 March 2004 and 9.96% of the Company's total issued voting share capital as at the date of this report. The Company may seek shareholders' approval at a general meeting for "refreshing" the 10% limit under the scheme so that the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme (2002), when aggregated with any shares which may be issued upon exercise of options to be granted under other schemes of the Company, shall be 10% of the total issued ordinary share capital of the Company as at the date of approval of the "refreshed" limit. Options previously granted under the scheme (including those outstanding, cancelled or lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". The Company may also seek separate shareholders' approval at a general meeting for granting options beyond the 10% limit provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

SHARE CAPITAL AND SHARE OPTIONS (Continued)

a. **Share Option Scheme (2002)** (Continued)

In any circumstances, the aggregate limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company must not exceed 30% of the ordinary shares of the Company in issue from time to time.

The number of shares issued or issuable upon exercise of the options granted to any individual eligible participant (including both exercised and outstanding options) in any12-month period shall not exceed 1% of the ordinary shares of the Company in issue, subject to the restrictions on grants to the Directors, chief executive or substantial shareholders of the Company as set out in The Rules Governing the Listing of Securities (the "**HK Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**").

Each grant of options to any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, under the scheme must be approved by the Company's independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the proposed offer of such grant representing in aggregate over 0.1% of the ordinary shares of the Company in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such further grant of options must be subject to shareholders' approval.

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that eligible participant or such shorter period as the Directors may in their absolute discretion determine. An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance together with a remittance for HK$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the date of offer.

Options granted under the Share Option Scheme (2002) entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant, provided that the option holder remains as an eligible participant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of offer of the relevant option. All entitlements of the option then remain unexercised will lapse.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

a. **Share Option Scheme (2002)** (Continued)

The exercise price is to be determined by the Directors at their absolute discretion when the option is offered, provided that in no event shall such price be less than the higher of (i) the nominal value of the ordinary shares of the Company; (ii) the closing price of the ordinary shares as stated in the daily quotations sheet of the HK Stock Exchange on the date of offer, which must be a business day; and (iii) the average closing price of the ordinary shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of offer.

No options have been granted under the Share Option Scheme (2002) during the year under review. Whenever options are granted, the Directors make a valuation of the options granted under the share option schemes under a modified Black Scholes option pricing model. This calculates a theoretical valuation assuming that the options involved are freely tradable.

Within this model, the volatility of the Company's share price is measured over the 260 trading days prior to the grant of the options. It is further assumed that the risk-free interest rate ruling is 4% per annum, that no dividends will be paid and that the options will not lapse prior to the latest exercise date.

b. **Employee Share Option Scheme**

Following the adoption of the Share Option Scheme (2002) referred to in paragraph (a) above, the Company's employee share option scheme (the "**Employee Share Option Scheme**"), which was approved by the shareholders on 24 July 1996 (and was deemed to have commenced on 15 July 1994), as amended on 27 May 1998, was terminated. However, its provisions remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination. Therefore, no new options were granted under the Employee Share Option Scheme during the year.

Options currently outstanding under the Employee Share Option Scheme were granted on various dates and with various vesting schedules. Certain of the outstanding options entitle the holders to exercise the whole of the option at any time after the third anniversary date of the date of grant of the respective options but within 60 months from the date of grant. Other options, however, entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements of the option then remain unexercised will lapse.

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. **Employee Share Option Scheme** (Continued)

Particulars of the options held under the Employee Share Option Scheme during the year by various participants are as follow:

i. *Directors, Chief Executive and substantial shareholders*

As at 1 April 2003, there were outstanding options in respect of an aggregate of 11,500,000 ordinary shares held by the Directors and the Chief Executive Officer of the Company. During the year, no options were cancelled. Options in respect of an aggregate of 2,666,667 shares were exercised at HK$0.16 per share by certain former Directors of the Company, namely Mark Child, Julian Mayo and Karin Schulte, and unvested and expired options in respect of an aggregate of 3,750,000 shares lapsed upon the resignation of Mark Child and Julian Mayo. As at 31 March 2004 and as at the date of this report, there were outstanding options in respect of an aggregate of 2,500,000 ordinary shares held by the Chief Executive Officer of the Company, excluding the outstanding options held by Karin Schulte (who resigned as a Director of the Company on 12 January 2004) as at 31 March 2004 in respect of an aggregate of 2,583,333 shares which are included in the balance set out under sub-paragraph (iii) below headed "Full-time employees".

Particulars of the options held by the Directors and the Chief Executive Officer are set out in detail under the section headed "Directors' Interests in Securities and Options" in this report. No options were granted to or held by any associates of the Directors or the Chief Executive Officer of the Company at any time during the year under review.

No options were granted to or held by the substantial shareholder of the Company, as referred to in the section headed "Substantial Shareholders" in this report, or his associates at any time during the year.

ii. *Participants in excess of the individual limit*

No participants were granted with options (including exercised and outstanding options) in respect of an aggregate number of shares in the Company, which was in excess of the individual limit referred to in Rule 17.03(4) of the HK Listing Rules.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. **Employee Share Option Scheme** (Continued)

iii. Full-time employees

As at 1 April 2003, there were outstanding options entitling full-time employees of the Group (excluding the Directors of the Company) to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 2,100,000 ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share.

No options were cancelled during the year. An unexercised option in respect of 200,000 shares expired and lapsed on 20 July 2003. In addition, unvested options in respect of an aggregate of 66,666 shares lapsed upon the resignation of certain full-time employees on 31 July 2003. Those employees were, however, entitled to exercise their vested options in respect of an aggregate of 133,334 shares before 31 January 2004. Vested options in respect of 853,334 shares (including the vested options of the resigned employees) were exercised at HK$0.16 per share during the year. As at 31 March 2004, there were outstanding options entitling full-time employees of the Group (excluding the Directors of the Company) to subscribe in stages for an aggregate of 3,563,333 ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share, including the outstanding options then held by Karin Schulte (who resigned as a Director of the Company on 12 January 2004 but remained as a full-time employee of the Group until 8 April 2004) in respect of an aggregate of 2,583,333 shares which are excluded from the balance set out under sub-paragraph (i) above headed "Directors, Chief Executive and substantial shareholders".

Subsequent to the year end date, vested options in respect of 580,000 shares were exercised at HK$0.16 per share. Unexercised and unvested options of Karin Schulte in respect of an aggregate of 2,583,333 shares lapsed on 8 April 2004 when she ceased to be an eligible participant of the Employee Share Option Scheme. Accordingly, as at the date of this report, there were outstanding options entitling full-time employees of the Group (excluding the Directors of the Company) to subscribe in stages for an aggregate of 400,000 ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share.

SHARE CAPITAL AND SHARE OPTIONS (Continued)

b. **Employee Share Option Scheme** (Continued)

iv. Suppliers of goods and services

No outstanding options were held by suppliers of goods and services of the Company at any time during the year ended 31 March 2004 or at the date of this report.

v. Other participants

No options were granted to or held under the Employee Share Option Scheme by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the year ended 31 March 2004 or at the date of this report save that certain former Directors and employees of the Company were entitled to exercise their vested options for a certain period after their resignation (as set out in detail in sub-paragraphs (i) and (iii) above).

The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised during the year was HK$0.374.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

No shares or registered warrants of the Company were purchased or sold by the Company or any of its subsidiaries during the year, whether on the HK Stock Exchange or otherwise. The Company has not redeemed any of its securities during the year.

The subscription period of the registered warrants of the Company ("**Warrants 2003**"), which were issued on 9 June 2000, expired on 30 June 2003. Unexercised subscription rights at such date lapsed and the Warrants 2003 ceased to be valid for any purpose.

PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at all times during the year and as at the date of this report, the Company has complied with the public float requirement prescribed in the HK Listing Rules for the Company.

Report of the Directors

DIRECTORS

The Directors of the Company who held office during the year and up to the date of this report were:

Anthony Robert Baillieu *(Chairman)* *	(appointed as Chairman on 12 May 2003 and re-designated as non-executive Director on 24 March 2004 (previously independent non-executive Director))
Jamie Alexander Gibson *(Chief Executive Officer)*	
Cheung Mei Chu, Clara	(appointed on 12 January 2004)
James Mellon *	(resigned as Chairman on 12 May 2003)
Stawell Mark Searle *#	
Jayne Allison Sutcliffe *	
Alexander Anderson Whamond *	
Robert George Curzon Whiting *#	(appointed on 24 March 2004)
Mark Lucian Child	(resigned on 18 June 2003)
Julian Peter Mayo *	(resigned as alternate to James Mellon on 18 June 2003)
Karin Schulte	(resigned on 12 January 2004)

* non-executive Directors
\# independent non-executive Directors

In accordance with Article 86(3) of the Company's Articles of Association, any Director appointed after the close of the last annual general meeting of the Company shall retire at the next annual general meeting of the Company but shall then be eligible for re-election. Any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

In accordance with Article 87, at each annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation provided that the Chairman of the Board of Directors and/or the Managing Director of the Company shall not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. A retiring Director shall be eligible for re-election.

Anthony Baillieu and Jamie Gibson shall not be subject to rotational retirement requirement under Article 87. Accordingly, Clara Cheung and Robert Whiting will retire pursuant to Article 86(3) while Anderson Whamond will retire by rotation pursuant to Article 87 at the forthcoming annual general meeting of the Company. All of them, being eligible, offer themselves for re-election.

Report of the Directors

DIRECTORS (Continued)

Biographical details of the Directors who hold office as at the date of this report are as follows:

Anthony Robert Baillieu, aged 48, Australian and British, was appointed as an independent non-executive Director of the Company in April 2001 and the Chairman of the Board of Directors of the Company in May 2003. In order for Mr Baillieu to take up the much greater management involvement that is required of the Chairman, he was re-designated as a non-executive Director of the Company on 24 March 2004. He had a long career in insurance, stockbroking and asset management, with experience in the United Kingdom, Europe, Australia, the Middle East and Hong Kong. Having trained at Sedgwick Forbes in London, Mr Baillieu moved to Australia to form Fenchurch Insurance Brokers, which was eventually bought by Marsh & McLennon. He then joined Roach Tilley Grice, stockbrokers in Melbourne, becoming a partner responsible for establishing their offices in London, Singapore and Bahrain. Mr Baillieu was a founding director of Lowell Asset Management, a private Australian asset management and investment banking group. He also holds directorships and consultancies that span the fields of insurance and asset management. In 1992, Mr Baillieu established Anthony Baillieu and Associates (Hong Kong) Limited, an executive search firm specialising in financial services. He is a shareholder of Henderson Baillieu Holdings Limited, in which the Company has an indirect interest of 8%. Mr Baillieu is also director of certain subsidiaries of Regent Pacific Group and Dublin-listed funds managed by the Group.

Jamie Alexander Gibson, aged 38, British, joined Regent Pacific Group in April 1996 and was appointed as an executive Director and Chief Operating Officer of the Company in January 2002. On 16 May 2002, he became Chief Executive Officer of the Company. Mr Gibson has spent most of his professional career with the Company specialising in corporate finance, direct equity investments and structuring emerging market investment products. Prior to joining the Company, he worked at Clifford Chance, Coopers & Lybrand and KPMG. Mr Gibson has a law degree from Edinburgh University. He is also director of a number of subsidiaries of Regent Pacific Group.

Cheung Mei Chu, Clara, aged 30, Chinese, joined Regent Pacific Group in March 2002 and was appointed as the Finance Director of the Company on 12 January 2004. Ms Cheung is a Certified Public Accountant of The Hong Kong Society of Accountants and an Associate Member of The Association of Chartered Certified Accountants in the United Kingdom. Prior to joining the Company, she has gained extensive experience in auditing and accounting with Deloitte Touche Tohmatsu. She is also director of certain subsidiaries of Regent Pacific Group.

Report of the Directors

DIRECTORS (Continued)

James Mellon, aged 47, British, was appointed as an executive Director of the Company in July 1991 and the Chairman of the Board of Directors of the Company in April 1994 and held such positions until May 2002, except for the period from December 2000 to April 2001 during which he stepped down from the role of the Chairman. In May 2002, Mr Mellon was re-designated as a non-executive Director of the Company and resigned as the Chairman in May 2003. He holds a Master's degree in Politics, Philosophy and Economics from Oxford University and, since graduating in 1978, his whole career has been spent in asset management. Mr Mellon worked for GT Management Plc from 1978 to 1984. In July 1984, he joined the Thornton Group where he was Managing Director of the Asian operation. From 1988 to 1990, he was an executive director of Tyndall Holdings Plc responsible for business expansion and corporate development. In 1990, Mr Mellon co-founded and became Chief Executive of Regent Pacific Group. In 1994, he became Chairman of Regent Pacific Group. Mr Mellon has over 20 years' investment experience in Asia. He specialises in the development and restructuring of international investment vehicles, and travels extensively across the region on company visits and fact-finding missions. He is also director of certain subsidiaries of Regent Pacific Group and funds managed by the Group, including private equity and Dublin-listed funds. Since the completion of a restructuring scheme of Regent Pacific Group and the Group's divestment in Charlemagne Capital Limited (formerly known as Regent Europe Limited) in June 2000 (the "**Restructuring Scheme**"), Mr Mellon has been non-executive Chairman of Charlemagne Capital Limited.

Stawell Mark Searle, aged 61, British, has been an independent non-executive Director of the Company since October 2001. He has over 30 years' experience in the investment management industry. Having trained with Jardine Matheson, the Far Eastern trading house in London, he was seconded to Samuel Montagu where he worked for two years in their Investment Department. Subsequently, Mr Searle joined Investment Intelligence Limited becoming Investment Director responsible for management of a stable of open ended funds. Between 1982 and 1987, he was Managing Director of Richards Longstaff Limited, a privately owned investment consultancy. In the following ten years, he was Investment Director of Gerrard Asset Management. Currently, Mr Searle is a consultant of Hiscox Investment Management Limited, the investment division of Hiscox Plc, and a director of Invesco Perpetual European Investment Trust.

Jayne Allison Sutcliffe, aged 40, British, was appointed as the Group Corporate Finance Director in August 1991. Upon completion of the Restructuring Scheme (as defined above), Mrs Sutcliffe became a non-executive Director of the Company. Since then, she has been the Chief Executive of Charlemagne Capital Limited. Mrs Sutcliffe has spent most of her professional career in the fund management industry specialising in sales and marketing initially at Thornton Management and then at Tyndall Holdings Plc. Mrs Sutcliffe co-founded Regent Pacific Group in 1990 where she established, and was responsible for, the Group's corporate finance activities. She has a Master's degree in Theology from Oxford University.

Report of the Directors

DIRECTORS (Continued)

Alexander Anderson Whamond, aged 44, British, was appointed as an executive Director of the Company in January 1999. Upon completion of the Restructuring Scheme (as defined above), Mr Whamond became a non-executive Director of the Company. He commenced his career in 1982 with White Weld Securities Limited. Subsequently, he worked at both Salomon Brothers and Morgan Stanley International in London. Prior to joining Regent Pacific Group in March 1998 as the head of the Group's head of Corporate Investments, Mr Whamond was a Managing Director of Peregrine Securities International Limited and a member of the executive committee of Peregrine Investment Holdings Limited. He is also director of certain subsidiaries of Regent Pacific Group and a private equity fund managed by the Group.

Robert George Curzon Whiting, aged 45, South African and British, was appointed as an independent non-executive Director of the Company on 24 March 2004. He has a Bachelor's degree in Economics from University of Capetown. He has extensive work experience in securities industry of Hong Kong, London and South Africa. After his first jobs as dealer and agency sales, he joined the International Derivatives desk of SG Warburg Securities, London in 1990, performing a generalist sales role covering convertible bonds, warrants, exchange trade options and futures and high yield debt. Thereafter, he joined Peregrine Hong Kong in 1992 as Director. He was mandated to set up and manage an equity derivative department in conjunction with a specialist risk manager, covering research and distribution, new issue product structures and a hedge and trading book. He was transferred to Peregrine London in mid 1993, where he was responsible for setting up and running their International Equity Capital Markets and Syndication operation. In February 1997, Mr Whiting became a Director of Credit Suisse First Boston (CSFB), Hong Kong and co-headed the Equity Capital Markets function throughout Asia ex Japan combining all equity, equity-related and derivative businesses. In 2001, Mr Whiting started and built up ARC Risk Management Group Plc, an AIM listed (London Stock Exchange) company, that combines a focused consulting and senior level training service with a fully comprehensive global information, advice and response capability covering a broad range of risk mitigation issues for both companies and individuals.

Robert Whiting confirmed upon his appointment on 24 March 2004 that he complied with the independence criteria set out in Rule 3.13 of the HK Listing Rules, which subsequently took effect on 31 March 2004. Mark Searle also confirmed his compliance of such independence criteria on 31 March 2004.

The Directors of the Company consider that the two independent non-executive Directors of the Company to be independent under these independence criteria. The Company is aware of the requirement under Rule 3.10 of the HK Listing Rules whereby the Board of Directors of the Company must include at least three independent non-executive Directors by 30 September 2004, with at least one of the independent non-executive Directors having appropriate professional qualifications or accounting or related financial management expertise.

Report of the Directors

DIRECTORS (Continued)

Further to the Company's circular to shareholders dated 13 November 2003, the Directors have been informed by James Mellon on 15 July 2004 that the arrest warrant issued by the Korean prosecutor's office on 19 December 2000 was renewed in January 2004. The arrest warrant was issued against James Mellon pertaining to his alleged involvement in a conspiracy with Seung-Hyun Jin and Chang-Kon Koh to manipulate the share price of Regent Securities Co., Ltd, which was merged with Ileun Securities Co., Ltd in January 2002 and subsequently renamed Bridge Securities Co., Ltd, in Korea in November/December 2000. As far as the Board is aware, no proceedings have been issued or served against James Mellon since that time and neither have there been any further developments involving the Group.

James Mellon has informed the Board that he categorically denies these allegations and has retained leading Korean counsel to act on his behalf in disproving the Korean prosecutor's claims. James Mellon has also informed the Board that on 28 March 2001, he also submitted, via his Korean counsel, a comprehensive sworn affidavit disproving the alleged share manipulation. The Board has been informed by James Mellon on 15 July 2004 that the arrest warrant was re-issued on 14 January 2004 and will remain valid and effective until 12 March 2010 or otherwise such time as James Mellon returns to South Korea to assist with the investigation. As noted above, as far as the Board is aware, no proceedings have been issued or served on James Mellon to date. In these circumstances, the Board considers it entirely appropriate for James Mellon to remain on the Board of the Company as a Director.

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

The HK Stock Exchange introduced various amendments to the HK Listing Rules on 30 January 2004, which took effect on 31 March 2004 subject to specific transitional arrangements in respect of certain new provisions. As the HK Stock Exchange specified in its news release dated 30 January 2004 that the new disclosure requirements for annual and interim reports would only be effective for the accounting period commencing on or after 1 July 2004, information about interests held by the Directors in the Company is disclosed in this annual report in accordance with the disclosure requirements which prevailed prior to 31 March 2004 under the HK Listing Rules and Appendix 16 thereto.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

As at 31 March 2004, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "**SFO**")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 to the HK Listing Rules:

1. Securities of the Company

a. Ordinary shares of US$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares *	Approximate % of holding **
Anthony Baillieu	A	Interests by controlled corporation	Long position	200,000	0.02%
Jamie Gibson		Beneficial owner	Long position	4,549,843	0.41%
Clara Cheung		—	—	—	—
James Mellon		Beneficial owner	Long position	37,088,500	3.36%
	B	Beneficiary of a trust	Long position	222,967,083	20.20%
Mark Searle		Beneficial owner	Long position	1,750,000	0.16%
	C	Beneficiary of a trust	Long position	50,000	0.00%
Jayne Sutcliffe		Beneficial owner	Long position	14,727,260	1.33%
	D	Beneficiary of a trust	Long position	24,000,000	2.17%
Anderson Whamond		Beneficial owner	Long position	5,000,000	0.45%
Robert Whiting		—	—	—	—

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

1. Securities of the Company (Continued)

a. Ordinary shares of US$0.01 each (Continued)

* These numbers do not include the numbers of deferred shares in the issued capital of the Company and the ordinary shares to be issued upon exercise of the outstanding options under the Company's share option schemes held by the Directors, which are disclosed in sub-paragraphs (b) and (c) respectively below.

** The total issued ordinary share capital of the Company as at 31 March 2004 consisted of 1,103,720,089 ordinary shares.

Subsequent to 31 March 2004, 580,000 shares were issued and allotted upon exercise of options under the Employee Share Option Scheme of the Company (referred to in note 19 to the Financial Statements). Accordingly, the total number of issued ordinary shares has increased to 1,104,300,089 shares.

b. Deferred shares of US$0.01 each

Indigo Securities Limited, a private company indirectly and wholly owned by the trustee of a settlement of which James Mellon is a beneficiary, holds 86,728,147 non-voting convertible deferred shares of US$0.01 each in issue in the capital of the Company.

Details of the rights of the deferred shares are set out in note 19 to the Financial Statements.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

1. Securities of the Company (Continued)

c. Options of the Company

Please refer to note 19 to the Financial Statements as to the details of the share option schemes of the Company.

As at 31 March 2004, Jamie Gibson had personal interests in options granted under the Company's Employee Share Option Scheme (which was terminated on 15 November 2002 but remains in full force and effect in respect of outstanding options), entitling him to subscribe for ordinary shares of US$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme. Details of his options are as follows:

Date of grant	Total number of shares subject to the option#	Subscription price per share (HK$)	Exercise period#	Number of shares subject to vested options##	Consideration for grant of option (HK$)
7 April 2001	1,000,000	0.16	7 April 2002 - 6 April 2006	666,667	10.00
27 April 2001	1,500,000	0.16	27 April 2002 - 26 April 2006	1,000,000	10.00

For the avoidance of doubt, the outstanding options held by Karin Schulte (who resigned as a Director of the Company on 12 January 2004 but remained as a full-time employee of the Group until 8 April 2004) under the Employee Share Option Scheme as at 31 March 2004 in respect of an aggregate of 2,583,333 shares are excluded from the balance of outstanding options held by the Directors of the Company as at 31 March 2004.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

1. Securities of the Company (Continued)

c. Options of the Company (Continued)

During the year, the following former Directors of the Company exercised their rights under the respective options granted to them pursuant to the Company's Employee Share Option Scheme and subscribed for shares in the Company or alternatively had their options lapsed:

Name of Director	Note	Date of grant	Number of shares subject to outstanding options as at 1 April 2003#	Date of exercise	Number of shares subscribed	Subscription price per share (HK$)	Date of allotment
Mark Child	E	20 October 2000	3,000,000	—	—	1.06	—
	E	26 April 2001	300,000	1 December 2003	200,000	0.16	16 December 2003
	E	2 May 2001	700,000	1 December 2003	466,667	0.16	16 December 2003
Julian Mayo	F	10 April 2001	750,000	11 February 2004	500,000	0.16	18 February 2004
	F	27 April 2001	500,000	11 February 2004	333,333	0.16	18 February 2004
Karin Schulte	G	18 October 2000	2,000,000	—	—	1.06	—
	G	23 April 2001	1,750,000	7 November 2003	1,166,667	0.16	13 November 2003

The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements then remain unexercised will lapse.

As at the date of this report, all outstanding options held by Jamie Gibson under the Employee Share Option Scheme were vested.

Save for this, during the year ended 31 March 2004, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Employee Share Option Scheme and subscribed for shares in the Company; and no options were granted, cancelled or lapsed.

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

2. Securities of associated corporations

a. *Ordinary shares of US$0.01 of AstroEast.com Limited (note H)*

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	95,560	0.34%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%
Anderson Whamond		Beneficial owner	Long position	150,000	0.54%

b. *Ordinary shares of US$0.01 of bigsave Holdings plc (note H)*

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	100,000	0.25%
Jamie Gibson		Beneficial owner	Long position	131,579	0.33%
Jayne Sutcliffe	D	Beneficiary of a trust	Long position	350,000	0.88%
Anderson Whamond		Beneficial owner	Long position	350,000	0.88%
Robert Whiting	I	Beneficiary of a trust	Long position	16,667	0.04%

Notes:

A. The 200,000 shares in the Company are held by a nominee company owned by the family of Anthony Baillieu, through which shares and cash are held to individual family members' accounts. Such securities are held in Anthony Baillieu's individual account.

The 95,560 shares in AstroEast.com Limited and 100,000 shares in bigsave Holdings plc are held by a company which is 80% beneficially owned by Anthony Baillieu.

B. 219,467,083 shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary. In addition, 3,500,000 shares in the Company are held by a company which is 50% owned by this trustee.

C. The 50,000 shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.

Report of the Directors

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS (Continued)

Notes (Continued):

D. The 24,000,000 shares in the Company are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.

The 350,000 shares in bigsave Holdings plc are held by the trustee referred to above in this note.

E. Mark Child resigned as a Director of the Company on 18 June 2003 and ceased his executive positions with the Group on 30 June 2003. Of his outstanding options, he was entitled to exercise his vested options in respect of an aggregate of 2,666,667 shares (2,000,000 shares in respect of the option granted on 20 October 2000, 200,000 shares in respect of the option granted on 26 April 2001 and 466,667 shares in respect of the option granted on 2 May 2001) before 30 December 2003 in accordance with the rules of the Employee Share Option Scheme. The remaining unvested options in respect of 1,333,333 shares lapsed on 30 June 2003. He exercised part of his rights under the vested options and subscribed for an aggregate of 666,667 shares on 1 December 2003. The relevant shares were issued and allotted to Mr Child on 16 December 2003. The remaining vested options in respect of 2,000,000 shares lapsed on 30 December 2003 without being exercised.

F. Julian Mayo resigned as the alternate to James Mellon on 18 June 2003 but retains a certain position with the Group. Of his outstanding options, he was entitled to exercise his vested options in respect of an aggregate of 833,333 shares (500,000 shares in respect of the option granted on 10 April 2001 and 333,333 shares in respect of the option granted on 27 April 2001) before 21 February 2004 in accordance with the rules of the Employee Share Option Scheme. The remaining unvested options in respect of 416,667 shares lapsed on 21 August 2003. The vested options were exercised in full on 11 February 2004, and 833,333 shares were issued and allotted to Mr Mayo on 18 February 2004.

G. Karin Schulte resigned as a Director of the Company on 12 January 2004 and ceased to be an eligible participant of the Employee Share Option Scheme on 8 April 2004. Her unexercised and unvested options in respect of an aggregate of 2,583,333 shares lapsed on 8 April 2004.

H. AstroEast.com Limited and bigsave Holdings plc are indirect 51% and 64.3% owned subsidiaries of the Company respectively. The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the Financial Statements.

I. The 16,667 shares in bigsave Holdings plc are held by a trust, of which Robert Whiting is one of the beneficiaries.

Save as disclosed herein, as at 31 March 2004 none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

Save as disclosed herein, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) did not grant to any Directors of the Company (or their associates) any rights to subscribe for the equity or debt securities of the Company or of any of its associated corporations, or had there been any exercise of such options during the year.

Report of the Directors

COMPLIANCE OF THE CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

On 31 March 2004, a code for securities transactions by Directors and employees (the "**Code**"), on exactly the terms and required standard contained in the new Model Code, which is set out in Appendix 10 to the HK Listing Rules, was adopted by the Group. All Directors of the Company confirmed that they have complied with the Code.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has any unexpired service contract with the Company or any of its subsidiaries, which is not determinable by the employing company within one year without payment (other than statutory compensation).

None of the Directors of the Company has any unexpired service contract with the Company or any of its subsidiaries, which was entered into on or before 31 January 2004 and was exempt from the shareholders' approval requirement under Rule 13.68 of the HK Listing Rules but is required to be disclosed in this report pursuant to Paragraph 14A of Appendix 16 to the HK Listing Rules.

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS

The following is a summary of connected transactions (as defined in Chapter 14A of the HK Listing Rules) of the Company and significant contracts (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules), which subsisted at 31 March 2004 or at any time during the year, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company is/are or was/were materially interested, either directly or indirectly.

(1) A loan agreement dated 26 September 2001 was entered into between (a) the Company as lender and (b) AstroEast.com Limited ("**AstroEast**"), an indirect 51% owned subsidiary of the Company, as borrower, pursuant to which the Company agreed to grant an interest bearing secured loan facility of up to an amount of US$50,000 to AstroEast.

The facility is secured by AstroEast granting, at the request of the Company, a first priority perfected security interest in all its interests of at least 1,614,625 shares of iFuture.com Inc, which are listed on the Canadian Venture Exchange. AstroEast must maintain such collateral with a minimum coverage of at least 300% of the amount outstanding in respect of the facility.

Report of the Directors

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

The loan agreement, at the time of execution, constituted a connected transaction of the Company under Chapter 14 of the HK Listing Rules then prevailing. However, the Directors of the Company were of the opinion that the facility, being interest bearing and secured by the collateral in the form of marketable securities valued at 300% of the amount outstanding, was granted on normal commercial terms. Additionally, they considered that it was in the ordinary and usual course of business of the Company to offer financial assistance to its subsidiaries from time to time. As a result, the loan agreement was not subject to any disclosure or shareholders' approval requirements as a connected transaction in accordance with the de minimis provision under Rule 14.24(5) of the HK Listing Rules then prevailing.

As at the date of the loan agreement, James Mellon, Anthony Baillieu and Karin Schulte were directors of AstroEast. In addition, Peter Everington, who ceased to be a Director of the Company on 7 January 2002, held an interest of less than 2% of its total issued share capital, and each of Anthony Baillieu, Julian Mayo, Jayne Sutcliffe, Anderson Whamond and Jamie Gibson, who was appointed a Director of the Company on 7 January 2002, held an interest of less than 1% of its total issued share capital. James Mellon resigned as a director of AstroEast on 3 June 2003 but was re-appointed on 5 February 2004. Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003, and Karin Schulte resigned as a director of AstroEast and the Company on 12 January 2004.

As at 31 March 2004, an amount of US$45,618.66, inclusive of accrued interest, was outstanding under the loan agreement. The outstanding amount, inclusive of accrued interest, has increased to US$46,406.71 as at the date of this report.

The loan agreement is, however, not a connected transaction of the Company under the new Chapter 14A of the HK Listing Rules, which took effect on 31 March 2004.

(2) Six facilities agreements dated 24 January 2002, 6 February 2002, 24 April 2002, 23 July 2002, 29 July 2002 and 1 November 2002 respectively were entered into between (a) bigsave Holdings plc ("**bigsave**"), an indirect 64.3% owned subsidiary of the Company, as borrower and (b) Burnbrae Limited as lender, pursuant to which Burnbrae Limited agreed to advance unsecured interest-bearing loan facilities of maximum amounts of GBP80,000 (approximately US$114,000), GBP300,000 (approximately US$427,500), GBP75,000 (approximately US$106,875), GBP25,000 (approximately US$35,625), GBP75,000 (approximately US$106,875) and GBP150,000 (approximately US$213,750) respectively to bigsave.

Report of the Directors

CONNECTED TRANSACTIONS AND SIGNIFICANT CONTRACTS (Continued)

The facilities agreements constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules then prevailing. However, they were not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with Rule 14.24(8) of the HK Listing Rules then prevailing. The Directors of the Company were of the opinion that as bigsave was not operationally profitable and in the current economic environment it was unlikely for bigsave to either obtain loan financing from a bank or raise equity capital, the facilities from Burnbrae Limited were the most feasible way for bigsave to obtain funding. They were of the opinion that the facilities were granted on normal commercial terms.

Burnbrae Limited is a private company wholly-owned by a trust, of which James Mellon is a beneficiary. At the time of the facilities agreements, David McMahon, who resigned as a Director of the Company on 31 March 2003, and Anderson Whamond were directors of Burnbrae Limited. James Mellon was a director of bigsave. Each of Anthony Baillieu, Dominic Bokor-Ingram, who resigned as a Director of the Company on 11 March 2002, Jamie Gibson, Julian Mayo, David McMahon, Jayne Sutcliffe, Anderson Whamond and Robert Whiting, who was appointed as a Director of the Company on 24 March 2004, was interested in less than 1% of the issued share capital of bigsave. David McMahon resigned as a director of Burnbrae Limited on 24 January 2003, and Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003.

As at 31 March 2004, an amount of GBP826,028 (approximately US$1,522,000), inclusive of accrued interest, was outstanding under the facilities agreements. The outstanding amount, inclusive of accrued interest, has increased to GBP850,696 (approximately US$1,567,000) as at the date of this report.

The facilities agreements are connected transactions of the Company under the new Chapter 14A of the HK Listing Rules, which took effect on 31 March 2004, but are not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with the new Rule 14A.65(4).

(3) On 20 February 2004, the Company transferred the domain name www.icard.com to James Mellon at a consideration of US$1,000. The disposal constituted a connected transaction of the Company under Chapter 14 of the HK Listing Rules then prevailing. However, the Directors of the Company, including the then independent non-executive Directors, namely Anthony Baillieu and Mark Searle, were of the opinion that the disposal was transacted on normal commercial terms. Accordingly, the disposal was not subject to any disclosure or shareholders' approval requirements as a connected transaction in accordance with the de minimis provision under Rule 14.24(5) of the HK Listing Rules then prevailing.

Save for the above, no connected transactions (as defined in Chapter 14A of the HK Listing Rules) or significant contracts (as referred to in Paragraph 15 of Appendix 16 to the HK Listing Rules) of the Company, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company has/had a material interest, either directly or indirectly, subsisted at 31 March 2004 or at any time during the year ended 31 March 2004.

Report of the Directors

MANAGEMENT CONTRACTS

No contracts, other than contracts of service with any Director of the Company or any person engaged in the full-time employment of the Company, subsisted as at 31 March 2004 or any time during the year, whereby any individual, firm or body corporate undertook the management and administration of the whole or any substantial part of any business of the Company.

RELEVANT TRANSACTIONS

As at 31 March 2004 and at any time during the year, none of the Directors of the Company owed any outstanding amount on any relevant transactions (including loans, quasi-loans and credit transactions) as required to be disclosed under Paragraph 28(8) of Appendix 16 to the HK Listing Rules and Section 161B of the Companies Ordinance of Hong Kong.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors, except for the independent non-executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the HK Listing Rules, have declared that they are not interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2004, the following persons (other than James Mellon, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options") had the following beneficial interests in the shares of the Company, which were recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO):

SUBSTANTIAL SHAREHOLDERS (Continued)

Name of shareholder	Class of shares	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding **
Peter Devas Everington	Ordinary shares	Beneficial owner	Long position	46,356,000	4.20%
	Ordinary shares	Family interests	Long position	24,450,000	2.22%
	Ordinary shares	Beneficiary of a trust	Long position	24,841,210	2.25%
The State of Wisconsin Investment Board	Ordinary shares	Beneficial owner	Long position	82,567,940	7.48%

** The total issued ordinary share capital of the Company as at 31 March 2004 consisted of 1,103,720,089 ordinary shares.

Subsequent to 31 March 2004, 580,000 shares were issued and allotted upon exercise of options under the Employee Share Option Scheme of the Company (referred to in note 19 to the Financial Statements). Accordingly, the total number of issued ordinary shares has increased to 1,104,300,089 shares.

Save for such interests, the Directors are not aware of any other persons who, as at 31 March 2004, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

BORROWINGS

There were no bank borrowings for the Group and the Company for both years.

RETIREMENT SCHEME

Details of the retirement scheme of the Group are set out in note 21 to the Financial Statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

The Group's major customers are the investment fund companies for which it holds a fund management mandate. The percentage of turnover of asset management and corporate finance business accounted for by the five largest of these companies amounted to 85%. The largest single contribution by one fund company amounted to 37% of the turnover of asset management and corporate finance business of the Group.

It is the nature of these fund companies that the Company's Directors, their associates, or any shareholders of the Company could own shares in them.

The major suppliers of the Group provided less than 30% of the total purchase expenditure of the Group

COMPLIANCE OF THE CODE OF BEST PRACTICE

As far as the Directors are aware, the Company has complied with The Code of Best Practice as set out in Appendix 14 to the HK Listing Rules throughout the year ended 31 March 2004.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises Anthony Baillieu, the non-executive Chairman of the Board, and two independent non-executive Directors, namely Mark Searle and Robert Whiting. The audited financial statements of the Company for the year ended 31 March 2004 have been reviewed by the Audit Committee.

The Company is aware of the requirement under Rule 3.21 of the HK Listing Rules whereby the Audit Committee must comprise a minimum of three non-executive Directors by 30 September 2004, with a majority of the members being independent non-executive Directors and at least one of its members being an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2).

Report of the Directors

AUDITORS

The Financial Statements were audited by PricewaterhouseCoopers.

As responsibility for certain aspects of the audit business of KPMG (the partnership) was assumed by KPMG Audit LLC, a limited liability company, with effect from 1 October 2002, KPMG resigned and the Directors appointed KPMG Audit LLC as the Auditor of the Company in place of KPMG on 2 October 2002. Such appointment was ratified at the Company's annual general meeting held on 15 November 2002, and KPMG Audit LLC was re-appointed as the Auditor of the Company at the meeting.

At the Company's extraordinary general meeting held on 10 March 2003, PricewaterhouseCoopers were appointed as the Auditors of the Company in place of KPMG Audit LLC. KPMG Audit LLC indicated that it had no objection to the change of the Auditors of the Company. It confirmed that there were no circumstances connected with its resignation that it considered should be brought to the notice of the shareholders or creditors of the Company.

PricewaterhouseCoopers will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment. An ordinary resolution has been proposed for the Company's annual general meeting for Year 2004 for the re-appointment of PricewaterhouseCoopers.

On Behalf of the Board

Anthony Baillieu
Chairman

Hong Kong, 19 July 2004

Management's Discussion and Analysis of the Group's Performance

Revenue and Profits

The Group recorded a profit after tax and minority interests of US$5.1 million for the year ended 31 March 2004.

The profit was mainly attributable to the Group's share of profit after tax of US$6.7 million (after adjustment in accordance with the Group's accounting policy) from its associate, Bridge Investment Holding Limited ("**BIH**"). BIH recorded a profit attributable to shareholders of US$8.3 million for the year ended 31 March 2004.

The BIH profit is mainly attributable to:

	US$ million
By business:	
- Bridge Securities Co., Ltd (before the following significant items)	7.3
- Restructuring charge	(4.8)
- Profit on sale of properties	2.3
- Realised and unrealised gains on the Stock Market Stabilisation Fund	6.2
- Korean Stock Exchange membership revaluation	3.4
	14.4
- Corporate and other interests	6.4
Pre-tax profit	20.8
Write-down of deferred tax assets	(11.5)
Minority interest	(1.0)
Net profit for the year	8.3

The revenue of the corporate investment business division increased significantly to US$1.4 million (2003: US$0.1 million), while the revenue of the asset management business division was reduced by 49% to US$1.1 million (2003: US$2.2 million), which was primarily due to the reduction in assets under management.

Management's Discussion and Analysis of the Group's Performance

Revenue and Profits (Continued)

The main elements of the profit are as follows:

	US$ million
Share of profit connected with BIH (after adjustment in accordance with the Group's accounting policy)	7.0
Share of profit from other associates	0.4
Corporate investments	(0.7)
Asset management	(1.0)
Others	(0.3)
Profit before tax	5.4
Tax	(0.3)
Profit after tax and minority interests	5.1

Balance Sheet

The shareholders' equity increased by 14.2% to US$97.3 million from US$85.2 million during the year and BIH accounted for approximately 93.8% of the Group's total shareholders' equity as at 31 March 2004. The remaining Group assets comprised the technology investments of US$0.4 million and other corporate investments of US$5.6 million.

Dividend

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. On the basis of the Company's issued share capital at that time, payment of the special interim dividend amounted to approximately US$3.5 million or 95% of the proceeds received from BIH. The special interim dividend was paid on 19 December 2003.

Future Funding

As at 31 March 2004, the Group had US$0.7 million net cash or 0.7% 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's Discussion and Analysis of the Group's Performance

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 cost such hedging would involve.

As BIH was responsible for approximately 93.8% of the total shareholders' equity as at 31 March 2004, 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 closely monitors 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 2004, the amount of these margin deposits was US$185,000 (2003: US$240,000).

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 2004 apart from the action commenced by the former executive directors of BIH against BIH, which is described in the financial statements contained in this annual report.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 10 employees at 31 March 2004. 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 annual report, no share options were granted to eligible participants.

Report of the Independent Auditors

AUDITORS' REPORT TO THE SHAREHOLDERS OF REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements on pages 40 to 83 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Report of the Independent Auditors

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2004 and of the Group's profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 July 2004

Consolidated Income Statement

For the year ended 31 March 2004

	Note	2004 US$'000	2003 US$'000
Turnover:	3		
Asset management and corporate finance		1,141	1,890
Corporate investment income and net realised and unrealised gains and losses on investments		369	(1,341)
Internet retailing		2	15
Other revenues		1,083	1,771
		2,595	2,335
Expenses:			
Staff costs	4	(3,073)	(2,137)
Rental and office expenses		(324)	(567)
Information and technology expenses		(237)	(356)
Marketing costs and commissions		(21)	(40)
Professional fees		(526)	(558)
Investment advisory fee		(124)	(54)
Other operating expenses		(291)	(528)
Operating loss from ordinary activities	5	(2,001)	(1,905)
Share of profits/(losses) of associates		7,445	(4,976)
Profit/(Loss) before taxation		5,444	(6,881)
Taxation	7	(356)	(395)
Profit/(Loss) after taxation		5,088	(7,276)
Minority interests		(15)	16
Net profit/(loss) attributable to shareholders	8	5,073	(7,260)
Dividends	9	35,901	—
Earnings/(Loss) per share (US cent):	10		
- Basic		0.4	(0.6)
- Diluted		0.4	NA

Consolidated Balance Sheet

As at 31 March 2004

	Note	2004 US$'000	2003 US$'000
Non-current assets:			
Fixed assets	11	25	59
Investments in associates	13	92,392	78,912
Investments in securities	14	3,922	4,562
Due from an associate	15	495	662
		96,834	84,195
Current assets:			
Cash and bank balances	16	703	2,114
Investments in securities	14	102	167
Accounts receivable	17	212	716
Prepayments, deposits and other receivables		526	670
		1,543	3,667
Current liabilities:			
Accounts payable, accruals and other payables	18	(1,098)	(1,400)
Provisions for corporate finance expenses		—	(1,270)
		(1,098)	(2,670)
Net current assets		445	997
Net assets		97,279	85,192
Share capital	19	11,904	11,869
Reserves	20	85,365	73,323
Shareholders' equity		97,269	85,192
Minority interests		10	—
Capital and reserves		97,279	85,192

Approved and authorised for issue by the Board of Directors on 19 July 2004.

Anthony Baillieu
Chairman

Jamie Gibson
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2004

2004	Share capital US$'000	Accumulated losses US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
At 1 April 2003	11,869	(44,057)	114,263	3,735	1,204	(1,822)	85,192
Foreign currency translation adjustment	—	—	—	—	—	10,428	10,428
Exercise of warrants	—	—	9	—	—	—	9
Exercise of share options	35	—	37	—	—	—	72
Dividend paid	—	(3,428)	—	—	—	(77)	(3,505)
Profit for the year	—	5,073	—	—	—	—	5,073
At 31 March 2004	11,904	(42,412)	114,309*	3,735	1,204	8,529	97,269
Representing:							
Company and subsidiaries	11,904	(18,543)	114,309	3,735	1,204	(1,623)	110,986
Associates	—	(23,869)	—	—	—	10,152	(13,717)
At 31 March 2004	11,904	(42,412)	114,309	3,735	1,204	8,529	97,269

2003	Share capital US$'000	Accumulated losses US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
At 1 April 2002	11,869	(36,797)	114,263	3,735	1,204	(7,267)	87,007
Foreign currency translation adjustment	—	—	—	—	—	5,479	5,479
Disposal of subsidiaries	—	—	—	—	—	(34)	(34)
Loss for the year	—	(7,260)	—	—	—	—	(7,260)
At 31 March 2003	11,869	(44,057)	114,263	3,735	1,204	(1,822)	85,192
Representing:							
Company and subsidiaries	11,869	(13,099)	114,263	3,735	1,204	(1,649)	116,323
Associates	—	(30,958)	—	—	—	(173)	(31,131)
At 31 March 2003	11,869	(44,057)	114,263	3,735	1,204	(1,822)	85,192

* A proposed dividend of US$32,396,000, if paid, shall be paid as an appropriation of share premium subsequent to year end (note 9).

Consolidated Cash Flow Statement

For the year ended 31 March 2004

	Note	2004 US$'000	2003 US$'000
Cash flows from operating activities:			
Profit/(Loss) before taxation		5,444	(6,881)
Depreciation		39	93
Bad debts written off		9	4
Interest income		(5)	(31)
Dividend income from investments		(41)	(54)
Share of (profits)/losses of associates		(7,445)	4,976
Net unrealised loss on current other investments		—	53
Net unrealised (profit)/loss on non-current other investments		(123)	2,557
Net realised profit on disposal of non-current other investments		(37)	(538)
Net realised profit on disposal of current other investments		(239)	(204)
Loss on disposal of fixed assets		—	1
Write-back of provisions for corporate finance expenses		(1,270)	(1,393)
Decrease/(Increase) in accounts receivable		495	(92)
Decrease in prepayments, deposits and other receivables		144	167
Decrease in accounts payable, accruals and other payables		(302)	(74)
Cash used in operations		(3,331)	(1,416)
Income tax paid		—	(2,337)
Net cash outflow from operating activities		(3,331)	(3,753)

Consolidated Cash Flow Statement (Continued)

For the year ended 31 March 2004

	Note	2004 US$'000	2003 US$'000
Cash flows from investing activities:			
Purchase of non-current other investments		(206)	—
Purchase of current other investments		(204)	(240)
Proceeds from disposal of current other investments		508	696
Proceeds from disposal of non-current other investments		1,004	1,038
Purchase of fixed assets		(4)	(3)
Proceeds from disposal of fixed assets		1	1
Disposal of subsidiaries		—	169
Decrease/(Increase) in amount due from an associate		167	(662)
Interest received		5	31
Dividend received from other investments and associates		3,975	54
Net cash inflow from investing activities		5,246	1,084
Cash flows from financing activities:			
Proceeds from exercise of share options		72	—
Proceeds from exercise of warrants		9	—
Dividend paid		(3,505)	—
Net cash outflow from financing activities		(3,424)	—
Net decrease in cash and cash equivalents		(1,509)	(2,669)
Effects of foreign currency fluctuations		98	(328)
Cash and cash equivalents at the beginning of the year		2,114	5,111
Cash and cash equivalents at the end of the year	16	703	2,114

Company Balance Sheet

As at 31 March 2004

	Note	2004 US$'000	2003 US$'000
Non-current assets:			
Investments in subsidiaries	12	3,005	1,930
Investments in associates	13	62,918	62,918
Investments in securities	14	445	684
Due from an associate	15	490	658
		66,858	66,190
Current assets:			
Cash and bank balances	16	175	1,342
Accounts receivable	17	33	33
Due from subsidiaries	12	12,569	13,706
Prepayments, deposits and other receivables		74	97
		12,851	15,178
Current liabilities:			
Accruals and other payables	18	(948)	(1,519)
Due to subsidiaries	12	(7,201)	(8,405)
		(8,149)	(9,924)
Net current assets		4,702	5,254
Net assets		71,560	71,444
Share capital	19	11,904	11,869
Reserves	20	59,656	59,575
Shareholders' equity		71,560	71,444

Approved and authorised for issue by the Board of Directors on 19 July 2004.

Anthony Baillieu	**Jamie Gibson**
Chairman	*Director*

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

1. THE COMPANY

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability. Its registered office is at P O Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company's shares are listed on The Stock Exchange of Hong Kong Limited. The subscription period of the warrants expired on 30 June 2003.

The Company's principal activity was investment holding, and the Group's principal activities consisted of asset management; provision of investment advisory services; corporate finance and advisory services; corporate investment; and internet retailing.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts are set out below:

a. Basis of preparation

These financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants (the "**HKSA**"). They have been prepared under the historical cost convention except that other investments are valued at fair value, as explained in the accounting policy for investments below.

In the current year, the Group adopted Statement of Standard Accounting Practice ("**SSAP**") 12 (revised) "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 policy and the effect of adopting this revised policy is set out in note 2(h).

b. Reporting currency

The reporting currency of the Group is United States dollars.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March.

A subsidiary is a company in which the Group, directly or indirectly, controls more than one half of the voting power; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Group accounting (Continued)

(ii) Associates

An associate is a company, not being a subsidiary or a joint venture, in which an equity interest is held for the long-term and the Company or the Group has significant influence over its management, including participation in the financial and operating policy decisions.

The Group's share of the post-acquisition results is included in the consolidated income statement. The Group's investments in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any provisions for impairment losses deemed necessary by the Directors.

Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

The investments in associates are stated in the Company's balance sheet at cost less impairment losses. The results of associates are accounted for by the Company on the basis of dividends received and receivable.

d. Fixed assets and depreciation

Fixed assets comprising furniture and fixtures, computer and other equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each asset less accumulated impairment losses over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Other equipment	4 years

The gain or loss on disposal or retirement of fixed assets recognised in the income statement is the difference between the sales proceeds and the carrying amount of the relevant assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Impairment of assets

Internal and external sources of information are considered at each balance sheet date to assess whether there is any indication that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- fixed assets; and
- investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated and, where relevant, an impairment loss is recognised in the income statement to reduce the asset to its recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

f. Investments in securities

Investments are classified as investment securities and other investments.

(i) Investment securities are stated in the balance sheet at cost less any provision for impairment loss.

The carrying amounts of investment securities are reviewed as at each balance sheet date in order to assess whether the fair values have declined below the carrying amounts. When a decline has occurred, the carrying amount is reduced to the fair value unless there is evidence that the decline is temporary. The impairment loss is recognised as an expense in the income statement.

This impairment loss is written back to the income statement when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f. Investments in securities (Continued)

(ii) Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net unrealised gains or losses arising from changes in fair value are recognised within turnover in the income statement. Fair value for listed securities is quoted market price at the balance sheet date. Fair value for unlisted equity securities is directors' valuation, which may be based on net asset value or cost less provision for impairment loss of investments.

For unlisted open-ended investment companies, mutual funds and unit trusts, fair value is based on the latest reported net asset value of such investments at the balance sheet date as provided by the respective administrators.

(iii) Profits or losses on disposal of other investments are accounted for within turnover in the income statement as they arise.

g. Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals net of any incentives received from the lessors on operating leases are charged to the income statement on a straight-line basis over the lease terms.

h. Deferred taxation

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Deferred taxation (Continued)

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 revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively. The adoption of the new accounting policy does not have material impact on the financial statements of the Group.

i. Derivatives

Off-balance sheet financial instruments include derivatives, such as forwards, futures and options contracts, undertaken by the Group in foreign exchange, commodity and equity markets. Transactions undertaken for trading purposes are re-measured to their fair value. Fair values for forwards, futures and options contracts are quoted market prices at the balance sheet date. Unrealised profits on trading derivatives which are marked to market are included in "prepayments, deposits and other receivables". Unrealised losses on trading derivatives which are marked to market are included in "accounts payable, accruals and other payables".

j. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, cash investments with a maturity of three months or less from date of investment and bank overdrafts.

l. Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

m. Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

n. Translation of foreign currencies

The Company maintains its accounting records in United States dollars. Foreign currency transactions are recorded at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at that date. Exchange differences are recognised in the income statement.

The balance sheets of subsidiaries and associates expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the income statements are translated at an average rate. Exchange differences are dealt with as a movement in reserves.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) investment management, advisory and administration fees; and other corporate finance and advisory fees and commissions contractually receivable by the Group are recognised in the period in which the respective fees are earned. Performance fees arising upon the achievement of specified targets are recognised at the respective funds' year-ends only when such performance fees are confirmed as receivable;

(ii) profit or loss on sale of other investments and investment securities is recognised in the income statement on a trade date basis when the relevant transactions are executed;

(iii) interest is recognised on a time apportioned basis, taking into account the principal amounts outstanding and the interest rates applicable; and

(iv) dividend income is recognised when the right to receive payment is established.

p. Turnover

Turnover principally includes:

(i) investment management and performance fees from asset management business;

(ii) corporate finance and advisory fees and commission income from corporate advisory services; and

(iii) realised and unrealised profits or losses and dividend income from investments in securities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Employee benefits

(i) Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(ii) Pension obligations

The Group operates a defined contribution plan, the assets of which are held in a separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant Group companies.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions depending on the nature of the plans under the scheme.

(iii) Stock options

The stock options granted are not recorded as expenses. When the options are exercised, the proceeds received net of amount of transaction costs are credited to share capital (nominal value) and share premium.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r. Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Unallocated costs represent corporate expenses. Segment assets consist primarily of fixed assets, investments in securities, receivables, prepayments and deposits and operating cash. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings. Capital expenditure comprises additions to fixed assets, including additions resulting from acquisitions through purchases of subsidiaries.

3. SEGMENTED INFORMATION

Segmented information is presented in respect of the Group's business and geographical segments. Business segmented information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

Business segments

The Group comprises four business segments as follows:

Asset management	:	management of assets entrusted by the shareholders of various mutual funds, including private equity and Dublin-listed funds
Corporate finance	:	provision of investment advisory services to associates and third parties
Corporate investment	:	investment in corporate entities, both listed and unlisted
Internet retailing	:	sale of customer goods on the Internet

Inter-segment revenues arising from inter-segment transactions are conducted at competitive market prices charged to external customers. Those revenues are eliminated on consolidation.

3. SEGMENTED INFORMATION (Continued)

Business segments (Continued)

For the year ended 31 March 2004

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Others US$'000	Consolidated US$'000
Revenue from external customers	1,136	88	1,369	2	—	—	2,595
Inter-segment revenue	2	—	3	—	(5)	—	—
	1,138	88	1,372	2	(5)	—	2,595
Segment results	(1,073)	(239)	(679)	(10)	—	—	(2,001)
Unallocated operating expenses							—
Loss from operations							(2,001)
Share of profits of associates							7,445
Taxation							(356)
Minority interests							(15)
Net profit attributable to shareholders							5,073

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Consolidated US$'000
Segment assets	904	48	3,752	63	1,218	5,985
Investments in associates	—	—	—	—	92,392	92,392
Total assets	904	48	3,752	63	93,610	98,377
Segment liabilities	96	26	25	4	947	1,098

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

3. SEGMENTED INFORMATION (Continued)

Business segments (Continued)

For the year ended 31 March 2004 (Continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Consolidated US$'000
Depreciation and amortisation	31	4	—	4	39
Capital expenditure incurred	4	—	—	—	4

For the year ended 31 March 2003

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Others US$'000	Consolidated US$'000
Revenue from external customers	2,236	32	52	15	—	—	2,335
Inter-segment revenue	5	—	3	—	(8)	—	—
	2,241	32	55	15	(8)	—	2,335
Segment results	(66)	(176)	(1,654)	(9)	—	—	(1,905)
Unallocated operating expenses							—
Loss from operations							(1,905)
Share of losses of associates	—	—	—	—	—	—	(4,976)
Taxation							(395)
Minority interests							16
Net loss attributable to shareholders							(7,260)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

3. SEGMENTED INFORMATION (Continued)

Business segments (Continued)

For the year ended 31 March 2003 (Continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Consolidated US$'000
Segment assets	1,527	142	4,437	31	2,813	8,950
Investments in associates	—	—	—	—	78,912	78,912
Total assets	1,527	142	4,437	31	81,725	87,862
Segment liabilities	110	16	1,020	5	1,519	2,670

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Consolidated US$'000
Depreciation and amortisation	76	8	—	9	93
Capital expenditure incurred	3	—	—	—	3

Geographical segments

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its asset management business, North America is a major market for its corporate investments and Western Europe is a major market for its internet retailing business.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, investing funds or corporate investments.

There are no sales between the geographical segments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

3. SEGMENTED INFORMATION (Continued)

Geographical segments (Continued)

For the year ended 31 March 2004

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	331	1,898	48	2	—	312	4	2,595
Segment assets	—	5,905	—	—	—	80	—	5,985
Capital expenditure incurred during the year	—	4	—	—	—	—	—	4

For the year ended 31 March 2003

	North America US$'000	Asia Pacific US$'000	Australasia US$'000	Eastern Europe US$'000	Russia US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	902	1,909	102	22	9	(610)	1	2,335
Segment assets	—	8,779	—	—	—	171	—	8,950
Capital expenditure incurred during the year	—	3	—	—	—	—	—	3

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

4. STAFF COSTS

	2004 US$'000	2003 US$'000
Wages and salaries	1,786	2,113
Discretionary bonuses	1,267	—
Pension costs - defined contribution plans	20	24
	3,073	2,137

The amount includes Directors' remuneration in respect of service in the current year (note 6). An amount of US$640,000 includes in discretionary bonuses is not allocated and included in the Directors' remuneration.

5. OPERATING LOSS FROM ORDINARY ACTIVITIES

	2004 US$'000	2003 US$'000
After charging:		
Auditors' remuneration	130	146
Bad debts written off	9	4
Depreciation on owned fixed assets	39	93
Loss on disposal of fixed assets	—	1
Operating lease rental on property	184	298
Net unrealised loss on non-current other investments*	—	2,557
Net unrealised loss on current other investments*	—	53
After crediting:		
Write-back of provisions for corporate finance expenses	1,270	1,393
Net realised profit on disposal of current other investments*	239	204
Net realised profit on disposal of non-current other investments*	37	538
Interest income on bank deposits*	5	31
Dividend income from investments*	41	54
Net unrealised profit on non-current other investments*	123	—

* Included in turnover

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

6. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' REMUNERATION

Remuneration excludes amounts relating to share options (see note 19 below). There is no benefits in kind paid or payable to the Directors during the year.

	2004 US$'000	2003 US$'000
Executive Directors:		
Fees	—	—
Basic salaries and other emoluments	1,297	1,150
Discretionary bonuses		
- in respect of service in the current year	392	—
- in respect of service in the prior years	716	—
Retirement scheme contributions	3	5
	2,408	1,155
Non-Executive Directors:		
Fees	85	38
Basic salaries and other emoluments	44	139
Discretionary bonuses		
- in respect of service in the current year	180	—
- in respect of service in the prior years	125	—
	434	177

Directors' fees disclosed above include US$15,000 (2003: US$15,000) paid to independent non-executive Directors.

6. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' REMUNERATION (Continued)

The remuneration of Directors fell within the following bands:

		Number of Directors	
		2004	2003
HK$Nil-HK$500,000	(US$Nil-US$64,357)	6	5
HK$500,001-HK$1,000,000	(US$64,358-US$128,716)	1	—
HK$1,000,001-HK$1,500,000	(US$128,717-US$193,075)	1	2
HK$1,500,001-HK$2,000,000	(US$193,076-US$257,433)	—	2
HK$2,000,001-HK$2,500,000	(US$257,434-US$321,791)	—	—
HK$2,500,001-HK$3,000,000	(US$321,792-US$386,150)	1	—
HK$4,000,001-HK$4,500,000	(US$514,867-US$579,224)	—	1
HK$4,500,001-HK$5,000,000	(US$579,225-US$643,583)	1	—
HK$11,500,001-HK$12,000,000	(US$1,480,242-US$1,544,600)	1	—
		11	10

There was no arrangement under which a Director had waived or had agreed to waive any remuneration.

Highest paid individuals

All five (2003: five) were Directors of the Company and their remuneration has been included in the Directors' remuneration.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

7. TAXATION

Income Statement:

	2004 US$'000	2003 US$'000
Group:		
Overseas taxation		
- Provision for the year	—	—
- Over-provisions in prior years	—	(163)
Share of tax of associates	356	558
	356	395

No provision for Hong Kong or overseas 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.

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2004 US$'000	2003 US$'000
Profit/(Loss) before taxation	5,444	(6,881)
Calculated at a taxation rate of 17.5% (2003: 16%)	953	(1,101)
Effect of different taxation rates in other countries	(994)	1,468
Income not subject to taxation	(124)	(12,116)
Expenses not deductible for taxation purposes	408	12,247
Utilisation of previously unrecognised tax losses	113	98
Tax effect of tax losses not recognised	—	(38)
Over-provision in prior years	—	(163)
Taxation charge	356	395

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of US$3,666,000 (2003: US$3,008,000) to carry forward against future taxable income. The tax loss has no expiry date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

8. NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The net profit attributable to shareholders dealt with in the financial statements of the Company amounted to US$3,540,000 (2003: net loss of US$3,478,000).

9. DIVIDENDS

	2004 US$'000	2003 US$'000
Special interim, paid, of 0.295 US cent (2003: Nil) per share	3,505	—
Proposed, of 2.72 US cents (2003: Nil) per share	32,396	—
	35,901	—

On 19 July 2004, the Directors proposed a dividend of 2.72 US cents per share for the year. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of share premium for the year ending 31 March 2005.

10. EARNINGS/(LOSS) PER SHARE

a. The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the year of US$5,073,000 (2003: net loss of US$7,260,000) and on the weighted average of 1,187,858,938 (2003: 1,186,902,435) shares of the Company in issue during the year.

b. The diluted earnings per share for the year ended 31 March 2004 is based on the net profit attributable to shareholders for the year of US$5,073,000 and on 1,189,783,702 shares, which is the sum of the weighted average number of shares in issue during the year of 1,187,858,938 shares plus the weighted average number of 1,924,764 shares deemed to be issued at no consideration if all the Company's outstanding share options had been exercised. No diluted loss per share was presented for the year ended 31 March 2003 as the outstanding share options and warrants were anti-dilutive.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

11. FIXED ASSETS

Group:

	Furniture and fixtures US$'000	Computer and other equipment US$'000	Total US$'000
Cost:			
At 1 April 2003	137	401	538
Additions	—	4	4
Disposal	—	(19)	(19)
Exchange adjustment	—	5	5
At 31 March 2004	137	391	528
Accumulated depreciation:			
At 1 April 2003	116	363	479
Charge for the year	8	31	39
Disposal	—	(18)	(18)
Exchange adjustment	1	2	3
At 31 March 2004	125	378	503
Net book value:			
At 31 March 2004	12	13	25
At 31 March 2003	21	38	59

The Company has no fixed assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

12. INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	US$'000	US$'000
Unlisted shares, at cost less impairment loss	3,005	1,930

Other balances with subsidiaries are included within current assets and current liabilities. These balances are unsecured, interest free and repayable on demand.

Particulars of the principal subsidiaries at 31 March 2004 are as follows:

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Alphorn Management Limited	Cayman Islands**	Ordinary share of US$1	—	100%	Investment holding
AstroEast.com (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$20	—	51%	Internet services
AstroEast.com Limited*	Cayman Islands	Ordinary shares of US$280,222	—	51%	Investment holding
Capital Nominees Limited*	British Virgin Islands	Ordinary share of US$1	—	100%	Corporate finance and structuring
Cycletek Investments Limited*	British Virgin Islands	Ordinary shares of US$490,261	—	91.7%	Investment holding
Interman Holdings Limited*	British Virgin Islands	Ordinary shares of US$41,500	100%	—	Investment holding
Interman Limited	Isle of Man	Ordinary shares of GBP436,152	—	100%	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

12. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
iRegent Fund Management (Asia) Limited	Cayman Islands**	Ordinary shares of US$100	100%	—	Asset management
Regent Corporate Finance Limited*	Cayman Islands	Ordinary shares of US$2	100%	—	Corporate finance
Regent Pacific Group (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$5 million	100%	—	Provision of management services
RPG (Bahamas) Limited*	Bahamas	Ordinary shares of US$134,220	100%	—	Investment holding
Regent Financial Services Limited	Hong Kong	Ordinary shares of HK$5 million	—	100%	Marketing of unit trusts, investment holding and advisory services
Regent Fund Management Limited	Cayman Islands**	Ordinary shares of US$150,000	—	100%	Asset management

* The financial statements of these subsidiaries for the year ended 31 March 2004 were not audited by PricewaterhouseCoopers.

** These subsidiaries were re-domiciled from Barbados to Cayman Islands on 8 August 2003.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

13. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2004 US$'000	2003 US$'000	2004 US$'000	2003 US$'000
Unlisted shares, at cost less impairment loss	—	—	62,918	62,918
Share of net assets:				
- Unlisted	92,392	78,912	—	—
	92,392	78,912	62,918	62,918

Particulars of the principal associates at 31 March 2004 are as follows:

Name of associate	Place of incorporation	Issued and fully paid share capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Eclipse Investment Holdings Limited*	British Virgin Islands	Ordinary shares of HK$7.8 million	—	38.5%	Travel agency
Regent Markets Holdings Limited (formerly Exchangebet.com Holdings Limited)*	British Virgin Islands	Ordinary shares of US$20,000	49.9%	—	Online betting
Bridge Investment Holding Limited ("**BIH**")	Cayman Islands	Ordinary shares of US$4,481,268	40.2%	—	Investment holding

Eclipse Investment Holdings Limited principally operates in Hong Kong. Regent Markets Holdings Limited has its principal centre of operation in Malta. BIH's principal operating subsidiary, Bridge Securities Co., Ltd ("**BSC**"), operates in Korea.

* The financial statements of these associates for the year ended 31 March 2004 were not audited by PricewaterhouseCoopers.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

13. INVESTMENTS IN ASSOCIATES (Continued)

As the value of the Group's holding in BIH is significant to the Group, further details regarding the results of BIH for the year ended 31 March 2004 and balance sheet as at 31 March 2004 are disclosed as follows:

Results information (as adjusted to the Group's accounting policies):

	2004 US$'000	2003 US$'000
Revenues	92,135	76,685
Profit/(Loss) from operations	25,117	(7,913)
Interest expenses	(3,987)	(4,861)
Share of loss of an associate	(308)	(47)
Profit/(Loss) before taxation	20,822	(12,821)
Taxation*	(887)	(1,389)
Profit/(Loss) after taxation	19,935	(14,210)
Minority interest	(3,330)	(97)
Net profit/(loss) for the year	16,605	(14,307)

Balance Sheet information (as adjusted to the Group's accounting policies):

	2004 US$'000	2003 US$'000
Fixed assets	69,115	75,962
Investment in an associate	443	695
Investments	46,693	50,998
Negative goodwill	(50,828)	(54,558)
Other non-current assets	35,005	40,049
Total non-current assets	100,428	113,146
Current assets	326,157	290,029
Current liabilities	(127,714)	(137,166)
Net assets	298,871	266,009
Share capital	4,481	4,481
Reserves	222,706	189,588
Shareholders' equity	227,187	194,069
Minority interest	71,684	71,940
Capital and reserves	298,871	266,009

* As the Group has already written off the deferred tax asset of BIH in previous years, current year's write-down of deferred tax asset of US$10,630,000 by BIH was added back to calculate the Group's share of BIH's net profit in 2004.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

13. INVESTMENTS IN ASSOCIATES (Continued)

On 1 May 2003, (i) the Company; (ii) State of Wisconsin Investment Board ("**SWIB**"); and (iii) BIH entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). Amongst other things, the Company, SWIB and BIH agreed in the BIH Shareholders' Agreement to explore ways in which to realise the investment of the Company and SWIB in BIH in the most effective and profitable manner.

As at 31 March 2004, BIH was involved in litigation with BIH's former executive directors, Peter Everington and Romi Williamson, with claims amounting to US$8.3 million. The BIH directors and BIH's legal counsel are of the view that the outcome will be favourable and that the existing legal provisions made in BIH are adequate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

14. INVESTMENTS IN SECURITIES

The Group's and the Company's investments can be analysed as follows:

Non-current investments:

	Group		Company	
	2004	2003	2004	2003
	US$'000	US$'000	US$'000	US$'000
Investment securities, at cost:				
Club debentures	19	19	19	19
Other investments, at fair value:				
Listed equity securities				
-in Hong Kong	365	548	365	548
-outside Hong Kong	306	93	—	63
Unlisted equity securities*	3,232	3,902	61	54
	3,903	4,543	426	665
	3,922	4,562	445	684

Current investments:

	Group		Company	
	2004	2003	2004	2003
	US$'000	US$'000	US$'000	US$'000
Other investments, at fair value:				
Listed equity securities - outside Hong Kong	—	165	—	—
Unlisted equity securities	102	2	—	—
	102	167	—	—

All the above other investments are in corporate entities.

* Included in the Group's unlisted equity securities was a close-ended fund managed by iRegent Fund Management (Asia) Limited, a wholly-owned subsidiary of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

15. DUE FROM AN ASSOCIATE

	Group		Company	
	2004	2003	2004	2003
	US$'000	US$'000	US$'000	US$'000
Bridge Investment Holding Limited				
- Advance	495	662	490	658

The amount was unsecured, interest-free and not repayable within twelve months.

16. CASH AND BANK BALANCES

Cash and bank balances of the Group and the Company can be analysed as follows:

	Group		Company	
	2004	2003	2004	2003
	US$'000	US$'000	US$'000	US$'000
Cash and balances with banks	431	926	40	270
Money at call and short notice	272	1,188	135	1,072
Total cash and bank balances	703	2,114	175	1,342

The Group's subsidiary maintains trust accounts with banks as part of its normal business transactions. At 31 March 2004, included in the Group's cash and balances with banks were trust accounts of US$28,000 (2003: US$28,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

17. ACCOUNTS RECEIVABLE

	Group		Company	
	2004 US$'000	2003 US$'000	2004 US$'000	2003 US$'000
1 to 3 months old	151	663	—	—
More than 3 months old but less than 12 months old	61	53	33	33
Total accounts receivable	212	716	33	33

The Group applies credit policies appropriate to the particular business circumstances concerned but generally requires outstanding amounts to be paid within 30 days of invoice.

18. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2004 US$'000	2003 US$'000	2004 US$'000	2003 US$'000
Due within 1 month or on demand	36	—	—	—
Due after 1 month but within 3 months	—	65	—	—
Due after 3 months but within 6 months	40	18	—	—
More than 6 months	18	—	—	—
Total accounts payable	94	83	—	—
Accruals and other payables	1,004	1,317	948	1,519
Total accounts payable, accruals and other payables	1,098	1,400	948	1,519

As at 31 March 2004, an amount of US$640,000 (2003: US$937,000) included in accruals and other payables represented a provision for bonuses for the Group and the Company.

Included in accounts payables were those payables placed in trust accounts amounted to US$28,000 as at 31 March 2004 (2003: US$28,000).

19. SHARE CAPITAL

Shares

	Company 2004 US$'000	Company 2003 US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	20,000
550,000,000 unclassified shares of US$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each	5,500	5,500
	25,500	25,500
Issued and fully paid:		
1,103,720,089 (31 March 2003: 1,100,174,288) ordinary shares of US$0.01 each	11,037	11,002
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	867
	11,904	11,869

On 4 July 2003, an aggregate of 25,800 new ordinary shares in the Company were issued and allotted for a total consideration of HK$72,240 (approximately US$9,000), being HK$2.80 per share, upon exercise of the subscription rights in respect of 25,800 shares attached to the registered warrants of the Company (the "**Warrants 2003**" as referred to below).

Additionally, 3,520,001 new ordinary shares in the Company were issued and allotted during the year for a total consideration of HK$563,200 (approximately US$72,000), being HK$0.16 per share, upon exercise of options under the Employee Share Option Scheme of the Company (referred to below in this note).

Subsequent to the year end date, additional 580,000 new ordinary shares in the Company were issued and allotted for a total consideration of HK$92,800 (approximately US$12,000), being HK$0.16 per share, upon exercise of options under the Employee Share Option Scheme of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

19. SHARE CAPITAL (Continued)

Rights of the Deferred Shares

The non-voting convertible deferred shares of US$0.01 each in the capital of the Company (the "**Deferred Share(s)**") shall rank for dividends pari passu to ordinary shares of the Company from time to time in issue. Each Deferred Share shall confer on the holder thereof pari passu rights to ordinary shares on a winding up or other return of capital.

Each Deferred Share carries a conversion right to convert into one ordinary share of US$0.01 in the capital of the Company commencing six months from the date of issue (9 June 2000). The shares issued and allotted upon conversion of the Deferred Shares (the "**Conversion Shares**") shall, when issued, rank pari passu in all respects with all other ordinary shares of the Company in issue on the date of conversion.

No application was made for the listing of the Deferred Shares on The Stock of Exchange of Hong Kong Limited (the "**HK Stock Exchange**"). However, application has been made to the HK Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Holders of the Deferred Shares are entitled to receive notices of the general meetings of the Company but not to attend and vote thereat. The Deferred Shares are transferable with the prior written consent of the Directors of the Company and with prior notice to the HK Stock Exchange.

During the year ended 31 March 2004, no Deferred Shares were converted into ordinary shares (2003: Nil).

Warrants

On 9 June 2000, the Company issued and allotted, by way of bonus, an aggregate of 237,882,087 units of registered warrants (the "**Warrants 2003**") exercisable during the period from 9 June 2000 up to 30 June 2003, both days inclusive, at an initial subscription price of HK$2.80 (subject to adjustment) for each share of US$0.01 in the Company to its shareholders whose names appeared in its Register of Members at 9:00 am (Hong Kong time) on 17 May 2000 in the proportion of one unit of warrant for every five shares in the Company then held.

The subscription period of the Warrants 2003 expired on 30 June 2003. Unexercised subscription rights at such date lapsed and the Warrants 2003 ceased to be valid for any purpose. On 4 July 2003, an aggregate of 25,800 new ordinary shares in the Company were issued and allotted for a total consideration of HK$72,240 (approximately US$9,000) upon exercise of the subscription rights, before its expiry, in respect of 25,800 shares attached to the Warrants 2003.

Notes to the Consolidated Financial Statements

19. SHARE CAPITAL (Continued)

Share options

a. *Share Option Scheme (2002)*

A new share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), was approved by shareholders at the Company's annual general meeting held on 15 November 2002. The scheme shall continue in force until the tenth anniversary of its commencement date, which will be 15 November 2012. No options have been granted under the Share Option Scheme (2002) since its establishment.

Particulars of the Share Option Scheme (2002) are set out under the section headed "Share Capital and Share Options" in the report of the directors of this annual report.

b. *Employee Share Option Scheme*

Following the adoption of the Share Option Scheme (2002) referred to in paragraph (a) above, the Company's employee share option scheme (the "**Employee Share Option Scheme**"), which was approved by the shareholders on 24 July 1996 (and was deemed to have commenced on 15 July 1994), as amended on 27 May 1998, was terminated. However, its provisions remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination.

Options currently outstanding under the Employee Share Option Scheme were granted on various dates and with various vesting schedules. Certain of the outstanding options entitle the holders to exercise the whole of the option at any time after the third anniversary date of the date of grant of the respective options but within 60 months from the date of grant. Other options, however, entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 60 months from the date of grant. All entitlements of the option then remain unexercised will lapse.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

19. SHARE CAPITAL (Continued)

Share options (Continued)

b. Employee Share Option Scheme (Continued)

As at 1 April 2003, under the Employee Share Option Scheme there were outstanding options entitling the holders to subscribe in stages in accordance with their respective vesting schedules for an aggregate of 13,600,000 (1 April 2002: 14,100,000) ordinary shares of US$0.01 each in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share, amongst which options in respect of 6,466,662 shares or 47.55% (1 April 2002: 2,099,998 shares or 14.89%) were vested. During the year ended 31 March 2004, no options were granted (2003: Nil) or cancelled (2003: Nil). Options in respect of an aggregate of 3,520,001 shares were exercised at HK$0.16 per share amounting to HK$563,200 (approximately US$72,000) (2003: Nil). Unvested and expired options in respect of an aggregate of 4,016,666 shares (2003: an option in respect of 500,000 shares) lapsed. Accordingly, as at 31 March 2004, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 6,063,333 (2003: 13,600,000) ordinary shares at exercise prices ranging from HK$0.16 to HK$1.40 per share, representing 0.55% (2003: 1.24%) of the Company's then issued voting share capital and 0.55% (2003: 1.22%) of the enlarged voting share capital. Amongst such outstanding options, options in respect of 4,180,002 shares (68.94%) were vested. Exercise in full of the outstanding options would result in the issue of 6,063,333 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$3,074,000 (or approximately US$396,000).

Subsequent to the year end date, vested options in respect of an aggregate of 580,000 shares were exercised. Unvested and expired options in respect of an aggregate of 2,583,333 shares lapsed. Accordingly, as at the date of this annual report, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 2,900,000 ordinary shares at exercise prices ranging from HK$0.16 to HK$1.40 per share, all being vested. Exercise in full of the outstanding options would result in the issue of 2,900,000 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$768,000 (or approximately US$99,000).

Particulars of the options held under the Employee Share Option Scheme during the year by various participants are set out under the section headed "Share Capital and Share Options" in the report of the directors of this annual report.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

20. RESERVES

	Accumulated losses US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Group						
At 1 April 2002	(36,797)	114,263	3,735	1,204	(7,267)	75,138
Foreign currency translation adjustment	—	—	—	—	5,479	5,479
Disposal of subsidiaries	—	—	—	—	(34)	(34)
Loss for the year	(7,260)	—	—	—	—	(7,260)
At 31 March 2003	(44,057)	114,263	3,735	1,204	(1,822)	73,323
Foreign currency translation adjustment	—	—	—	—	10,428	10,428
Exercise of warrants	—	9	—	—	—	9
Exercise of share options	—	37	—	—	—	37
Dividend paid	(3,428)	—	—	—	(77)	(3,505)
Profit for the year	5,073	—	—	—	—	5,073
At 31 March 2004	(42,412)	114,309*	3,735	1,204	8,529	85,365

* The proposed dividend of US$32,396,000, if paid, shall be paid as an appropriation of share premium subsequent to year end (note 9).

20. RESERVES (Continued)

	Accumulated losses US$'000	Share premium US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Company					
At 1 April 2002	(54,758)	116,528	1,204	79	63,053
Loss for the year (note 8 above)	(3,478)	—	—	—	(3,478)
At 31 March 2003	(58,236)	116,528	1,204	79	59,575
Profit for the year (note 8 above)	3,540	—	—	—	3,540
Exercise of warrants	—	9	—	—	9
Exercise of share options	—	37	—	—	37
Dividend paid	(3,428)	—	—	(77)	(3,505)
At 31 March 2004	(58,124)	116,574*	1,204	2	59,656

* The proposed dividend of US$32,396,000, if paid, shall be paid as an appropriation of share premium subsequent to year end (note 9).

21. EMPLOYEE BENEFITS

The Group has operated a defined contributory staff retirement scheme in Hong Kong which has complied with all the respective requirements of the Occupational Retirement Schemes Ordinance ("**ORSO**") since April 1991. On 1 December 2000, the above scheme was terminated and transferred to a new mandatory provident fund scheme (the "**MPF Scheme**") which complies with all the respective requirements under the Mandatory Provident Fund Ordinance (the "**MPF Ordinance**"). All assets under the schemes are held separately from the Group under independently administered funds. The MPF Scheme has two plans. Plan A is available to those employees who were transferred from the old ORSO scheme and contributions are based on a specific percentage of the basic salary of the eligible employees. Plan B is available to all other employees in Hong Kong and contributions follow the minimum requirements of the MPF Ordinance.

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees under Plan A who leave the scheme prior to vesting fully in the contributions. During the year, there were forfeited contributions of US$16,000 (2003: Nil) and the Group's contribution was US$20,000 (2003: US$24,000).

22. OFF BALANCE SHEET EXPOSURES

Derivatives

At 31 March 2004, there were outstanding forwards and futures contracts amounting to approximately US$1,811,000 (2003: US$3,115,000) and US$421,000 (2003: Nil) respectively undertaken by the Group in the foreign exchange and equity markets.

A realised profit of US$38,000 (2003: US$35,000) and a realised loss of US$89,000 (2003: US$13,000) were made from forwards and futures trading respectively during the year. An unrealised loss of US$16,000 (2003: US$19,000) and US$4,000 (2003: Nil) were recorded from forwards and futures trading respectively as at the balance sheet date.

In the course of the Group's normal trading in derivatives, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 March 2004, the amount of these margin deposits was US$185,000 (2003: US$240,000).

Lease commitments

Group

	2004 US$'000	2003 US$'000
At 31 March 2004, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
-within 1 year	112	151
-in the 2nd to 5th year, inclusive	186	31
	298	182
Plant and equipment:		
-within 1 year	2	3
-in the 2nd to 5th year, inclusive	—	2
	2	5

The Group leases a number of properties and items of plant and machinery and office equipment under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

22. OFF BALANCE SHEET EXPOSURES (Continued)

Lease commitments (Continued)

Company

The Company has no lease commitments.

Capital commitments

The Group and the Company have no capital commitments at 31 March 2004.

23. MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of material related party contracts or transactions of the Group during the year. All such transactions were entered into in the ordinary course of business of the Group.

For the purposes these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

(1) A shareholders' agreement dated 15 May 2002 (the "**KOL Shareholders' Agreement**") was entered into between (a) the Company and (b) The State of Wisconsin Investment Board ("**SWIB**") relating to Bridge Investment Holding Limited ("**BIH**", then known as KoreaOnline Limited), a 40.2% owned associate of the Company. The KOL Shareholders' Agreement superseded the share transfer agreement dated 15 October 1999.

On 1 May 2003, (i) the Company; (ii) SWIB; and (iii) BIH entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). Amongst other things, the Company, SWIB and BIH agreed in the BIH Shareholders' Agreement to explore ways in which to realise the investment of the Company and SWIB in BIH in the most effective and profitable manner. The BIH Shareholders' Agreement superseded the KOL Shareholders' Agreement.

SWIB currently holds a 7.48% interest in the total issued voting share capital of the Company and a 26.8% interest in the total issued share capital of BIH.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

23. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(2) On 24 March 2003, an operational support agreement was entered into between (a) Regent Financial Services Limited, an indirectly wholly-owned subsidiary of the Company, as service provider and (b) BIH relating to the provision of a range of accounting and other related services by Regent Financial Services Limited to BIH at fixed monthly fee of US$2,000, which was increased to US$5,000 with effect from 1 March 2004 pursuant to a side letter dated 1 March 2004.

An aggregate of US$27,000 was received during the year ended 31 March 2004 and US$15,000 was received subsequent to the year end date and prior to the date of this annual report.

(3) On 9 June 2003, (a) the Company as lender and (b) RPG (L) Ltd, an indirect wholly-owned subsidiary of BIH, as borrower, entered into a loan agreement where the Company agreed to offer to RPG (L) Ltd a loan facility of up to US$200,000 until 31 August 2003 with interest accruing at one month US dollar LIBOR, plus 2% secured against 249,000 shares of Bridge Securities Co Ltd held by RPG (L) Ltd. In addition, RPG (L) Ltd must maintain the security with a minimum coverage of at least 200% of the amount outstanding from time to time.

An amount of US$200,000 was drawn by RPG (L) Ltd on 16 June 2003, which was repaid in full on 11 August 2003.

24. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect the reclassification of amount due from an associate from current assets to non-current assets.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2004

25. POST BALANCE SHEET EVENTS

(a) On 22 April 2004, BSC sold the Bridge Securities Building and the Regent Securities Building to a third party for a consideration in aggregate of KRW 71.4 billion (approximately US$62.2 million).

(b) On 13 May 2004, the BSC directors approved an increase in BSC's paid-in capital by issuing 160,816,095 shares in common stock without consideration to its shareholders in the ratio of 2.9 shares for every 1 share held.

(c) On 24 May 2004, the BSC directors approved the disposal of 5.5 million treasury shares through the market to third parties unrelated to the Group, BIH and State of Wisconsin Investment Board to facilitate the retention of BSC's listing on the Korean Stock Exchange. Subsequent to the passing of this resolution, BSC has disposed of the 5.5 million treasury shares at an average disposal price per share of KRW 830.90, which has diluted BIH's interest in BSC to 77.36% from 79.32%.

(d) On 15 June 2004, BSC shareholders passed, among others, a resolution to mandatorily buy back 150 million shares at KRW 1,000 per share at a total cost of KRW 150 billion (approximately US$130.7 million). BSC will therefore mandatorily purchase 67.637667% of each shareholder's outstanding capital in BSC. The BSC directors expect that BSC will complete this mandatory share buy-back on or around 16 August 2004.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 19 July 2004.