REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 September 2004, together with comparative figures for the corresponding period ended 30 September 2003, as follows:

Condensed Consolidated Income Statement
For the six months ended 30 September 2004

		(Unaudited) For the six months ended 30 September	
		2004	**2003**
	Note	*US$'000*	*US$'000*
Turnover:			
Asset management and corporate finance	2	324	766
Corporate investment income and net realised and unrealised gains and losses on investments		166	841
Internet retailing		—	1
Other revenues		29	1,040
		519	2,648
Expenses:			
Staff costs		(1,162)	(1,474)
Rental and office expenses		(94)	(178)
Information and technology expenses		(108)	(158)
Marketing costs and commissions		(17)	(9)
Professional fees		(211)	(111)
Investment advisory fee		(104)	—
Other operating expenses		(106)	(180)
Operating (loss)/profit from ordinary activities	3	(1,283)	538
Share of (losses)/profits of associates		(12,659)	2,226
(Loss)/Profit before taxation		(13,942)	2,764
Taxation	4	(314)	(272)
(Loss)/Profit after taxation		(14,256)	2,492
Minority interests		—	(7)
Net (loss)/profit attributable to shareholders		**(14,256)**	**2,485**
Dividend	5	—	3,501
(Loss)/Earnings per share (US cent)	6		
- Basic		(1.20)	0.21
- Diluted		N/A	0.21

Notes:

1. **Basis of preparation and accounting policies**

The condensed interim financial statements have been prepared in accordance with the requirements of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance of Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 March 2004.

The same accounting policies adopted in the financial statements for the year ended 31 March 2004 have been applied to these condensed interim financial statements except that the Group has changed certain of its accounting policies following the early adoption of Hong Kong Financial Reporting Standard ("**HKFRS**") 3 "Business Combination" and Hong Kong Accounting Standard ("**HKAS**") 36 "Impairment of Assets".

The early adoption of HKFRS 3 and HKAS 36 resulted in an increase in retained earnings of approximately US$20.4 million at 1 April 2004.

2. **Segmented information**

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

For the six months ended 30 September 2004 (Unaudited)

	Asset management	**Corporate finance**	**Corporate investment**	**Internet retailing**	**Inter-segment elimination**	**Others**	**Consolidated**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue from external customers	353	—	166	—	—	—	519
Inter-segment revenue	1	—	1	—	(2)	—	—
	354	—	167	—	(2)	—	519
Segment results	(574)	(58)	(646)	(3)	—	(2)	(1,283)
Unallocated operating expenses							—
Loss from operations							(1,283)
Share of losses of associates							(12,659)
Taxation							(314)
Minority interests							—
Net loss attributable to shareholders							(14,256)

For the six months ended 30 September 2003 (Unaudited)

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

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

	(Unaudited) For the six months ended 30 September	
	2004	**2003**
	US$'000	*US$'000*
After charging:		
Auditors' remuneration	61	28
Bad debts written off	38	—
Depreciation on owned fixed assets	11	30
Loss on disposal of fixed assets	10	—
Operating lease rental on property	62	95
Net unrealised loss on current other investments*	—	3
Net unrealised loss on non-current other investments*	138	—
Staff costs	1,162	1,474
After crediting:		
Net realised profit on disposal of current other investments*	88	84
Net realised profit on disposal of non-current other investments*	182	—
Interest income on bank deposits*	2	3
Dividend income from investments*	—	2
Net unrealised profit on current other investments*	31	—
Net unrealised profit on non-current other investments*	—	422

* Included in turnover

4. **Taxation**

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 period.

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

	(Unaudited) For the six months ended 30 September	
	2004	**2003**
	US$'000	*US$'000*
Group:		
- Overseas taxation	—	—
- Share of tax of associates	314	272
Taxation charge	314	272

5. **Dividend**

	(Unaudited) For the six months ended 30 September	
	2004	**2003**
	US$'000	*US$'000*
Special interim, paid, of Nil (2003: 0.295 US cent) per share	—	3,501

6. **(Loss)/Earnings per share**

a. The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders for the period of US$14,256,000 (2003: net profit of US$2,485,000) and on the weighted average of 1,187,955,402 (2003: 1,186,915,193) shares of the Company in issue during the period.

b. No diluted loss per share is presented for the period ended 30 September 2004 as the outstanding share options are anti-dilutive. The diluted earnings per share for the period ended 30 September 2003 was based on the net profit attributable to shareholders for the period of US$2,485,000 and on 1,189,290,812 shares, which is the weighted average number of shares in issue during the period of 1,186,915,193 shares plus the weighted average number of 2,375,619 shares deemed to be issued at no consideration if the Company's outstanding share options had been exercised.

REVIEW AND PROSPECTS

The Group recorded a loss attributable to shareholders of US$14.3 million (2003: profit of US$2.5 million) for the six months ended 30 September 2004, representing a loss per share of 1.20 US cents (2003: earnings per share of 0.21 US cent). The loss was mainly attributable to the Group's share of loss after tax of US$13.5 million from its associate, Bridge Investment Holding Limited ("**BIH**"). This loss at BIH was mainly due to significant one off expenses being incurred and a change of accounting policy concerning goodwill and negative goodwill, which had a positive effect on the Group's shareholders' equity.

BIH recorded a loss attributable to shareholders of US$33.6 million for the six-month period ended 30 September 2004. A further associate of the Group, Regent Markets Holdings Limited, has contributed a share of profit of US$0.5 million to the Group for the six-month period ended 30 September 2004.

The revenue of the corporate investment business division decreased significantly to US$0.2 million (2003: US$1.8 million), which was mainly a function of markets and the policy at the time to hold cash and the revenue of the asset management business division was further reduced by 51% to US$0.4 million (2003: US$0.7 million), which was primarily due to the reduction in assets under management.

The shareholders' equity decreased by 27.7% to US$70.3 million from US$97.3 million during the period and BIH accounted for approximately 87.4% of the Group's total shareholders' equity as at 30 September 2004. This decrease was mainly due to the dividend of US$32.4 million which was paid by the Company on 17 September 2004 offset by US$20.4 million that arose from the change of accounting policy adopted by BIH and the Group in relation to BIH's negative goodwill of US$50.8 million, which was derecognised in BIH's retained earnings due to the introduction of the new International Financial Reporting Standard. The remaining Group assets comprised: (i) cash of US$2.8 million, (ii) technology investments of US$0.5 million and (iii) other corporate investments of US$5.6 million.

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

	US$ million
Share of loss connected with BIH	(13.5)
Corporate investments	(0.6)
Asset management	(0.6)
Other operating income	0.4
Total loss attributable to shareholders	(14.3)

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

	US$ million
Stake in BIH	61.4
Value of technology related assets	0.5
Other net assets	8.4
Total net assets	70.3

On 20 August 2004, the Company received a dividend of US$36 million from BIH. On 26 August 2004, the Company's shareholders approved the payment of a final dividend of 2.72 US cents per share. On the basis of the Company's then existing issued share capital, payment of the final dividend amounted to approximately US$32.5 million. Accordingly, the Directors have approved a distribution in aggregate of 3.015 US cents per share or approximately 90% of the proceeds received from BIH, which is in line with the Directors' stated intention concerning distributions received from BIH. The dividend was paid on 17 September 2004.

During the period and up to the date of this announcement, 3.18 million new ordinary shares were issued pursuant to the exercise of share options (2003: Nil). The Company granted options in respect of an aggregate of 21.4 million ordinary shares on 9 September 2004 at an exercise price of HK$0.266 per share, which represented 1.93% of the Company's issued voting share capital as at 30 September 2004.

Bridge Investment Holding Limited

BIH recorded a loss attributable to shareholders of US$33.6 million (2003: US$4.9 million) for the six months ended 30 September 2004, representing a loss per share of US$0.75 (2003: US$0.11). The change in the results is mainly due to significant one off expenses of US$37.8 million offset by a one off gain of US$6.8 million.

Segmental analysis of the figures is as follows:

	US$ million
By business:	
— Bridge Securities Co., Ltd ("**BSC**")	(26.1)
— Corporate and other interests	(13.5)
Pre-tax loss	(39.6)
Income tax	(0.6)
Minority interest	6.6
Net loss for the period	(33.6)

Shareholders' equity decreased by 32.7% to US$153 million as at 30 September 2004 from US$227.2 million as at 31 March 2004. The decrease was due to (i) payment of a dividend of US$89.6 million to shareholders on 20 August 2004, and (ii) an operating loss of US$33.6 million offset by an unrealised foreign exchange revaluation surplus of US$1.8 million. The negative goodwill of US$50.8 million was derecognised in the retained earnings due to the introduction of the new International Financial Reporting Standard, which consequently increased BIH's shareholders' equity by such amount. Net assets per share were US$3.41.

BSC completed on 16 August 2004 a mandatory buy back of 150 million shares at KRW 1,000 per share at a total cost of KRW 150 billion. BSC has therefore mandatorily purchased 67.637667% of each shareholder's interest in BSC. As part of this process BSC bought back 116.6 million shares from certain of BIH's subsidiaries for cash raising approximately US$100.7 million before taxes.

Operational performance

BSC completed its restructuring programme in August 2004, which resulted in BSC incurring a restructuring charge of US$27.3 million. BIH does not anticipate any further restructuring in the foreseeable future. The BIH directors are pleased that BSC recorded a monthly net profit after tax in each of August and September 2004, reflecting the benefits of the restructuring measures implemented during June, July and August 2004, notwithstanding the KRW 150 billion capital reduction effected at BSC on 16 August 2004. However, it is too early to say whether such trend will continue into future.

Realisation of BSC

Negotiations are underway for the sale of BIH's investment in BSC. As announced to shareholders on 12 November 2004, BIH has received expressions of interest from 6 potential purchasers to acquire BIH's 77.75% interest in BSC, from which BIH has selected 2 potential purchasers with whom BIH remains in discussions. There can be no assurance, however, that these discussions will result in a successful sale. Nevertheless, BIH remains hopeful that it can complete the realisation in full by 30 June 2005.

Fund management

The Group had assets under management of US$32.8 million as at 30 September 2004 and consequently with the small size of assets under management the division continues to incur losses. Shareholders will recall that the Group spun off its main fund management division, Charlemagne Capital Limited ("**CCL**", formerly called "Regent Europe Limited") in May 2000 and shareholders had the choice to receive either a distribution in specie or a cash dividend of HK$0.12 per share. We are pleased to inform shareholders who elected to receive the distribution in specie that CCL has become a substantial business with over US$2 billion of funds under management.

Technology investments

Regent Markets Group Limited ("**Regent Markets**") has continued to expand in Year 2004, with the setting up of a backoffice subsidiary in Cyberjaya, Malaysia. Regent Markets has also expanded its Isle of Man office, which now hosts a call center for servicing UK clients, and has applied for a new license in Malta, where the company is also aiming for ISO17799. Regent Market's projected turnover for Year 2004 is US$90 million, a 37% increase on Year 2003. Growth in Year 2005 is expected to come from the Asian region, notably mainland China, which Regent Market intends to target actively via its Malaysian service hub.

Outlook

The Group remains committed to realising its investment in BIH, which it is hopeful will be completed in full by 30 June 2005. The Group is also seriously evaluating new investment opportunities, which may be funded by internal cash and/or shares with the aim of ensuring that any such investments will enhance the value of all shareholders' investment in the Company.

INTERIM DIVIDEND

The Directors of the Company have resolved not to declare any interim dividend for the six months ended 30 September 2004 (2003: a special interim dividend of 0.295 US cent per share).

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

Revenue and profits

The Group recorded a loss after tax and minority interests of US$14.3 million for the six-month period ended 30 September 2004.

The loss was mainly attributable to the Group's share of loss after tax of US$13.5 million from its associate, Bridge Investment Holding Limited. This loss at BIH was mainly due to significant one off expenses being incurred and a change of accounting policy concerning goodwill and negative goodwill, which had a positive effect on the Group's shareholders' equity.

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The revenue of the corporate investment business division decreased significantly to US$0.2 million (2003: US$1.8 million), which was mainly a function of markets and the policy at the time to hold cash and the revenue of the asset management business division was further reduced by 51% to US$0.4 million (2003: US$0.7 million), which was primarily due to the reduction in assets under management.

Balance sheet

The shareholders' equity decreased by 27.7% to US$70.3 million from US$97.3 million during the period and BIH accounted for approximately 87.4% of the Group's total shareholders' equity as at 30 September 2004. This decrease was mainly due to the dividend of US$32.4 million which was paid by the Company on 17 September 2004. The remaining Group assets comprised: (i) cash of US$2.8 million, (ii) technology investments of US$0.5 million and (iii) other corporate investments of US$5.6 million.

Dividend

On 20 August 2004, the Company received a dividend of US$36 million from BIH. On 26 August 2004, the Company's shareholders approved the payment of a final dividend of 2.72 US cents per share. On the basis of the Company's then existing issued share capital, payment of the final dividend amounted to approximately US$32.5 million. Accordingly, the Directors have approved a distribution in aggregate of 3.015 US cents per share or approximately 90% of the proceeds received from BIH, which is in line with the Directors' stated intention concerning distributions received from BIH. The dividend was paid on 17 September 2004.

Future funding

As at 30 September 2004, the Group had US$2.8 million net cash or 3.9% of its total shareholders' equity. There were no material charges against Group assets.

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

Management of risk

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

As BIH was responsible for approximately 87.4% of the total shareholders' equity as at 30 September 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 30 September 2004, the amount of these margin deposits was US$73,000 (2003: US$332,000).

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

Contingent liabilities

The Group was not involved in any material litigation or disputes during the period ended 30 September 2004, save for those disclosed in the BIH interim report.

No other material changes were noted during the six-month period ended 30 September 2004 from the information disclosed in the published annual report for the year ended 31 March 2004.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises the three independent non-executive Directors, namely Julie Oates, Stawell Mark Searle and Robert George Curzon Whiting, and two non-executive Directors (Anthony Robert Baillieu and James Mellon). The committee is chaired by Robert Whiting. The Audit Committee is in compliance of Rule 3.21 of The Rules Governing the Listing of Securities (the "**HK Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**").

The interim financial statements of the Company for the six months ended 30 September 2004 have been reviewed by the Audit Committee.

PUBLICATION OF FURTHER INFORMATION

This announcement is published in accordance with the transitional arrangements for Appendix 16 to the HK Listing Rules in respect of the new disclosure requirements for preliminary interim results announcements. All information required by paragraphs 46(1) to 46(6) inclusive of Appendix 16 to the HK Listing Rules, before the amendments on 31 March 2004, in respect of the preliminary announcement of the Company's interim results for the six months ended 30 September 2004 will be published on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkex.com.hk*) in due course.

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited interim results for the six months ended 30 September 2004 will be despatched to all its shareholders and be published on the aforesaid websites before 31 December 2004.

On behalf of the Board of
Regent Pacific Group Limited

Anthony Baillieu
Chairman

Directors of the Company:
Anthony Baillieu (*Chairman*)*
Jamie Gibson (*Chief Executive Officer*)
Clara Cheung
James Mellon*
Julie Oates#
Mark Searle#
Jayne Sutcliffe*
Anderson Whamond*
Robert Whiting#

** Non-Executive Directors*
 # Independent Non-Executive Directors

Hong Kong, 14 December 2004

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