ANNUAL REPORT 2002/03

Regent Pacific Group Limited

(Formerly iRegent Group Limited)

(Incorporated in the Cayman Islands with limited liability)

Contents

Chairman's Statement

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

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

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

	US$ million
Share of losses connected with BIH	(5.7)
Corporate investments	1.4
Provision on technology related investments	(3.1)
Asset management and corporate finance	(0.2)
Other operating income	0.3
Total loss attributable to shareholders	(7.3)

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

	US$ million
Stake in BIH	78.0
Value of technology related assets	0.6
Other net assets	6.6
Total net assets	85.2

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.

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

Chairman's Statement

Bridge Investment Holding Limited

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

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

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

Fund Management

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

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

Chairman's Statement

Technology Investments

The Directors have decided to make a further provision of US$3.1 million against certain of the Group's holding of technology related investments. The Group's 49.9% associate, Exchangebet.com Holdings Limited, which provides online fixed-odds betting on financial markets, made a net profit after tax of US$58,000 for the financial year ended 31 December 2002. The company has seen significant growth in its turnover and operating profit during the current financial year. For the six months to 30 June 2003, the company's unaudited turnover was US$23.7 million and its unaudited gross profit was US$2.4 million. The company's main web-sites are: *www.fixedoddsgroup.com* and *www.betonmarkets.com*.

Outlook

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

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

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

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

Anthony Baillieu

Hong Kong, 16 July 2003

Chairman's Statement

Operational Highlight of Bridge Investment Holding Limited

(formerly KoreaOnline Limited)

Bridge Investment Holding Limited ("**BIH**" and collectively with its subsidiaries, the "**BIH Group**") recorded a loss attributable to shareholders of US$16.93 million (2002: profit of US$30.59 million) for the year ended 31 March 2003, representing a loss per share of US$0.38 (2002: earnings per share of US$0.69). The change in the results is mainly due to the following:

- Significant reduction in brokerage commission at Bridge Securities Co., Ltd ("**BSC**") due to the drop in commission rates to 0.21% from 0.45% (impact of increased online trading) and loss of market share to 0.73%;
- Significant loss experienced at the retail division;
- Decline in market turnover of BSC as compared to last fiscal year;
- Inadequate planning process and business plan by former management of BSC pre and post merger of Ileun Securities Co., Ltd ("**ISC**") and Regent Securities Co., Ltd ("**RSC**");
- Significant write down of the deferred tax assets at BSC; and
- Increase of general provisions relating to certain litigation.

The value of BIH Group's shareholders' equity has decreased slightly by 1.6% to US$202.4 million (2002: US$205.7 million) over the previous year. The decrease was due to an unrealised foreign exchange revaluation surplus of US$13.6 million offset by an operating loss of US$16.9 million. Net asset value per share was US$4.52 (2002: US$4.59), representing a drop of 1.5% over the previous year. As at 31 March 2003, BIH Group had net cash of US$117.5 million or 58% of total shareholders' equity.

On 2 May 2003, BIH shareholders approved the change of name to Bridge Investment Holding Limited and the adoption of new Memorandum and Articles of Association.

On 5 June 2003, BSC's shareholders approved a mandatory buy back of 18.75 million shares at Korean Won ("**KRW**") 2,000 per share. This means that BSC will mandatorily purchase 25.2682% of each shareholder's interest in BSC on or around 7 August without any detrimental effect to BIH Group's net asset value. Accordingly, BSC will buy back 14,701,487 shares from BIH Group for cash at KRW 2,000 per share thus raising approximately KRW 29.4 billion (before applicable taxes) for BIH Group.

Chairman's Statement

Operational Highlight of Bridge Investment Holding Limited (Continued)

BSC completed two share buy back programmes during the year to 31 March 2003: (i) on 15 November 2002 BSC acquired approximately 13.1 million shares at a price of KRW 2,000 per share at a total cost of approximately KRW 26.2 billion, and (ii) on 11 February 2003 BSC acquired 985,483 shares at a price of KRW 2,000 per share at a total cost of KRW 1.97 billion. BIH Group and State of Wisconsin Investment Board ("**SWIB**"), the two largest shareholders, did not subscribe in either of these buy back programmes. As a result, BIH Group's and SWIB's shareholdings in BSC have increased to 78.4% from 65.9% and to 8.4% from 7.0% respectively.

As the recent buy back price was at less than book value, there was an increase in the value of BIH Group's investment in BSC based upon the attributable net asset value. This increase was recorded in the second half of the fiscal year.

Operational Performance

BSC represents the merged operations of RSC and ISC, which was completed on 22 January 2002.

Market conditions in the securities business have been difficult with the Korean market dropping approximately 40.2% during the fiscal year. Smaller brokerage companies have lost market share over the past 3 years but the loss of BSC's market share has been higher than its peers. Market share has fallen from 3.1% in 1999 to 0.73% at the end of March 2003. Furthermore on an International Financial Reporting Standards basis, BSC incurred a loss after tax of US$20.4 million for the year ended 31 March 2003. Despite this loss, the level of BSC's shareholders' equity is substantially more than that required in the company's underlying brokerage business.

The merger between RSC and ISC was a condition to the acquisition of ISC by the BIH Group. Management of both companies had more than 12 months to plan for this merger. However it is clear that the planning process was less than adequate. A number of key issues relating to the integration of the two companies that should have been resolved and agreed prior to the merger remain unresolved even at the present time. A key priority for the new management of BSC is to address these issues and develop a business strategy that will put BSC on a recovery path and that will result in increased market share and a satisfactory level of profitability.

BIH has incurred considerable legal and other expenses in resolving the recent BIH and BSC board and management restructuring disputes with SWIB and the Company. Furthermore, a number of legal matters remain outstanding, the most significant of which is with (i) Peter Everington and Romi Williamson, and (ii) Regent Insurance Co., Ltd ("**RIC**") that was taken over by the Financial Supervisory Services. Management is in final discussions with RIC with a view to settling the litigation. Where appropriate, potential liabilities have been estimated and included in the financial statements as at 31 March 2003.

Chairman's Statement

Operational Highlight of Bridge Investment Holding Limited (Continued)

Restructuring Plan

The BIH directors have requested that BSC management initiate a comprehensive restructuring plan to reduce costs and bring BSC's capital in line with its underlying business. In this respect, BSC management has commenced a cost reduction programme, the main elements are as follows:

- Immediate closure of 8 retail branches;
- Introduction of an Early Retirement Programme ("**ERP**") which will be offered to all regular members;
- Merger of the two head offices and a restack at the headquarters building; and
- Rationalisation of the head office operations.

BSC management has also begun a productivity upgrade of the retail division where the main focus is on enforcing minimum productivity levels and replacing under performing staff. In addition, BSC management will seek to reorganise the investment banking teams to avoid duplication and invest in areas that generate an acceptable return on capital.

An ERP is a key method for initiating headcount reductions in Korea's inflexible, and in BSC's case, heavily unionised labour force. The ERP was offered to 542 regular staff (70% of the total). 128 staff accepted the ERP offer and will leave BSC on or around 25 July 2003. 89% of the takers were from the retail division. The average cost per head of the ERP will be KRW 45 million, which will equate to a total cost of KRW 5.76 billion for the ERP, being 10% lower than BSC's budgeted number. In addition, BSC will close 8 branches by the end of August 2003 out of a total of 39.

Realisation

When BSC has completed its restructuring plan and its capital has been brought into line with the underlying business, BIH directors will attempt to sell BIH's interest in BSC and to obtain the best possible price for shareholders. However, a successful sale will be dependent upon, but not limited to, market conditions, geopolitical climate and the appetite of potential buyers at the relevant time. BIH directors expect that it could take up to 2 to 3 years to achieve a successful realisation although there is no certainty on this timetable.

Working in conjunction with the staff, BSC's management hopes to create a culture in which the achievement of increased market share, productivity and profitability will be the priority.

BIH directors recognise the challenges that are presented by the current tough market conditions but are fully committed towards taking steps that will enhance the value of all shareholders' investment in BIH.

Jamie Gibson

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 2003 (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 13 to the Financial Statements.

Results and Dividends

The Group's results for the year ended 31 March 2003 are set out in the Consolidated Income Statement on page 35.

No interim dividend was paid during the year (2002: Nil), and the Directors do not recommend the payment of a final dividend for the year (2002: 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				
	2003 US$'000	2002 US$'000	2001 US$'000	2000 US$'000	1999 US$'000
Turnover	564	4,959	(744)	54,658	(32,197)
Revenues less expenses	(1,905)	(13,544)	(22,619)	14,725	(54,700)
Share of (losses)/profits of associates	(4,976)	16,143	(53,440)	32,178	4,251
Operating (loss)/profit on core activities	(6,881)	2,599	(76,059)	46,903	(50,449)
(Losses)/Profits on non-core activities	–	(8)	(22,193)	51,940	1,174
Operating (loss)/profit from ordinary activities	(6,881)	2,591	(98,252)	98,843	(49,275)
Finance costs - interest on bank loans and overdraft	–	(145)	(358)	(462)	(688)
(Loss)/Profit on ordinary activities before taxation	(6,881)	2,446	(98,610)	98,381	(49,963)
Taxation	(395)	(923)	(2,840)	(12,283)	(1,090)
(Loss)/Profit after taxation	(7,276)	1,523	(101,450)	86,098	(51,053)
Minority interests	16	2,030	3,119	(534)	764
Net (loss)/profit attributable to shareholders	(7,260)	3,553	(98,331)	85,564	(50,289)

Report of the Directors

Summary Financial Information (Continued)

Assets and liabilities:

	As at 31 March				
	2003 US$'000	2002 US$'000	2001 US$'000	2000 US$'000	1999 US$'000
Fixed assets	59	573	971	790	1,449
Intangible assets	–	–	628	–	–
Interests in associates and jointly controlled entities	78,912	78,960	64,332	92,606	47,515
Other non-current investments in securities	4,562	7,422	10,276	16,237	5,054
Current assets	4,329	8,398	21,780	71,359	71,025
Total assets	87,862	95,353	97,987	180,992	125,043
Current liabilities	2,670	8,299	9,826	62,491	17,611
Non-current liabilities	–	–	2,500	143	407
Total liabilities	2,670	8,299	12,326	62,634	18,018
Net assets	85,192	87,054	85,661	118,358	107,025

Change of Company Name

In view of the Company's current strategy and operations, the Company's name was changed to its original name "Regent Pacific Group Limited" upon passing of a special resolution at the Company's annual general meeting held on 15 November 2002.

Reserves

Details of movements in the reserves of the Group and the Company are set out in note 22 to the Financial Statements. Distributable reserve of the Company as calculated in accordance with the Companies Law of the Cayman Islands is set out in note 22 to the Financial Statements.

Subsidiaries and Associates

Particulars of the Company's subsidiaries and the Group's associates are set out in notes 13 and 14 respectively to the Financial Statements.

Report of the Directors

Fixed Assets

Details of movements in the fixed assets of the Group during the year are set out in note 12 to the Financial Statements.

Share Capital and Share Options

Details of the Company's share capital and outstanding share options are set out below and in note 21 to the Financial Statements.

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.

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. 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.

Report of the Directors

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 any 12-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.

Report of the Directors

Share Capital and Share Options (Continued)

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

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.

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.

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.

Report of the Directors

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 2002, 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 ended 31 March 2003, none of the Directors or the Chief Executive Officer of the Company exercised any of their rights under the respective options granted to them and subscribed for shares in the Company. No options were granted, cancelled or lapsed.

Subsequent to the year end date, options in respect of 1,333,333 shares lapsed upon the resignation of Mark Child as a Director of the Company on 18 June 2003. Mr Child left all positions with the Group on 30 June 2003 and is entitled to exercise vested options in respect of 2,666,667 shares before 30 December 2003 under the rules of the Employee Share Option Scheme. In addition, Julian Mayo resigned as the alternate to James Mellon on 18 June 2003 but remains as an eligible participant under the scheme in respect of his outstanding options for an aggregate of 1,250,000 shares. Accordingly, as at the date of this report, there were outstanding options in respect of 6,250,000 ordinary shares, excluding those options held by Mark Child and Julian Mayo, held by the Directors and the Chief Executive Officer of the Company.

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.

For the avoidance of doubt, the Chief Executive Officer of the Company referred to above is Jamie Gibson who was appointed to this position on 16 May 2002. No options were granted to James Mellon, the former Chief Executive Officer of the Company.

Report of the Directors

Share Capital and Share Options (Continued)

b. Employee Share Option Scheme (Continued)

ii. Participants in excess of 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.

iii. Full-time employees

As at 1 April 2002, there were outstanding options entitling full-time employees of the Group 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 exercised, granted, cancelled or lapsed during the year ended 31 March 2003.

Subsequent to the year end date, as mentioned in sub-paragraph (i) above, Julian Mayo ceased to be an alternate Director of the Company on 18 June 2003 but remains as an eligible participant under the scheme in respect of his outstanding options for an aggregate of 1,250,000 shares. Accordingly, as at the date of this report, there were outstanding options entitling full-time employees of the Group to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 3,350,000 ordinary shares in the Company at exercise prices ranging from HK$0.16 to HK$1.40 per share.

iv. Suppliers of goods and services

As at 1 April 2002, there was an outstanding option entitling a consultant of the Group to subscribe in stages from the date of grant for a period of 60 months for 500,000 ordinary shares in the Company at exercise price of HK$1.06 per share. This consultant's option lapsed on 30 September 2002 upon termination of his consultancy agreement. Accordingly, no outstanding options were held by suppliers of goods and services of the Company as at 31 March 2003 and the date of this report.

Report of the Directors

Share Capital and Share Options (Continued)

b. Employee Share Option Scheme (Continued)

v. Other participants

Save for the options referred to in sub-paragraphs (i) to (iv) above, no options were granted to or held under the Employee Share Option Scheme by other participants at any time during the year ended 31 March 2003.

Subsequent to the year end date, as mentioned in sub-paragraph (i) above, Mark Child ceased to be a Director of the Company on 18 June 2003 but is entitled to exercise vested options in respect of 2,666,667 shares before 30 December 2003. Accordingly, as at the date of this report, there were outstanding options entitling other participants to subscribe for an aggregate of 2,666,667 ordinary shares in the Company before 30 December 2003 at exercise prices ranging from HK$0.16 to HK$1.06 per share.

No options have been granted under the share option schemes of the Company 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 Group'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.

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. The Company has not redeemed any of its shares during the year.

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)
Jamie Alexander Gibson *(Chief Executive Officer)*	(appointed as Chief Executive Officer on 16 May 2002)
James Mellon *	(resigned as Chief Executive Officer and re-designated as non-executive Director on 16 May 2002; and resigned as Chairman on 12 May 2003)
Karin Schulte	
Stawell Mark Searle *#	
Jayne Allison Sutcliffe *	
Alexander Anderson Whamond *	
Mark Lucian Child	(resigned on 18 June 2003)
Julian Peter Mayo *	(resigned as alternate to James Mellon on 18 June 2003)
David McMahon *	(resigned on 31 March 2003)

* non-executive Directors
\# independent Directors

In accordance with Article 87 of the Company's Articles of Association, 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. James Mellon and Jayne Sutcliffe will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

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 47, Australian and British, has been an independent non-executive Director of the Company since April 2001 and was appointed the Chairman of the Board of Directors of the Company in May 2003. 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 (formerly Techpursuit.com Holdings Limited). Mr Baillieu is also director of certain subsidiaries of Regent Pacific Group and Dublin-listed funds managed by the Group.

Jamie Alexander Gibson, aged 37, British, joined Regent Pacific Group in April 1996 and was appointed 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 and a private equity fund managed by the Group.

Report of the Directors

Directors (Continued)

James Mellon, aged 46, British, was appointed 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 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 a number of 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 Regent Europe Limited) in June 2000 (the "**Restructuring Scheme**"), Mr Mellon has been non-executive Chairman of Charlemagne Capital Limited.

Karin Schulte, aged 34, British, has been an executive Director of the Company since September 2001. She has worked since 1991 in the Asia Pacific region. After graduating from the University of Kent, Canterbury, United Kingdom in 1991, Ms Schulte lived and worked in Japan for one year. She then spent five years based in Hong Kong working in the logistics industry firstly with a German company, Birkart Globisitics, and then with the Japanese company Nippon Yusen Kaisha. She returned to Hong Kong in January 2000 to join Regent Pacific Group after three years based in Sydney, Australia where she obtained a Master's degree in Business Administration at the Australian Graduate School of Management. During her time in Sydney, Ms Schulte worked for Macquarie Bank, an Australian investment bank, in the capacity of Manager, Corporate Communications. She is also director of certain subsidiaries of Regent Pacific Group.

Report of the Directors

Directors (Continued)

Stawell Mark Searle, aged 60, 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 39, British, was appointed the Group Corporate Finance Director in August 1991. Upon completion of the Restructuring Scheme, Mrs Sutcliffe became a non-executive Director of Regent Pacific Group Limited. 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. Mrs Sutcliffe is also director of a subsidiary of Regent Pacific Group.

Alexander Anderson Whamond, aged 43, British, was appointed an executive Director in January 1999. Upon completion of the Restructuring Scheme, 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.

Report of the Directors

Directors' Interests in Securities and Options

The Securities (Disclosure of Interests) Ordinance (the "**SDI Ordinance**") was repealed on 1 April 2003 and replaced by Part XV of the Securities and Futures Ordinance, which introduced new disclosure requirements for the interests of substantial shareholders, directors and chief executives in listed companies of Hong Kong and their associated corporations. Relevant provisions in the HK Listing Rules about disclosure of interests have therefore been extensively revised. However, as the HK Stock Exchange specifies that the new disclosure requirements under the HK Listing Rules are not applicable to disclosure referable to a date or period ending before 1 April 2003, 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 1 April 2003 under the SDI Ordinance.

As at 31 March 2003, the beneficial interests of the Directors in the securities of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and the HK Stock Exchange pursuant to Section 28 of the SDI Ordinance and the HK Listing Rules (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein were as follows:

1. Securities of the Company

a. *Ordinary shares of US$0.01 each*

		Number of shares and nature of interests				
Name of Director	Note	Personal interests	Family interests	Corporate interests	Other interests	Total interests
Anthony Baillieu	A	–	–	200,000	–	200,000
Jamie Gibson		4,549,843	–	–	–	4,549,843
Mark Child	B	–	–	–	–	–
Julian Mayo (alternate to James Mellon)	C	229,686	–	–	–	229,686
James Mellon	D&E	37,088,500	–	–	219,467,083	256,555,583
Karin Schulte		12,000	–	–	–	12,000
Mark Searle	F	–	–	–	50,000	50,000
Jayne Sutcliffe	G	14,727,260	–	–	24,000,000	38,727,260
Anderson Whamond		5,000,000	–	–	–	5,000,000

Report of the Directors

Directors' Interests in Securities and Options (Continued)

1. Securities of the Company (Continued)

b. Warrants 2003 (Note H)

Name of Director	Note	Number of warrants and nature of interests: Personal interests	Family interests	Corporate interests	Other interests	Total interests
Anthony Baillieu	A	–	–	40,000	–	40,000
Jamie Gibson		1,467,968	–	–	–	1,467,968
Mark Child	B	–	–	–	–	–
Julian Mayo (alternate to James Mellon)	C	1,047,909	–	–	–	1,047,909
James Mellon	D&E	6,817,700	–	–	61,239,046	68,056,746
Karin Schulte		2,400	–	–	–	2,400
Mark Searle	F	–	–	–	10,000	10,000
Jayne Sutcliffe	G	2,945,452	–	–	4,800,000	7,745,452
Anderson Whamond		1,000,000	–	–	–	1,000,000

2. Securities of associated corporations (Note I)

Name of Director	Note	Number of shares in the respective associated corporations: AstroEast.com Limited	bigsave Holdings plc	Henderson Baillieu Holdings Limited (formerly Techpursuit.com Holdings Limited)
Anthony Baillieu	A	95,560	100,000	40,000
Jamie Gibson		225,000	131,579	–
Mark Child	B	–	–	–
Julian Mayo (alternate to James Mellon)	C	75,000	200,050	–
James Mellon		–	–	–
Karin Schulte		–	–	–
Mark Searle		–	–	–
Jayne Sutcliffe	G	150,000	350,000	–
Anderson Whamond		150,000	350,000	–

Report of the Directors

Directors' Interests in Securities and Options (Continued)

3. Options of the Company

Please refer to the section headed "Share Capital and Share Options" in this report and note 21 to the Financial Statements as to details of the share option schemes of the Company.

As at 31 March 2003, the following Directors of the Company 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 them 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:

Name of Director	Date of offer	Date of grant	Number of shares subject to the option	Subscription price per share	Exercise period	Consideration for grant of option
Jamie Gibson	2 April 2001	7 April 2001	1,000,000	HK$0.160	7 April 2002 - 6 April 2006	HK$10.00
	25 April 2001	27 April 2001	1,500,000	HK$0.160	27 April 2002 - 26 April 2006	HK$10.00
Mark Child (note B)	26 September 2000	20 October 2000	3,000,000	HK$1.060	20 October 2001 - 19 October 2005	HK$10.00
	2 April 2001	26 April 2001	300,000	HK$0.160	26 April 2002 - 25 April 2006	HK$10.00
	25 April 2001	2 May 2001	700,000	HK$0.160	2 May 2002 - 1 May 2006	HK$10.00
Julian Mayo (note C)	2 April 2001	10 April 2001	750,000	HK$0.160	10 April 2002 - 9 April 2006	HK$10.00
	25 April 2001	27 April 2001	500,000	HK$0.160	27 April 2002 - 26 April 2006	HK$10.00
Karin Schulte	26 September 2000	18 October 2000	2,000,000	HK$1.060	18 October 2001 - 17 October 2005	HK$10.00
	2 April 2001	23 April 2001	1,750,000	HK$0.160	23 April 2002 - 22 April 2006	HK$10.00

During the year, 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. No options were granted, cancelled or lapsed.

Report of the Directors

Directors' Interests in Securities and Options (Continued)

4. Options of Bridge Investment Holding Limited

(formerly KoreaOnline Limited)

As at 31 March 2003, Julian Mayo had a personal interest in an option granted under the employee share option scheme of Bridge Investment Holding Limited, entitling him to subscribe for shares of US$0.10 each in the capital of Bridge Investment Holding Limited in accordance with, and subject to, the terms of the scheme. Details of the option are set out below:

Date of offer	Date of grant	Number of shares subject to the option	Subscription price per share	Exercise period	Consideration for grant of option
10 May 2000	18 May 2000	156,000	US$13.00	18 May 2001 - 17 May 2005	HK$10.00

Operation of the scheme was terminated on 3 March 2003 and no further offers shall be made to grant options under the scheme. However, in all other respects, the provisions of the scheme remain in force and all options granted and which have not lapsed prior to such termination continue to be valid and exercisable in accordance with the terms of the scheme.

During the year, Julian Mayo did not exercise any of his rights under the option granted to him pursuant to the scheme and subscribed for shares in Bridge Investment Holding Limited.

Notes:

A. The 200,000 shares in the Company and 40,000 units of Warrants 2003 under "corporate interests" 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, 100,000 shares in bigsave Holdings plc and 40,000 shares in Henderson Baillieu Holdings Limited (formerly Techpursuit.com Holdings Limited) are held through Anthony Baillieu and Associates Limited, which is in turn 80% beneficially owned by Anthony Baillieu.

Upon further issue and allotment of new shares by Henderson Baillieu Holdings Limited on 6 November 2002, the interests held by Anthony Baillieu and Associates Limited in Henderson Baillieu Holdings Limited were diluted from 40% to 16%.

Report of the Directors

Directors' Interests in Securities and Options (Continued)

Notes (Continued):

B. Mark Child resigned as a Director of the Company on 18 June 2003 and left all positions with the Group on 30 June 2003. Under the rules of the Employee Share Option Scheme of the Company referred to in note 21 to the Financial Statements, he is entitled to exercise vested options in respect of 2,000,000 shares at HK$1.06 per share and 666,667 shares at HK$0.16 per share before 30 December 2003.

The unvested balance of his options in respect of 1,000,000 shares at HK$1.06 per share and 333,333 shares at HK$0.16 per share lapsed on 30 June 2003.

C. Julian Mayo resigned as the alternate to James Mellon on 18 June 2003.

D. 84,846,870 shares in the Company and 16,969,374 units of Warrants 2003 under "other interests" are held by the trustee of a settlement, of which James Mellon is the sole beneficiary.

E. 134,620,213 shares in the Company and 44,269,672 units of Warrants 2003 under "other interests" are held by Indigo Securities Limited, which is indirectly wholly-owned by the trustee referred to in note D above. Indigo Securities Limited also holds 86,728,147 non-voting convertible deferred shares in the Company. Details of the rights of the deferred shares in the issued share capital of the Company are set out in note 21 to the Financial Statements.

F. The 50,000 shares in the Company and 10,000 units of Warrants 2003 under "other interests" are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.

G. The 24,000,000 shares in the Company and 4,800,000 units of Warrants 2003 under "other interests" 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.

H. Details of the Warrants 2003 are set out in note 21 to the Financial Statements. The subscription period of the Warrants 2003 expired on 30 June 2003.

I. AstroEast.com Limited and bigsave Holdings plc are indirect 51% and 64.3% owned subsidiaries of the Company respectively.

Henderson Baillieu Holdings Limited (formerly Techpursuit.com Holdings Limited) is a joint venture established in the Cayman Islands with limited liability. Upon further issue and allotment of new shares by Henderson Baillieu Holdings Limited on 6 November 2002 referred to in note A above, the indirect interests held by the Company in Henderson Baillieu Holdings Limited were diluted from 20% to 8%. Accordingly, Henderson Baillieu Holdings Limited ceased to be an associated corporation of the Company and the Directors of the Company ceased to have disclosure obligations under the SDI Ordinance in respect of their interests in Henderson Baillieu Holdings Limited.

Report of the Directors

Directors' Interests in Securities and Options (Continued)

Save as disclosed herein, as at 31 March 2003 none of the Directors (and their associates) had any interest in the equity securities of the Company or of any of its associated corporations (within the meaning of the SDI Ordinance) or in any rights to subscribe for the equity securities of the Company or of any of its associated corporations, which have to be notified to the Company and the HK Stock Exchange pursuant to Section 28 of the SDI Ordinance and the HK Listing Rules (including interests which they are deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein.

Directors' Service Contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company, which is not determinable by the Company within one year without payment (other than statutory compensation).

Directors' Interests in Contracts

Set out below is a summary of connected transactions of the Company entered into during the year or subsisted at 31 March 2003, under Chapter 14 of the HK Listing Rules:

(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 interests of AstroEast 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

Directors' Interests in Contracts (Continued)

The above loan agreement constituted a connected transaction of the Company under Chapter 14 of the HK Listing Rules. 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.

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, Jamie Gibson, who was appointed a Director of the Company on 7 January 2002, Julian Mayo, Jayne Sutcliffe and Anderson Whamond held an interest of less than 1% of its total issued share capital. James Mellon resigned as director of AstroEast on 3 June 2003, and Julian Mayo resigned as the alternate to James Mellon in the Company on 18 June 2003.

An aggregate amount of US$40,000 was drawn by AstroEast during the year ended 31 March 2002, and an additional amount of US$3,400 was drawn during the year ended 31 March 2003. No amount was drawn subsequent to the year end date and prior to the date of this annual report.

(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.

The above facilities agreements constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules. 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. 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.

Report of the Directors

Directors' Interests in Contracts (Continued)

As at the dates of the facilities agreements, Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficiary. David McMahon, who resigned as 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 and Anderson Whamond was interested in less than 1% of the existing 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.

An aggregate amount of GBP380,000 (approximately US$541,500) was drawn by bigsave during the year ended 31 March 2002 pursuant to the first two facilities agreements. An aggregate amount of GBP356,690 (approximately US$508,283) was drawn during the year ended 31 March 2003 pursuant to the third to sixth facilities agreements while an amount of GBP25,000 (approximately US$35,625) was repaid by bigsave to Burnbrae Limited. Subsequent to 31 March 2003 and prior to the date of this annual report, no additional amount was drawn and an aggregate amount of GBP60,000 (approximately US$85,500) was repaid.

(3) On 24 April 2002, the Company further acquired 50 shares of GBP1 each in the capital of IM Life Sciences Limited, then a direct 89.5% owned subsidiary of the Company, from a director of IM Life Sciences Limited at a total consideration of GBP50 (approximately US$71.25).

A share purchase agreement dated 29 April 2002 was entered into between (a) a director of IM Life Sciences Limited as buyer and (b) the Company as seller, pursuant to which the Company agreed to sell its entire holding of 900 shares in IM Life Sciences Limited to the buyer at a total consideration of GBP0.90 (approximately US$1.2825), to be satisfied in cash.

The agreement was completed on 29 April 2002.

The aforesaid acquisition of further shares in and the subsequent disposal of IM Life Sciences Limited constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules. However, the Directors of the Company were of the opinion that both the acquisition and the disposal were transacted on normal commercial terms. In view of the value of the considerations payable and receivable by the Company under the transactions, both the acquisition and the disposal were not subject to any disclosure or shareholders' approval requirements as connected transactions in accordance with the de minimis provision under Rule 14.24(5) of the HK Listing Rules.

Save for those disclosed above and in note 26 to the Financial Statements, no contracts of significance or connected transactions of the Company (under Chapter 14 of the HK Listing Rules), 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 2003 or at any time during the year.

Report of the Directors

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.

Loans to Directors and Officers

No loans were granted to the Directors or officers of the Company during the year and no loans were outstanding from the Directors or officers of the Company as at 31 March 2003.

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, with the Company subsisted as at 31 March 2003 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.

Substantial Shareholders

As the HK Stock Exchange specifies that the new disclosure requirements under the HK Listing Rules, which came into effect on 1 April 2003 in response to the replacement of the SDI Ordinance by Part XV of the Securities and Futures Ordinance, are not applicable to disclosure referable to a date or period ending before 1 April 2003, information about interests held by substantial shareholders in the Company is disclosed in this annual report in accordance with the disclosure requirements which prevailed prior to 1 April 2003 under the SDI Ordinance.

As at 31 March 2003, James Mellon, then the non-executive Chairman of the Board of Directors of the Company, had interests in more than 10% of the total issued voting share capital of the Company as recorded in the Register of Substantial Shareholders' Interests kept by the Company pursuant to Section 16(1) of the SDI Ordinance. Details of James Mellon's interests are set out in detail under the section headed "Directors' Interests in Securities and Options". Mr Mellon resigned as the Chairman on 12 May 2003 but remains as a non-executive Director of the Company.

Save for such interests, the Directors are not aware of any person being interested in at least 10% of the total issued voting share capital of the Company as at 31 March 2003 as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

Report of the Directors

Borrowings

Details of bank borrowings of the Group are set out in note 19 to the Financial Statements.

Retirement Scheme

Details of the retirement scheme of the Group are set out in note 23 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.

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 93%. The largest single contribution by one fund company amounted to 27% 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.

Code of Best Practice

In the opinion of the Directors, the Company has complied with The Code of Best Practice as set out in Appendix 14 to the HK Listing Rules throughout the accounting period covered by this annual report, except that the non-executive Directors of the Company are not appointed for specific terms.

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 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 2003 for the re-appointment of PricewaterhouseCoopers.

On Behalf of the Board

Anthony Baillieu
Chairman

Hong Kong, 16 July 2003

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

Revenue and Profits

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

The loss was mainly attributable to the Group's share of loss after tax of US$5.7 million (2002: profit of US$15.7 million) from its Korean associate, Bridge Investment Holding Limited ("**BIH**", formerly KoreaOnline Limited). The slowdown in the Korean securities markets coupled with an absence of a planning process for the merger of the two main operating subsidiaries of BIH, Regent Securities Co., Ltd ("**RSC**") and Ileun Securities Co., Ltd ("**ISC**") now operating as Bridge Securities Co., Ltd ("**BSC**"), resulted in BIH making a loss of US$16.9 million for the year ended 31 March 2003. In addition, the loss was also attributable to general provisions having been made in respect of litigation affecting BIH and the write down of the deferred tax assets at BSC. Intense competition in the securities industry fuelled by declining volumes and online trading resulted in a fall in commission rates as well as a loss in the market share for BSC. The cost base at BSC has increased while revenues have remained flat compared to the previous year. In comparison to the preceding year, revenues were significantly lower and BSC suffered a significant loss at the retail division. Furthermore, significant issues relating to the merger of RSC and ISC have not been appropriately addressed so that the benefits of the merger have yet to be achieved.

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

Balance Sheet

The shareholders' equity decreased slightly by 2.1% to US$85.2 million (2002: US$87.0 million) during the year and BIH now accounts for approximately 91.5% (2002: 90%) of the total shareholders' equity as at 31 March 2003. The remaining Group assets comprise the technology investments of US$0.6 million and other corporate investments of US$6.6 million. As mentioned in the Group's 2002 annual report, its investment in bigsave Holdings plc was fully provided as at 31 March 2002 and there has been no effect on the Group's income statement or balance sheet during the year.

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

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

Future Funding

As at 31 March 2003, the Group had US$2.1 million net cash or 2.5% of its total shareholders' equity. There were no material charges against Group assets.

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

Management of Risk

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

As BIH was responsible for approximately 91.5% of the total shareholders' equity as at 31 March 2003, the Company is exposed to the fluctuations in the equity values of BIH. The exposure is to the Korean economy, and its credit and equity markets. The responsibility for management of these risks rests with the BIH management.

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

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

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 March 2003, the amount of these margin deposits was US$240,000 (2002: US$264,000).

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

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

Contingent Liabilities

The Group was not involved in any material litigation or disputes during the year ended 31 March 2003 apart from the action commenced by the former executive directors of BIH against BIH, which is described in note 14 to the Financial Statements.

Employees

The Group, including its subsidiaries but excluding associates, employed approximately 20 employees at 31 March 2003. The remuneration policy is to reward key employees by a combination of salaries, profit related bonuses and share options, where appropriate. For employees below board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by a sub-committee of the Board. In all cases, grants of share options will be agreed by the Board as a whole. During the year and up to the date of this 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 35 to 77, 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 to you.

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 an 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.

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 2003 and of the Group's loss 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, 16 July 2003

Consolidated Income Statement

For the year ended 31 March 2003

	Note	2003 US$'000	2002 US$'000
Turnover:	3		
Asset management and corporate finance		1,890	3,123
Corporate investment income and net realised and unrealised gains and losses on investments		(1,341)	(2,454)
Internet retailing		15	4,290
Other revenues		1,771	242
		2,335	5,201
Expenses:			
Staff costs	4	(2,137)	(5,535)
Rental and office expenses		(567)	(3,430)
Information and technology expenses		(356)	(612)
Marketing costs and commissions		(40)	(241)
Professional fees		(558)	(1,102)
Cost of goods sold		–	(3,705)
Other operating expenses		(582)	(4,120)
		(1,905)	(13,544)
Share of (losses)/profits of associates		(4,976)	16,143
Operating (loss)/profit	5	(6,881)	2,599
Loss on deemed disposal of a subsidiary	6	–	(8)
Operating (loss)/profit from ordinary activities		(6,881)	2,591
Finance costs - interest on bank overdraft		–	(145)
(Loss)/Profit before taxation		(6,881)	2,446
Taxation	8	(395)	(923)
(Loss)/Profit after taxation		(7,276)	1,523
Minority interests		16	2,030
Net (loss)/profit attributable to shareholders	9	(7,260)	3,553
Dividends	10	–	–
(Loss)/Earnings per share (US cents):	11		
- Basic		(0.6)	0.3
- Diluted		N/A	0.3

Consolidated Balance Sheet

As at 31 March 2003

	Note	2003 US$'000	2002 US$'000
Non-current assets:			
Fixed assets	12	59	573
Investments in associates	14	78,912	78,960
Investments in securities	15	4,562	7,422
		83,533	86,955
Current assets:			
Cash and bank balances	16	2,114	5,539
Investments in securities	15	167	472
Accounts receivable	17	716	904
Due from an associate	18	662	–
Prepayments, deposits and other receivables		670	1,273
Stocks		–	210
		4,329	8,398
Current liabilities:			
Bank borrowings	19	–	(428)
Accounts payable, accruals and other payables	20	(1,400)	(2,708)
Provisions for corporate finance expenses		(1,270)	(2,663)
Taxation - current	8	–	(2,500)
		(2,670)	(8,299)
Net current assets		1,659	99
Net assets		85,192	87,054
Share capital	21	11,869	11,869
Reserves	22	73,323	75,138
Shareholders' equity		85,192	87,007
Minority interests		–	47
Capital and reserves		85,192	87,054

Approved and authorised for issue by the Board of Directors on 16 July 2003.

Anthony Baillieu
Chairman

Jamie Gibson
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2003

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

2002	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 2001	11,869	(40,350)	114,263	3,735	1,204	(6,650)	84,071
Foreign currency translation adjustment	–	–	–	–	–	(617)	(617)
Profit for the year	–	3,553	–	–	–	–	3,553
At 31 March 2002	11,869	(36,797)	114,263	3,735	1,204	(7,267)	87,007

Consolidated Cash Flow Statement

For the year ended 31 March 2003

	Note	2003 US$'000	2002 US$'000
Cash flows from operating activities:			
(Loss)/Profit before taxation		(6,881)	2,446
Depreciation and amortisation		93	1,026
Bad debts written off		4	1
Interest expense		–	145
Interest income		(31)	(206)
Dividend income from investments		(54)	(6)
Loss on deemed disposal of a subsidiary		–	8
Share of losses/(profits) of associates		4,976	(16,143)
Net unrealised loss/(profit) on current other investments		53	(239)
Net unrealised loss on non-current other investments		2,557	2,772
Net realised profit on disposal of non-current other investments		(538)	(45)
Net realised (profit)/loss on disposal of current other investments		(204)	430
Loss on disposal of fixed assets		1	125
Write-back of provisions for corporate finance expenses		(1,393)	–
Increase in accounts receivable		(92)	(349)
(Increase)/Decrease in amount due from an associate		(662)	4,327
Decrease in prepayments, deposits and other receivables		167	468
Increase in provisions for corporate finance expenses		–	2,663
Decrease in stocks		–	2
(Decrease)/Increase in accounts payable, accruals and other payables		(74)	425
Cash used in operations		(2,078)	(2,150)
Interest paid		–	(145)
Income tax paid		(2,337)	(196)
Net cash outflow from operating activities		(4,415)	(2,491)
Net cash outflow before investing activities – carried forward		(4,415)	(2,491)

Consolidated Cash Flow Statement

For the year ended 31 March 2003

	Note	2003 US$'000	2002 US$'000
Net cash outflow before investing activities – brought forward		(4,415)	(2,491)
Cash flows from investing activities:			
Purchase of non-current other investments		–	(83)
Purchase of current other investments		(240)	–
Proceeds from disposal of current other investments		696	470
Proceeds from disposal of non-current other investments		1,038	210
Purchase of fixed assets		(3)	(176)
Proceeds from disposal of fixed assets		1	52
Disposal of subsidiaries	24	169	–
Repayment of loan from a related party		–	2,039
Repayment of loan from an associate		–	8,500
Interest received		31	206
Dividend received		54	6
Net cash inflow from investing activities		1,746	11,224
Net (decrease)/increase in cash and cash equivalents		(2,669)	8,733
Effects of foreign currency fluctuations		(328)	607
Cash and cash equivalents at the beginning of the year		5,111	(4,229)
Cash and cash equivalents at the end of the year		2,114	5,111
Analysis of balances of cash and cash equivalents			
Cash and bank balances		2,114	5,539
Bank borrowings		–	(428)
		2,114	5,111

Company Balance Sheet

As at 31 March 2003

	Note	2003 US$'000	2002 US$'000
Non-current assets:			
Investments in subsidiaries	13	1,930	3,635
Investments in associates	14	62,918	64,060
Investments in securities	15	684	1,492
		65,532	69,187
Current assets:			
Cash and bank balances	16	1,342	3,364
Accounts receivable	17	33	37
Due from subsidiaries	13	13,706	13,643
Due from an associate	18	658	–
Prepayments, deposits and other receivables		97	194
		15,836	17,238
Current liabilities:			
Accounts payable, accruals and other payables	20	(1,519)	(1,514)
Due to subsidiaries	13	(8,405)	(7,489)
Provision for guarantee to a subsidiary on overseas taxation	8	–	(2,500)
		(9,924)	(11,503)
Net current assets		5,912	5,735
Net assets		71,444	74,922
Share capital	21	11,869	11,869
Reserves	22	59,575	63,053
Shareholders' equity		71,444	74,922

Approved and authorised for issue by the Board of Directors on 16 July 2003.

Anthony Baillieu
Chairman

Jamie Gibson
Director

Notes to the Consolidated Financial Statements

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 and warrants 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 the following Statements of Standard Accounting Practice ("**SSAP**") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2002:

SSAP 1	(revised)	:	Presentation of financial statements
SSAP11	(revised)	:	Foreign currency translation
SSAP15	(revised)	:	Cash flow statements
SSAP34	(revised)	:	Employee benefits

The adoption of the above new and revised SSAPs have no material effect on the Group's results and net asset value other than presentational changes. Certain comparative figures have been reclassified to conform with the current period's presentation.

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 2003

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 approrpriate.

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 as cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Consolidated Financial Statements

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.

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

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.

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.

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.

(ii) Other investments are stated in the balance sheet at fair value. At each balance sheet date, the net realised 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.

2. Summary of Significant Accounting Policies (Continued)

f. Investments in securities (Continued)

(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 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 is expected to be payable or recoverable in the foreseeable future.

i. Derivatives

Off-balance sheet financial instruments include derivatives, such as futures and options contracts, undertaken by the Group in foreign exchange and equity markets. Transactions undertaken for trading purposes are re-measured to their fair value. Fair values for 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

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.

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 when the title is passed;

(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 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 investment in securities.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

2. Summary of Significant Accounting Policies (Continued)

q. Employee benefits (Continued)

(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.

r. Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred.

s. 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 conducted at competitive market prices charged to external customers. Those revenues are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

3. Segmented Information (Continued)

Business segments (Continued)

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)

	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

3. Segmented Information (Continued)

Business segments (Continued)

For the year ended 31 March 2003

	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

For the year ended 31 March 2002

	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	2,855	510	(2,454)	4,290	–	–	5,201
Inter-segment revenue	245	–	1	–	(246)	–	–
	3,100	510	(2,453)	4,290	(246)	–	5,201
Segment results	(1,857)	(149)	(7,919)	(3,619)	–	–	(13,544)
Unallocated operating expenses							–
Loss from operations							(13,544)
Share of profits of associates	–	–	–	–	–	–	16,143
Loss on deemed disposal of a subsidiary							(8)
Finance costs							(145)
Taxation							(923)
Minority interests							2,030
Net profit attributable to shareholders							3,553

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

3. Segmented Information (Continued)

Business segments (Continued)

For the year ended 31 March 2002

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Consolidated US$'000
Segment assets	2,681	311	6,903	1,416	5,082	16,393
Investments in associates	–	–	–	–	78,960	78,960
Total assets	2,681	311	6,903	1,416	84,042	95,353
Segment liabilities	354	22	54	1,464	6,405	8,299

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Consolidated US$'000
Depreciation and amortisation	127	10	7	882	1,026
Capital expenditure incurred	57	–	25	94	176

Due to the change in the classification of the expenses, different basis for expenses allocation amongst segments is used for the year and comparative figures for the previous year have been restated.

Geographical segments

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its assets 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.

Due to the change in the classification of the assets and liabilities, different basis of allocation amongst segments is used for the year and comparative figures for the previous year have been restated.

There are no sales between the geographical segments.

3. Segmented Information (Continued)

Geographical segments (Continued)

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

For the year ended 31 March 2002

	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	(485)	2,540	104	17	29	3,331	(335)	5,201
Segment assets	–	11,958	–	–	–	4,435	–	16,393
Capital expenditure incurred during the year	–	73	–	–	–	103	–	176

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

4. Staff Costs

	2003 US$'000	2002 US$'000
Wages and salaries	2,113	5,501
Pension costs - defined contribution plans	24	34
	2,137	5,535

The amount includes directors' remuneration.

5. Operating (Loss)/Profit

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

* Included in turnover

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

6. Loss on Deemed Disposal of a Subsidiary

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

7. Directors' and Highest Paid Individuals' Remuneration

Remuneration excludes amounts relating to share options (see note 21 below).

	2003 US$'000	2002 US$'000
Executive Directors:		
Fees	–	–
Basic salaries and other emoluments	1,150	885
Discretionary bonuses	–	2
Retirement scheme contributions	5	7
	1,155	894
Non-Executive Directors:		
Fees	38	54
Basic salaries and other emoluments	139	–
	177	54

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

7. Directors' and Highest Paid Individuals' Remuneration (Continued)

The remuneration of Directors, including remuneration in the periods prior to their appointment and after their resignation, fell within the following bands:

		Number of Directors	
		2003	2002
HK$Nil-HK$1,000,000	(US$Nil-US$128,484)	5	9
HK$1,000,001-HK$1,500,000	(US$128,485-US$192,727)	2	4
HK$1,500,001-HK$2,000,000	(US$192,728-US$256,970)	2	1
HK$2,000,001-HK$2,500,000	(US$256,971-US$321,213)	–	1
HK$4,000,001-HK$4,500,000	(US$513,941-US$578,183)	1	–
		10	15

There is no remuneration paid to the Directors appointed during the year, in the periods prior to their appointment and after their resignation (while they were acting as directors and officers of subsidiaries of the Company) (2002: US$324,000).

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

Highest paid individuals

All five (2002: five) were Directors of the Company and their remuneration has been included in the Directors' remuneration.

8. Taxation

Income Statement:

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

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

There is no material unprovided deferred taxation for the year (2002: Nil).

Balance Sheet:

	2003 US$'000	2002 US$'000
Group:		
Overseas taxation - non-current	–	–
Overseas taxation - current	–	2,500

As a Cayman Islands registered entity, the Company is not liable for any corporate taxes in the Cayman Islands.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

9. Net (Loss)/Profit Attributable to Shareholders

The net loss attributable to shareholders dealt with in the financial statements of the Company amounted to US$3,478,000 (2002: US$2,677,000).

10. Dividends

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

11. (Loss)/Earnings Per Share

a. The calculation of basic (loss)/earnings per share is based on the net loss attributable to shareholders for the year of US$7,260,000 (2002: profit of US$3,553,000) and on the weighted average of 1,186,902,435 (2002: 1,186,902,435) shares of the Company in issue during the year.

b. No diluted loss per share is presented for the year ended 31 March 2003 as the outstanding share options and warrants were anti-dilutive. The diluted earnings per share for the year ended 31 March 2002 was based on the net profit attributable to shareholders for the year of US$3,553,000 and on the weighted average of 1,189,551,057 shares issued and issuable, calculated on the assumption that the Company's outstanding share options had been exercised.

Notes to the Consolidated Financial Statements

12. Fixed Assets

Group:

	Furniture and fixtures US$'000	Computer and other equipment US$'000	Total US$'000
Cost:			
At 1 April 2002	336	1,287	1,623
Additions	–	3	3
Disposal	–	(6)	(6)
Disposal of subsidiaries	(220)	(979)	(1,199)
Exchange adjustment	21	96	117
At 31 March 2003	137	401	538
Accumulated depreciation:			
At 1 April 2002	149	901	1,050
Charge for the year	10	83	93
Disposal	–	(4)	(4)
Disposal of subsidiaries	(46)	(684)	(730)
Exchange adjustment	3	67	70
At 31 March 2003	116	363	479
Net book value:			
At 31 March 2003	21	38	59
At 31 March 2002	187	386	573

There are no fixed assets for the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

13. Investments in Subsidiaries

	Company	
	2003	2002
	US$'000	US$'000
Unlisted shares, at cost less impairment loss	1,930	3,635

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 2003 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	Barbados	Ordinary share of US$1	–	100%	Investment holding
AstroEast.com (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$2	–	51%	Internet services
AstroEast.com Limited*	Cayman Islands	Ordinary shares of US$280,222.47	–	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 Europe plc	Isle of Man	Ordinary shares of GBP436,152	100%	–	Investment holding
Interman Holdings Limited*	British Virgin Islands	Ordinary shares of US$41,500	100%	–	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

13. 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	
Interman Limited	Isle of Man	Ordinary shares of GBP436,152	–	100%	Investment holding
iRegent Fund Management (Asia) Limited	Barbados	Ordinary shares of US$100	100%	–	Asset management
Regent Corporate Finance Limited* *(formerly iRegent 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	Barbados	Ordinary shares of US$150,000	–	100%	Asset management
Regent Pacific Corporate Finance Limited	United Kingdom	Ordinary shares of GBP730,000	100%	–	Corporate finance

* The financial statements of these subsidiaries for the year ended 31 March 2003 were not audited by PricewaterhouseCoopers.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

14. Investments in Associates

	Group		Company	
	2003	2002	2003	2002
	US$'000	US$'000	US$'000	US$'000
Unlisted shares, at cost less impairment loss	–	–	62,918	64,060
Share of net assets:				
- Unlisted	78,912	78,960	–	–
	78,912	78,960	62,918	64,060

Particulars of the principal associates at 31 March 2003 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 agent
Exchangebet.com Holdings Limited*	British Virgin Islands	Ordinary shares of US$20,467	49.9%	–	Online betting
Bridge Investment Holding Limited **("BIH")** *(formerly KoreaOnline Limited)*	Cayman Islands	Ordinary shares of US$4,481,268.90	40.2%	–	Investment holding

Eclipse Investment Holdings Limited principally operates in Hong Kong. Exchangebet.com Holdings Limited has its principal centre of operation in Malta. BIH principally operates in Korea.

* The financial statements of these associates for the year ended 31 March 2003 were not audited by PricewaterhouseCoopers.

14. 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 2003 and balance sheet as at 31 March 2003 are disclosed as follows:

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

	2003 US$'000	2002 US$'000
Revenues	76,685	143,969
Operating (loss)/profit	(7,913)	69,298
Loss on disposal of subsidiaries	–	(1,762)
	(7,913)	67,536
Share of loss of an associate	(47)	(322)
	(7,960)	67,214
Finance costs	(4,861)	(6,198)
(Loss)/Profit before taxation	(12,821)	61,016
Taxation	(1,389)	(1,809)
(Loss)/Profit after taxation	(14,210)	59,207
Minority interests	(97)	(20,206)
Net (loss)/profit for the year	(14,307)	39,001

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

14. Investments in Associates (Continued)

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

	2003 US$'000	2002 US$'000
Fixed assets	75,962	72,543
Investment in an associate	695	742
Investments	50,998	62,186
Negative goodwill	(54,558)	(28,154)
Other non-current assets	3,580	91
Total non-current assets	76,677	107,408
Current assets	326,498	385,940
Current liabilities	(137,166)	(181,130)
Net assets	266,009	312,218
Share capital	4,481	4,481
Reserves	189,588	190,238
Shareholders' equity	194,069	194,719
Minority interests	71,940	117,499
Capital and reserves	266,009	312,218

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 2003, BIH was involved in litigation with Regent Insurance Co., Ltd and BIH's former executive directors, Peter Everington and Romi Williamson, with claims amounting to KRW 5.4 billion and US$8.3 million respectively. The Directors and the legal counsel are of the view that the outcome will be favourable and the existing provisions made in BIH are adequate.

15. Investments in Securities

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

Non-current investments:

	Group		Company	
	2003	2002	2003	2002
	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	548	1,152	548	1,152
- outside Hong Kong	93	410	63	266
Unlisted equity securities	3,902	5,841	54	55
	4,543	7,403	665	1,473
	4,562	7,422	684	1,492

Current investments:

	Group		Company	
	2003	2002	2003	2002
	US$'000	US$'000	US$'000	US$'000
Other investments, at fair value:				
Listed equity securities - outside Hong Kong	165	471	–	–
Unlisted equity securities	2	1	–	–
	167	472	–	–

All the above other investments are in corporate entities.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

16. Cash and Bank Balances

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

	Group		Company	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
Cash and balances with banks	926	2,053	270	288
Money at call and short notice	1,188	469	1,072	59
Other bank deposits	–	3,017	–	3,017
Total cash and bank balances	2,114	5,539	1,342	3,364

17. Accounts Receivable

	Group		Company	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
Current	–	560	–	37
1 to 3 months old	663	68	–	–
More than 3 months old but less than 12 months old	53	276	33	–
Total accounts receivable	716	904	33	37

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. Due from an Associate

	Group		Company	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
Bridge Investment Holding Limited				
- Advance	662	–	658	–
	662	–	658	–

The amount was unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

19. Bank Borrowings

There were no bank borrowings for the Group and the Company as at 31 March 2003. Bank borrowings of the Group as at 31 March 2002 of US$428,000 represented a bank overdraft which was repayable on demand.

20. Accounts Payable, Accruals and Other Payables

	Group		Company	
	2003 US$'000	2002 US$'000	2003 US$'000	2002 US$'000
Due within 1 month or on demand	–	447	–	–
Due after 1 month but within 3 months	65	19	–	–
Due after 3 months but within 6 months	18	36	–	–
Total accounts payable	83	502	–	–
Accruals and other payables	1,317	2,206	1,519	1,514
Total accounts payable, accruals and other payables	1,400	2,708	1,519	1,514

As at 31 March 2003, an amount of US$937,000 (2002: US$937,000) included in accruals and other payables was a provision for bonuses for the Group and the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

21. Share Capital

Shares

	Company	
	2003	2002
	US$'000	US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	20,000
550,000,000 (2002: 86,728,147) 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	867
	25,500	20,867
Issued and fully paid:		
1,100,174,288 ordinary shares of US$0.01 each	11,002	11,002
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	867
	11,869	11,869

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 15 November 2002 (the "**2002 Annual General Meeting**"), the Company's authorised share capital was increased to US$25,500,000 comprising 2,000,000,000 ordinary shares of US$0.01 each and 550,000,000 unclassified shares of US$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares.

No new shares, either ordinary or deferred shares, were issued during the year ended 31 March 2003 (2002: Nil).

On 4 July 2003, an aggregate of 25,800 new ordinary shares were issued and allotted for a total consideration of HK$72,240 (approximately US$9,260) upon exercise of the subscription rights in respect of 25,800 shares attached to the registered warrants of the Company referred to below.

Notes to the Consolidated Financial Statements

21. 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 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 2003, no Deferred Shares were converted into ordinary shares (2002: 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 on 17 May 2000 in the proportion of one unit of warrant for every five shares in the Company then held.

During the year ended 31 March 2003, no Warrants 2003 were exercised (2002: Nil) or repurchased (2002: Nil). As at 31 March 2003, there were 237,877,087 units of outstanding Warrants 2003 (2002: 237,877,087 units).

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$9,260) 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

For the year ended 31 March 2003

21. 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 2002 Annual General Meeting. The scheme shall continue in force until the tenth anniversary of its commencement date, being 15 November 2002. 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.

21. Share Capital (Continued)

Share options (Continued)

b. Employee Share Option Scheme (Continued)

As at 1 April 2002, 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 14,100,000 (2002: 15,331,984) 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 2,199,998 shares (15.60%) were vested. During the year ended 31 March 2003, no options were exercised (2002: Nil), cancelled (2002: Nil) or granted (2002: options in respect of 18,400,000 shares were granted). An option in respect of 500,000 shares (2002: options in respect of 19,631,984 shares) lapsed. Accordingly, as at 31 March 2003, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 13,600,000 (2002: 14,100,000) ordinary shares, representing 1.24% (2002: 1.28%) of the Company's total issued voting share capital. Amongst such outstanding options, options in respect of 6,466,662 shares (47.55%) were vested. Exercise in full of such options would result in the issue of 13,600,000 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$7,184,000 (or approximately US$923,000).

Subsequent to the year end date, options in respect of 1,333,333 shares lapsed upon the resignation of a Director of the Company. Accordingly, as at the date of this annual report, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 12,266,667 ordinary shares at exercise prices ranging from HK$0.16 to HK$1.40 per share. Amongst such outstanding options, options in respect of 9,166,669 shares (74.73%) were vested. Exercise in full of such options would result in the issue of 12,266,667 additional ordinary shares for aggregate proceeds, before expenses, of approximately HK$6,000,000 (or approximately US$771,200).

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.

No options were granted under the share option schemes of the Company during the year or subsequent to the year end date and prior to the date of this report.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

22. 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 2001	(40,350)	114,263	3,735	1,204	(6,650)	72,202
Foreign currency translation adjustment	–	–	–	–	(617)	(617)
Profit for the year	3,553	–	–	–	–	3,553
At 31 March 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

	2003 US$'000	2002 US$'000
(Loss)/Profit for the year in:		
Group	(1,726)	(11,863)
Associates	(5,534)	15,416
	(7,260)	3,553
(Losses accumulated)/Profits retained by:		
Company	(58,236)	(54,758)
Subsidiaries	45,137	43,385
Associates	(30,958)	(25,424)
Group total	(44,057)	(36,797)

22. 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 2001	(52,081)	116,528	1,204	79	65,730
Loss for the year (note 9 above)	(2,677)	–	–	–	(2,677)
At 31 March 2002	(54,758)	116,528	1,204	79	63,053
Loss for the year (note 9 above)	(3,478)	–	–	–	(3,478)
At 31 March 2003	(58,236)	116,528	1,204	79	59,575

The Company considers that only retained profits are distributable to shareholders.

23. 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 schemes prior to vesting fully in the contributions. During the year, there were no forfeited contributions and the Group's contribution was US$24,000 (2002: US$34,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

24. Note to the Consolidated Cash Flow Statement

Disposal of subsidiaries

	2003 US$'000
Fixed assets	469
Investments in securities	80
Accounts receivable	276
Prepayments, deposits and other receivables	436
Stocks	210
Accounts payable, accruals and other payables, including provision for closure of subsidiaries	(1,234)
Cash and bank balances	259
Bank borrowings	(428)
Minority interests	(34)
Net assets disposed of	34
Foreign currency exchange reserve	(34)
	–
Consideration received	–
Net cash inflow/(outflow) arising on disposal	
Cash and bank balances disposed of	(259)
Bank borrowings disposed of	428
	169

25. Off Balance Sheet Exposures

Derivatives

At 31 March 2003, there were forward and futures contracts amounting to approximately US$3,115,000 (2002: US$2,219,000) and nil (2002: US$638,000) respectively undertaken by the Group in the foreign exchange and equity markets.

25. Off Balance Sheet Exposures (Continued)

Derivatives (Continued)

A realised profit of US$35,000 (2002: US$27,000) and a realised loss of US$13,000 (2002: US$34,000) were made from forward and futures trading respectively during the year. An unrealised loss of US$19,000 (2002: US$600) and an unrealised profit of nil (2002: US$14,000) were recorded from forward and futures trading respectively as at the balance sheet date.

In the course of the Group's normal trading in currencies, futures and options, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 March 2003, the amount of these margin deposits was US$240,000 (2002: US$264,000).

Lease commitments

Group

	2003 US$'000	2002 US$'000
At 31 March 2003, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
- within 1 year	151	287
- in the 2nd to 5th year, inclusive	31	427
	182	714
Plant and equipment:		
- within 1 year	3	3
- in the 2nd to 5th year, inclusive	2	5
	5	8

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.

Company

The Company has no lease commitments.

Capital commitments

The Group and the Company have no capital commitments at 31 March 2003.

Notes to the Consolidated Financial Statements

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26. Material Related Party Transactions

The following is a summary of significant 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 of 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 (i) the Company and (ii) State of Wisconsin Investment Board ("**SWIB**") relating to Bridge Investment Holding Limited ("**BIH**", formerly KoreaOnline Limited). 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**"). The Company, SWIB and BIH have, amongst other things, 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.

(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 (i) bigsave Holdings plc ("**bigsave**"), an indirect 64.3% owned subsidiary of the Company, as borrower and (ii) 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.

The above facilities agreements constituted connected transactions of the Company under Chapter 14 of the HK Listing Rules. 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. 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2003

26. Material Related Party Transactions (Continued)

As at the dates of the facilities agreements, Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficiary. 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, Jame Gibson, Julian Mayo, David McMahon, Jayne Sutcliffe and Anderson Whamond was interested in less than 1% of the existing 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.

An aggregate amount of GBP380,000 (approximately US$541,500) was drawn by bigsave during the year ended 31 March 2002 pursuant to the first two facilities agreements. An aggregate amount of GBP356,690 (approximately US$508,283) was drawn during the year ended 31 March 2003 pursuant to the third to fifth facilities agreements while an amount of GBP25,000 (approximately US$35,625) was repaid by bigsave to Burnbrae Limited. Subsequent to 31 March 2003 and prior to the date of this annual report, no additional amount was drawn and an aggregate amount of GBP60,000 (approximately US$85,500) was repaid.

(3) On 24 March 2003, an operational support agreement was entered into between (i) Regent Financial Services Limited, an indirect wholly-owned subsidiary of the Company, as service provider and (ii) BIH relating to the provision of accounting and other related services by Regent Financial Services Limited to BIH at fixed monthly fee of US$2,000.

During the year ended 31 March 2003, US$4,000 was received from BIH pursuant to the above operational support agreement, and an aggregate amount of US$7,000 was received subsequent to the year end date and prior to the date of this annual report.

(4) On 9 June 2003, (i) the Company as lender and (ii) 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. 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 prior to the date of this annual report.

27. Reclassification of Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation requirements.

28. Approval of Financial Statements

The financial statements were approved by the Board of Directors on 16 July 2003.

Notice of Annual General Meeting

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

1. To receive and consider the audited financial statements of the Company and the reports of the directors and auditors for the year ended 31 March 2003.

2. To re-elect directors of the Company and to confirm their remuneration.

3. To re-appoint auditors of the Company and to authorise the directors of the Company to fix their remuneration.

4. As special business, to consider and, if thought fit, pass (with or without amendments) the following resolution

AS AN ORDINARY RESOLUTION

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

(a) such mandate shall not extend beyond the Relevant Period;

(b) such mandate shall authorise the Directors to procure the Company to repurchase Shares at such prices as the Directors may at their discretion determine;

(c) the aggregate number of Shares to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent of the issued voting share capital of the Company as at the date of the passing of this Resolution;

(d) for the avoidance of doubt, the non-voting convertible deferred shares of US$0.01 each in issue in the capital of the Company shall not be counted in the Company's issued voting share capital for the purpose of calculating the 10 per cent limit referred to in sub-paragraph (c) above; and

(e) for the purposes of this Resolution, "**Relevant Period**" means the period from the date of the passing of this Resolution until whichever is the earlier of:

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law of the Cayman Islands to be held; and

Notice of Annual General Meeting

(iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company at a general meeting."

By Order of the Board of
Regent Pacific Group Limited

Stella Fung
Company Secretary

Hong Kong, 16 July 2003

Notes:

1. The Directors standing for re-election under Resolution numbered 2 are James Mellon and Jayne Sutcliffe.

2. PricewaterhouseCoopers were appointed the Auditors of the Company in place of KPMG Audit LLC at the Company's extraordinary general meeting held on 10 March 2003. PricewaterhouseCoopers will retire at the Company's annual general meeting for Year 2003 being convened by this notice (the "**2003 Annual General Meeting**") and, being eligible, offer themselves for re-appointment under Resolution numbered 3.

3. The general mandate granted to the Directors of the Company at its last annual general meeting held on 15 November 2002 to repurchase, on The Stock Exchange of Hong Kong Limited, the Company's shares up to a maximum of 10 per cent of the Company's then issued and fully paid voting share capital will expire at the conclusion of the 2003 Annual General Meeting. Accordingly, the Directors propose Ordinary Resolution numbered 4 to renew the repurchase mandate.

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

4. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if he so wishes.

5. In order for it to be valid, the form of proxy, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited with the Company Secretary at the Company's principal place of business in Hong Kong at Suite 1501, Henley Building, 5 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the meeting or its adjourned meeting.

6. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members of the Company in respect of such joint holding.

7. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.

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