

## RESULTS

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (“**Regent**” or the “**Company**” and collectively with its subsidiaries, the “**Group**”) announce the unaudited results of the Group for the six months ended 30 September 2002, together with comparative figures for the corresponding period ended 30 September 2001, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

		(Unaudited)	
		For the six months ended	
		30 September	
		2002	2001
	Note	US\$'000	US\$'000
Turnover:	2		
Asset management and corporate finance		1,348	1,590
Corporate investment income and realised and unrealised gains and losses		226	214
Internet retailing		16	2,023
		1,590	3,827
Expenses:			
Personnel costs		(1,179)	(2,417)
Marketing costs and commissions		(10)	(126)
Cost of internet goods sold		—	(2,025)
Other costs		(1,026)	(3,000)
		(625)	(3,741)
Share of (losses)/profits of associates		(3,696)	1,165
Operating loss on core activities	3	(4,321)	(2,576)
Loss on deemed disposal of subsidiary	4	—	(8)
Operating loss from ordinary activities		(4,321)	(2,584)
Finance costs - interest on bank overdraft		(9)	(16)
Loss before taxation		(4,330)	(2,600)
Taxation	5	(631)	(193)
Loss after taxation		(4,961)	(2,793)
Minority interests		(1)	943
<b>Net loss attributable to shareholders</b>		<b>(4,962)</b>	<b>(1,850)</b>
Dividend	6	—	—
Loss per share (US cents)	7		
— Basic		(0.42)	(0.16)
— Diluted		N/A	N/A



**CONDENSED CONSOLIDATED BALANCE SHEET**

AS AT 30 SEPTEMBER 2002

		(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
	<i>Note</i>		
Fixed assets: plant and equipment		105	573
Interests in associates		82,878	78,960
Other non-current financial assets	8	7,297	7,422
<b>Total non-current assets</b>		<b>90,280</b>	<b>86,955</b>
Current assets:			
Cash and bank balances	10	5,320	5,539
Current investments	8	116	472
Accounts receivable	11	722	904
Due from associate		119	—
Prepayments, deposits and other receivables		771	1,273
Stocks		—	210
		<b>7,048</b>	<b>8,398</b>
Current liabilities:			
Bank borrowings		—	(428)
Accounts payable, accruals and other payables	12	(4,138)	(5,371)
Taxation — current	5	(2,500)	(2,500)
		<b>(6,638)</b>	<b>(8,299)</b>
Net current assets		410	99
<b>Net assets</b>		<b>90,690</b>	<b>87,054</b>
Share capital	13	11,869	11,869
Reserves		78,809	75,138
<b>Shareholders' equity</b>		<b>90,678</b>	<b>87,007</b>
Minority interests		12	47
<b>Capital and reserves</b>		<b>90,690</b>	<b>87,054</b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002

	(Unaudited)	
	For the six months ended 30 September	
	2002	2001
	<i>US\$'000</i>	<i>US\$'000</i>
Net cash outflow from operating activities	(2,592)	(4,089)
Net cash inflow from investing activities	2,709	15,832
<b>Increase in cash and cash equivalents</b>	<b>117</b>	<b>11,743</b>
Cash and cash equivalents at beginning of period	5,111	(4,229)
Effects of currency fluctuations	92	85
Cash and cash equivalents at end of period	5,320	7,599
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	5,320	7,599



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2002*

(Unaudited)

	Share capital	Accumulated losses	Share premium	Asset revaluation reserve	Capital redemption reserve	Foreign currency exchange reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2002	11,869	(36,797)	114,263	3,735	1,204	(7,267)	87,007
Foreign currency translation adjustment	—	—	—	—	—	8,633	8,633
Loss for the period	—	(4,962)	—	—	—	—	(4,962)
At 30 September 2002	<u>11,869</u>	<u>(41,759)</u>	<u>114,263</u>	<u>3,735</u>	<u>1,204</u>	<u>1,366</u>	<u>90,678</u>

(Unaudited)

	Share capital	Accumulated losses	Share premium	Asset revaluation reserve	Capital redemption reserve	Foreign currency exchange reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2001	11,869	(40,350)	114,263	3,735	1,204	(6,650)	84,071
Foreign currency translation adjustment	—	—	—	—	—	1,421	1,421
Loss for the period	—	(1,850)	—	—	—	—	(1,850)
At 30 September 2001	<u>11,869</u>	<u>(42,200)</u>	<u>114,263</u>	<u>3,735</u>	<u>1,204</u>	<u>(5,229)</u>	<u>83,642</u>

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

The condensed interim financial statements should be read in conjunction with the Company’s financial statements for the year ended 31 March 2002.

The same accounting policies adopted in the financial statements for the year ended 31 March 2002 have been applied to these condensed interim financial statements except that the Group has changed certain of its accounting policies following the adoption of the following new or revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants (“**SSAP**”) effective for accounting periods commencing on or after 1 January 2002:

SSAP 1 (Revised)	:	Presentation of financial statements
SSAP 11 (Revised)	:	Foreign currency translation
SSAP 15 (Revised)	:	Cash flow statements
SSAP 25 (Revised)	:	Interim financial reporting
SSAP 34	:	Employee benefits

The adoption of the above new and revised SSAPs has 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.

### 2. 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**

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

*For the six months ended 30 September 2002*

	Asset management US\$'000	Corporate finance US\$'000	Corporate investment US\$'000	Internet retailing US\$'000	Inter- segment elimination US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue from external customers	1,332	16	226	16	—	—	1,590
Inter-segment revenue	3	—	1	—	(4)	—	—
	<u>1,335</u>	<u>16</u>	<u>227</u>	<u>16</u>	<u>(4)</u>	<u>—</u>	<u>1,590</u>
Segment results	731	(266)	(194)	3	(97)	—	177
Unallocated operating expenses	—	—	—	—	—	(802)	(802)
Loss from operations							(625)
Share of losses less profits of associates	—	—	—	—	—	(3,696)	(3,696)
Finance costs							(9)
Taxation							(631)
Minority interests							(1)
Loss attributable to shareholders							<u>(4,962)</u>

*For the six months ended 30 September 2001*

	Asset management US\$'000	Corporate finance US\$'000	Corporate investment US\$'000	Internet retailing US\$'000	Inter- segment elimination US\$'000	Unallocated US\$'000	Consolidated US\$'000
Revenue from external customers	1,310	280	214	2,023	—	—	3,827
Inter-segment revenue	62	2	—	—	(64)	—	—
	<u>1,372</u>	<u>282</u>	<u>214</u>	<u>2,023</u>	<u>(64)</u>	<u>—</u>	<u>3,827</u>
Segment results	270	(106)	(559)	—	(2,360)	—	(2,755)
Unallocated operating expenses	—	—	—	—	—	(986)	(986)
Loss from operations							(3,741)
Share of profits less losses of associates	—	—	—	—	—	1,165	1,165
Loss on deemed disposal of subsidiary							(8)
Finance costs							(16)
Taxation							(193)
Minority interests							943
Loss attributable to shareholders							<u>(1,850)</u>

### Geographical segments

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

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

For the six months ended 30 September 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	190	943	53	28	8	396	(28)	1,590

For the six months ended 30 September 2001

	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	(137)	1,321	45	6	15	2,676	(99)	3,827

### 3. OPERATING LOSS ON CORE ACTIVITIES

(Unaudited)

For the six months ended  
30 September

	2002 US\$'000	2001 US\$'000
After charging:		
Amortisation of intangible assets	—	337
Auditors' remuneration	21	63
Depreciation	48	241
Foreign exchange loss	39	134
Loss on disposal of fixed assets	2	4
Operating lease rental on property	149	447
Provision for diminution in value of other investments	41	280
Provision for diminution in value of current investments	36	—
After crediting:		
Net profit on disposal of current investments	191	—
Net profit on disposal of other non-current financial assets	45	46
Interest income	25	270
Investment income from listed investments	4	4
Unrealised profit on current investments	—	27

The total cost of services rendered for the period was US\$1,032,000 (2001: US\$1,124,000).



#### 4. LOSS ON DEEMED DISPOSAL OF SUBSIDIARY

The loss on deemed disposal of subsidiary in the comparative period relates 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.

#### 5. TAXATION

	(Unaudited)	
	For the six months ended	
	30 September	
	2002	2001
	<i>US\$'000</i>	<i>US\$'000</i>
Group:		
Hong Kong profits tax for the period	—	—
Overseas taxation		
— Group subsidiaries	—	(4)
— Share of tax of associates	631	197
	<u>631</u>	<u>193</u>

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

Further to certain enquiries into the amount of tax paid by the Company and its subsidiaries in respect of its operations in some jurisdictions in previous years, the Group has set aside a general provision of US\$2,500,000 against potential taxation liabilities. Final settlement was reached with the relevant tax authority in October 2002 and no further provision is required.

#### 6. DIVIDEND

The Group will not declare an interim dividend for the six months ended 30 September 2002 (2001: Nil).

#### 7. LOSS PER SHARE

- a. The calculation of basic loss per share is based on the net loss attributable to shareholders for the period of US\$4,962,000 (2001: US\$1,850,000) and on the weighted average of 1,186,902,435 (2001: 1,186,902,435) shares of the Company in issue during the period.
- b. Diluted loss per share is not presented as the outstanding share options and warrants were anti-dilutive (2001: Nil).



## 8. INVESTMENTS

Investments relating to the Group's financial business can be analysed as follows:

*Other non-current financial assets:*

	(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
Investment securities:		
Unlisted equity securities	19	19
Other investments:		
Listed equity securities		
— in Hong Kong	608	1,152
— outside Hong Kong	337	410
Unlisted equity securities at cost	16,357	15,669
Less: Provision for diminution	(10,024)	(9,828)
	<u>7,297</u>	<u>7,422</u>

All the above investments are in corporate entities.

*Current investments:*

	(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
Other investments:		
Listed equity securities outside Hong Kong	115	471
Unlisted equity securities	1	1
	<u>116</u>	<u>472</u>

All the above investments are in corporate entities.

Listed securities are shown at their market values on the balance sheet date.

Unlisted investments are not readily marketable. Cost less provision for diminution has been used by the Directors as the best estimation of fair value.



## 9. DEBT SECURITIES RELATING TO FINANCIAL BUSINESS

There are no debt securities within investments in note 8 above.

## 10. CASH AND BANK BALANCES

Cash and short-term funds relating to the financial business of the Group can be analysed as follows:

	(Unaudited) As at 30 September 2002 <i>US\$'000</i>	(Audited) As at 31 March 2002 <i>US\$'000</i>
Cash and balances with banks	4,559	2,053
Money at call and short notice	761	469
Cash and bank balances in relation to financial business	5,320	2,522
Other bank deposits	—	3,017
	<u>5,320</u>	<u>5,539</u>

As at 31 March 2002, within bank deposits, an amount of GBP128,000 was blocked as security for letters of credit issued to certain suppliers of the group of bigsave Holdings plc as part of the normal trade conditions imposed by those suppliers. There was no pledged deposit at 30 September 2002.

## 11. ACCOUNTS RECEIVABLE

	(Unaudited) As at 30 September 2002 <i>US\$'000</i>	(Audited) As at 31 March 2002 <i>US\$'000</i>
Current	688	560
1 to 3 months old	—	68
More than 3 months old but less than 12 months old	34	276
Total accounts receivable	<u>722</u>	<u>904</u>

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.

**12. ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES**

	(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
Due within 1 month or on demand	13	447
Due after 1 month but within 3 months	—	19
Due after 3 months but within 6 months	68	36
Total accounts payable	81	502
Accruals and other payables	4,057	4,869
Total accounts payable, accruals and other payables	4,138	5,371

As at 30 September 2002 and 31 March 2002, an amount of US\$937,000 was included in accruals and other payables in respect of provision for bonuses.

**13. SHARE CAPITAL**
**Shares**

	(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
<b>Authorised:</b>		
2,000,000,000 ordinary shares of US\$0.01 each	20,000	20,000
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	867	867
	20,867	20,867
<b>Issued and fully paid:</b>		
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

There were no changes in the share capital of the Company during the six months ended 30 September 2002.



Subsequently, 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.

### *Rights of the Deferred Shares*

The non-voting convertible deferred shares of US\$0.01 each in the capital of the Company (the "Deferred Shares") 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 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 six months ended 30 September 2002, no Deferred Shares were converted into ordinary shares.

### *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 six months ended 30 September 2002, no Warrants 2003 were exercised (2001: Nil) or repurchased (2001: Nil). As at 30 September 2002, there were 237,877,087 units of outstanding Warrants 2003 (2001: 237,877,087 units).

### *Share options*

#### a. Share Option Scheme (2002)

At the 2002 Annual General Meeting, a new share option scheme, named "Share Option Scheme (2002)" (the "Share Option Scheme (2002)"), was established for the Company. No options have been granted under the scheme since it was approved by the shareholders on 15 November 2002.

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.

As at 1 April 2002, under the Employee Share Option Scheme there were outstanding options entitling the holders to subscribe in stages from the respective dates of grant for a period of 60 months for an aggregate of 14,100,000 (2001:15,331,984) ordinary shares of US\$0.01 each in the Company at exercise prices ranging from HK\$1.06 to HK\$1.40 per share. During the six months ended 30 September 2002, no options were exercised (2001: Nil), cancelled (2001: Nil) or granted (2001: options in respect of 18,400,000 shares were granted). An option in respect of 500,000 shares (2001: options in respect of 12,231,984 shares) lapsed. Accordingly, as at 30 September 2002, there were outstanding options entitling the holders to subscribe in stages for an aggregate of 13,600,000 (2001: 21,500,000) ordinary shares at exercise prices ranging from HK\$1.06 to HK\$1.40 per share. 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).

There were no changes in the outstanding options under the Employee Share Option Scheme subsequent to 30 September 2002.

Particulars of the options granted under the Employee Share Option Scheme during the period to 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 shares held by the Directors and the Chief Executive Officer of the Company. During the six months ended 30 September 2002, 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.

Particulars of the options being held by the Directors and the Chief Executive Officer are set out under the section headed "Directors' Interests in Securities and Options" in this interim 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 six-month period 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 interim report, or his associates at any time during the period.

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 the former Chief Executive Officer of the Company, James Mellon.



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\$1.06 to HK\$1.40 per share. No options were exercised, granted, cancelled or lapsed during the six months ended 30 September 2002.

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.

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 six-month period ended 30 September 2002.

No options have been granted under the share option schemes of the Company during the six-month period 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.

## 14. OFF BALANCE SHEET EXPOSURES

### *Derivatives*

At 30 September 2002, there were forward contracts amounting to approximately US\$1,661,000 (2001: US\$875,000) undertaken by the Group in the foreign exchange market.

The Group's trading in derivatives is partly for hedging purposes, and partly for speculative investment. Where hedging is involved, the policy is fully or partly to match positions held in other assets. Speculative investment is carefully used, in accordance with parameters set by the Board, in short term situations where physical assets are inappropriate.

Derivatives refer to financial contracts whose value depends on the face value of one or more underlying assets or indices.

A loss of US\$4,000 (2001: profit of US\$35,000) was made from forward trading during the period.

The purchase and sale of derivatives are subject to limits as established by the Directors. These are monitored on a regular basis and the Group continues to develop its statistical techniques for monitoring purposes.

There is strict segregation between the investment management and deal settlement functions.

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 30 September 2002, the amount of these margin deposits was US\$69,000 (2001: US\$146,000).

### *Lease commitments*

	(Unaudited) As at 30 September 2002 US\$'000	(Audited) As at 31 March 2002 US\$'000
At 30 September 2002, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
— within 1 year	123	287
— in the 2nd to 5th year, inclusive	—	427
	<u>123</u>	<u>714</u>
Plant and equipment:		
— within 1 year	3	3
— in the 2nd to 5th year, inclusive	4	5
	<u>7</u>	<u>8</u>

### *Capital commitments*

The Company has no capital commitments at 30 September 2002. As at 30 September 2001, the Company had an outstanding balance of GBP347,000 in relation to the consideration for the acquisition of 89.5% stake in IM Life Sciences Limited.



## 15. MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of significant contracts or connected transactions of the Company (under Chapter 14 of the HK Listing Rules) which subsisted as at 30 September 2002 or at any time during the six-month period ended 30 September 2002, to which the Company or any of its subsidiaries was a party and in which a Director or Directors of the Company is/are or was/were materially interested, either directly or indirectly. All such transactions were entered into in the ordinary course of business of the Group.

- (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.

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, Julian Mayo, Jayne Sutcliffe, Anderson Whamond and Jamie Gibson, who was appointed a Director of the Company on 7 January 2002, held an interest of less than 1% of its total issued share capital.

An aggregate amount of US\$40,000 was drawn down by AstroEast during the year ended 31 March 2002. No additional amount was drawn down by AstroEast during the six-month period ended 30 September 2002 and prior to the date of this interim 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.

Burnbrae Limited was a private company wholly-owned by a trust, of which James Mellon was the sole beneficiary. David McMahon 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.

An aggregate amount of GBP380,000 (approximately US\$541,500) was drawn down by bigsave during the year ended 31 March 2002 pursuant to the first two facilities agreements. An aggregate amount of GBP175,000 (approximately US\$249,375) was drawn down by bigsave during the six-month period ended 30 September 2002 pursuant to the third to fifth facilities agreements, and an amount of approximately GBP112,640 (approximately US\$160,512) was drawn down subsequent to the period end date and prior to the date of this interim report.

- (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.



- (4) A shareholders' agreement dated 15 May 2002 (the "**KOL Shareholders' Agreement**") was entered into between (a) the Company and (b) The State of Wisconsin Investment Board ("**SWIB**") relating to KoreaOnline Limited ("**KOL**"). Pursuant to the KOL Shareholders' Agreement, the Company and SWIB agreed that the shareholders' agreement dated 3 August 1999 between the Company, SWIB, Midas Consolidated Investment Limited ("**Midas**") and Madison Korea Limited (currently known as "KoreaOnline (Labuan) Limited") regarding Madison Korea Limited, which was superseded by the share transfer agreement dated 15 October 1999 in respect of the transfer of all shares in Regent Korea (Labuan) Limited (formerly known as "Madison Korea Limited" and currently known as "KoreaOnline (Labuan) Limited") then held by the Company, SWIB and Midas to KOL in exchange for new shares in KOL, should be deemed terminated and that the rights and obligations of the Company and SWIB as shareholders of KOL should be governed by the KOL Shareholders' Agreement.

Amongst other things, the Company and SWIB agreed in the KOL Shareholders' Agreement to explore ways in which to realise their investments in KOL in the most effective and profitable manner. If a sale on terms satisfactory to the Directors of the Company is agreed, the disposal of the Company's shares in KOL would be a major transaction and would be conditional on approval by the Company's shareholders at a general meeting.

The Company and SWIB currently hold interests of 40.2% and 26.8% respectively in the total issued share capital of KOL.

## 16. POST BALANCE SHEET EVENTS

In October 2002, an amount of approximately GBP1,470,000 (approximately US\$2,303,000) was paid to settle the taxation liabilities with the relevant tax authority (see note 5 above).

There are no other material post balance sheet events which have not been accounted for or detailed elsewhere in this report.

## 17. CONTINGENT LIABILITIES

Shareholders will be aware that the Company (acting together with The State of Wisconsin Investment Board) commenced legal proceedings in the Cayman Islands on 2 August 2002 against KoreaOnline Limited to compel the convening of an extraordinary general meeting ("**EGM**") of KOL to be held on a date earlier than 10 January 2003. Those proceedings were dismissed by consent on 16 October 2002 consequent upon a subsequent decision by the board of KOL to convene the EGM on 14 October 2002. However, on 11 October 2002, Peter Everington, a former director of KOL, initiated proceedings in the Cayman Islands against, amongst others, KOL and the Company to prevent that EGM from being held. At a hearing on 17 October 2002, and after considering the merits, the court dismissed in its entirety Peter Everington's application to prevent the EGM from taking place and ordered that Peter Everington bear the costs of that application. The proceedings commenced by Peter Everington were discontinued on 8 November 2002.

Save as noted above, the Group was not involved in any material litigation or disputes during the six months ended 30 September 2002.

## REVIEW AND PROSPECTS

### CHAIRMAN'S STATEMENT

The Group recorded a loss attributable to shareholders of US\$5 million (2001: US\$1.8 million) for the period ended 30 September 2002. The bulk of these losses resulted from the Group's investment in KoreaOnline Limited. I am pleased to say that the dispute with the former management team at KOL is now firmly behind us with a new board being reconstituted on 21 October 2002. This board is highly experienced in the securities business and has already identified ways of improving the performance of Bridge Securities Co Ltd ("**Bridge**"), the only operating asset of KOL. I am confident that the new management team will focus on getting KOL and Bridge on the right track to delivering profitability commensurate with its peer group and with its substantial asset base. KOL's balance sheet remains strong with a significant surplus of capital; this was further strengthened during the period mainly due to the appreciation of the Korean Won (KRW) against the US dollar. The Group's shareholders' equity showed a further increase of 4.2% to US\$90.7 million from US\$87 million as at 31 March 2002. The key challenge for the new KOL management team is to restore Bridge to profitability so that the Group can achieve a successful realization of its investment in KOL. As we have previously indicated, it is the Directors' current intention that such a realization will be substantially distributed to all shareholders.

The Group is focusing its efforts on building its asset management business and is exploring ways to increase funds under management, which may be achieved by organic expansion and/or acquisition. As shareholders know, the bulk of our asset management business was distributed to shareholders in specie in May 2000. Our fund managers remain committed to Regent's long standing and successful value-based investment strategy, and the funds that they manage have achieved favorable returns during the period, despite adverse markets.

The Directors of the Company have decided not to declare a dividend for the period. As at the date of this interim report, no bonuses have been paid to eligible participants during the period.

Detailed analysis of the Group's figures can be seen in the condensed consolidated income statement and balance sheet, which are set out in this interim report. It should be noted that the Group has no debt.

A summary on each of the main business areas of the Group, authored by those who are responsible for them in the management structure, is included in this interim report.

*James Mellon*

### KOREAONLINE LIMITED

Over the last year, KoreaOnline Limited and its subsidiaries have suffered as a result of the divergence of opinion between the former KOL management team and the former independent board members of KOL on issues relating to corporate governance and the methods employed to manage KOL. The Directors are pleased that this divergence is now firmly behind them with the new directors of KOL being appointed on 21 October 2002. The Directors are also pleased to say that the new board of directors of Bridge Securities Co Ltd will also be reconstituted on 20 December 2002, and in due course we expect to see some additional independent non-executive directors being appointed to this board. Once the changes are in place at Bridge, we expect that the new management team will focus on turning around Bridge so that it returns to profitability in line with its peer group and its substantial size.



Bridge completed a buy back of shares on 15 November 2002, where the company purchased approximately 13.1 million shares from minorities at KRW2,000 per share (at a total cost of KRW26.2 million) against a book value per share of approximately KRW5,111. KOL and The State of Wisconsin Investment Board did not participate in the buy back program. Accordingly, KOL's investment in Bridge will show an increase in net asset value, which will be recorded in the second half of the year. KOL's effective ownership of Bridge has risen to approximately 77.4%.

Bridge, being the only operating subsidiary of KOL, has seen deterioration in its underlying business both in terms of profitability and market share. Although the Korean stock market suffered a 26% decline in the period, the top 5 securities houses made adequate profits and Bridge's peers managed to remain profitable. Bridge has lost market share at a rate that we believe is higher than its peers. In 1999, its market share was considerably higher than these peers, but by the second quarter of 2002, its share had dropped below these companies. Bridge's market share fell from approximately 3.1% in 1999 to approximately 0.78% as at 30 September 2002. Furthermore, on an International Accounting Standards basis, Bridge incurred a loss after tax of US\$6.6 million for the six months ended 30 September 2002 despite the high level of its shareholders' funds, which are substantially more than required in the company's underlying brokerage business.

Bridge remains well capitalised with a net operating capital ratio exceeding 1,000%, more than six times the regulatory requirement. Subsequent to the buy back of the shares that was completed on 15 November 2002, this ratio has remained over five times the minimum regulatory requirement. The management of KOL will review the capital requirements of Bridge with the objective of bringing its capital ratio more in line with the requirements of the underlying brokerage business.

KOL has incurred significant legal expenses in the dispute with Regent and SWIB. Further, a number of legal matters remain outstanding, the most significant of which is with Regent Insurance Co Ltd that was taken over by the Financial Supervisory Services. There are also a number of disputes with former directors and employees that remain unresolved. KOL aims to resolve these disputes as expeditiously as possible.

The main focus of the new management team is to develop a coherent business strategy for Bridge and return the company to profitability. As a first step, the new management of Bridge will undertake a comprehensive review of the current state of affairs of the company and the activities of the former management. Second, they aim to introduce the concept of profitability and performance to all businesses within Bridge. Finally, a planning process, which has been absent, will also be introduced. Ultimately, Bridge will focus on improving the performance of its core businesses and developing niche markets for itself, whether this is in brokerage or corporate finance.

*Jamie Gibson*

## TECHNOLOGY INVESTMENTS

The six months to 30 September 2002 did not see any improvement in the outlook for technology companies. The bear market in unquoted technology stocks and the drought in funding seem set to continue. The value of technology companies in the consolidated balance sheet of the Group as at 30 September 2002 was US\$3.5 million. The Group made a further provision of US\$0.364 million against its holding of Digitalbrain plc. A brief update on the main companies follows:

*Exchangebet.com Holdings Limited* (“Exchangebet”) provides online fixed-odds betting on financial markets. Exchangebet operates through subsidiaries in Malta, the United Kingdom, the Cook Islands and Costa Rica. The company’s main operations are in Malta where it has 12 employees. The company’s main websites are: [www.fixedoddsgroup.com](http://www.fixedoddsgroup.com) and [www.betonmarkets.com](http://www.betonmarkets.com). Management believes that the company has proprietary technology, which they further believe provides a barrier to entry. Top line sales growth, as measured by the number of bets placed, has risen dramatically in recent months. The company is operating profitably. The company has just completed two placings raising a total of approximately US\$140,000 at a US\$6 million pre-money valuation.

*Digital View Group Limited* (“Digital View”), a flat panel display technology and media company, has experienced further restructuring following the appointment of a new Chief Executive Officer at the beginning of this year. The company achieved positive cash flow for the quarter to 30 September 2002, but overall liquidity remains tight. It was previously reported that Digital View won its first network media solutions contract with Camelot, the operator of the UK National Lottery, to install and operate a network of 500 screens. Digital View has recently shipped 600 screens for a second network solutions order to Hutchison 3G in the UK. More information can be found on its website [www.digitalview.com](http://www.digitalview.com).

*Digitalbrain plc* (“Digitalbrain”), a leading UK e-learning company continues to win orders to build virtual learning environments. More information can be found on its web site [www.digitalbrain.com](http://www.digitalbrain.com). It has recently been awarded preferred bidder status for the East of England Broadband Grid to provide portals for 3000 institutions, scalable to 1 million Digitalbrain users. Bulletpoint, a wholly owned subsidiary, reselling smart boards, has just been sold for a net consideration of GBP1.1 million. In the last 6 months Digitalbrain has experienced cost overruns. A restructuring has taken place and the Executive is confident it can trade through to profitability. However, it has been deemed prudent to take a further provision against this investment.

*bigsave Holdings plc* has recently undergone a substantial restructuring as a result of a strategic review by an independent third party consultant. bigsave’s main activity, that of retailing and e-tailing, ceased from 10 September 2002, resulting in the company’s principal operating subsidiary, Bigsave UK Limited, being placed into administration on 11 October 2002. The Directors decided to write off the Group’s investment in bigsave in the financial year ended 31 March 2002 and accordingly the Group has not accounted for bigsave in its results for the six months ended 30 September 2002. During the six-month period under review of this report, Burnbrae Limited, a private company wholly-owned by a trust, of which James Mellon is the sole beneficiary, has provided additional support to bigsave in the amount of GBP325,000, amounting to in aggregate of GBP705,000. The management of bigsave are now focusing on the sale of computers through a subsidiary, IC Technology.

Mark Child



## REGENT PACIFIC GROUP LIMITED

### *Fund management and business development*

The six months under review has seen a continuation of the global bear market that has seen recent lows, punctuated by the occasional rally, in major western markets and a nineteen-year low in the Nikkei. In the latter case there is the opportunity (or threat) of bank nationalisation. In the case of the west, markets are continuing to digest the implications of tighter accounting and more prudent behaviour by consumers, lenders and investors. As we wrote in the last annual report, some larger markets still look expensive.

This is no longer the case in Asia, where indexes have started to look attractive from an historic viewpoint. The question is whether the region's markets can decouple from the US if the latter's bear market continues into a fourth year. We remain optimistic that over the next few years, those Asian markets and companies that are concentrating on making money for shareholders will perform well. At the same time, the financial services industry, in Asia as elsewhere, is undergoing a consolidation. We hope to be able to take advantage of this moving into 2003.

Over the first six months of this fiscal year we have been expanding the potential investor base for our products and are continuing to see some (albeit small) inflows of funds under management. This is based on the track record that, under existing management, is now more than the critical three-year period. This work has continued and we have been encouraged by the response. Investors seem to have little exposure to Asia, although some have suffered unacceptable losses in other parts of their businesses and perceive Asia as too risky at this stage.

We remain committed to being a value-based manager of Asian assets, both in private and public equity, and we hope to build on what we have in the coming year.

*Julian Mayo*

### *Corporate finance services*

Regent Corporate Finance ("RCF") continues to offer corporate finance advice to technology companies held by Interman Holdings Limited ("Interman") and the private equity funds managed by the Group. In addition RCF has kept shareholders of KoreaOnline Limited updated with events at KOL. It has been a difficult period for raising money for small unquoted companies. RCF has seen several companies requiring funds, but has only progressed one opportunity. Regent Pacific Corporate Finance Limited ("RPCF") in London has been retained by the Wren's Hotel Group, to raise funds via a private placement. RPCF has also been retained by betinternet.com plc to actively search for acquisition or merger targets in the online gaming industry.

*Mark Child*

## INTERIM DIVIDEND

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 September 2002 (2001: Nil).

## TRADING RECORD OVER LAST FIVE YEARS

	Year ended 31 March					
	Six months ended 30 September	Year ended 31 March				
	2002 US\$'000	2002 US\$'000	2001 US\$'000	2000 US\$'000	1999 US\$'000	1998 US\$'000
Turnover	1,590	2,808	(744)	54,658	(32,197)	126,843
Turnover less expenses	(625)	(13,544)	(22,619)	14,725	(54,700)	78,527
Share of (losses)/ profits of associates	(3,696)	16,143	(53,440)	32,178	4,251	(398)
Operating (loss)/profit on core activities	(4,321)	2,599	(76,059)	46,903	(50,449)	78,129
Profits/(Losses) on sales of interests in associates and subsidiaries under temporary control	—	—	18,845	57,325	1,174	(239)
(Losses)/Profits on disposal of subsidiaries	—	(8)	1,926	(5,385)	—	—
Exceptional loss on discontinuance of activity in associate	—	—	(49,026)	—	—	—
Impairment of goodwill on discontinuance of activity in associate	—	—	29,186	—	—	—
Other impairment of goodwill	—	—	(23,124)	—	—	—
Operating (loss)/profit from ordinary activities	(4,321)	2,591	(98,252)	98,843	(49,275)	77,890
Finance costs — interest on bank overdrafts	(9)	(145)	(358)	(462)	(688)	(454)
(Loss)/Profit before taxation	(4,330)	2,446	(98,610)	98,381	(49,963)	77,436
Taxation	(631)	(923)	(2,840)	(12,283)	(1,090)	(1,679)
(Loss)/Profit after taxation	(4,961)	1,523	(101,450)	86,098	(51,053)	75,757
Minority interests	(1)	2,030	3,119	(534)	764	(2,037)
Net (loss)/profit attributable to shareholders	(4,962)	3,553	(98,331)	85,564	(50,289)	73,720
Capital and reserves	90,690	87,054	85,661	118,358	107,025	150,352



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

### REVENUE AND PROFITS

The Group recorded a loss attributable to shareholders of US\$5 million (2001: US\$1.8 million) for the period ended 30 September 2002. Detailed analysis of these figures can be seen in the condensed consolidated income statement.

The loss was mainly attributable to the Group's share of loss after tax of US\$4.3 million (2001: profit of US\$1.1 million) from its Korean associate, KoreaOnline Limited. The slowdown in the Korean securities market and a drop of approximately 26.2% in the Korean Stock Market (KOSPI) from approximately 875.83 to 646.42 coupled with a lack of planning for the merger of Regent Securities Co Ltd ("RSC") and Ileun Securities Co Ltd ("ISC"), the two main operating companies of KOL that were merged on 22 January 2002 to form Bridge Securities Co Ltd, resulted in KOL making a loss of US\$8.7 million for the half year ended 30 September 2002. In addition, KOL management has made a general provision that former KOL management did not recognize for litigation matters, which has added to the loss. Intense competition in the Korean securities industry fuelled by declining volumes and online trading resulted in significant pricing compression as well as loss of market share for Bridge in its retail brokerage business. Significant matters relating to the merger of RSC and ISC in key areas of retail brokerage, proprietary trading and investment banking have not been addressed, resulting in less than optimum utilization of the combined resources of the merged companies. Furthermore, the cost base of Bridge has increased while revenues have remained flat compared to the same period in the previous year. In comparison to the preceding six months, revenues are significantly lower.

The revenue of the asset management and corporate finance business was reduced by 15% to US\$1.3 million (2001: US\$1.6 million) partly due to the reduction in assets under management. It contributed a profit of US\$0.5 million (2001: US\$0.2 million) to the Group. The technology and internet stock investment environment remains poor. A loss of US\$0.1 million, net of minority interests (2001: US\$2.2 million), which was a significant improvement as compared with the corresponding period last year, was attributable to the technology and internet business, including AstroEast.com Limited. The corporate investment business incurred a loss of US\$0.2 million (2001: US\$0.6 million), which, compared with the corresponding period last year, has reduced by 65% due to the provision made on a portfolio basis for the technology stakes last year.

### BALANCE SHEET

Shareholders' equity increased slightly by 4.2% to US\$90.7 million (31 March 2002: US\$87 million) during the period, which was mainly due to the appreciation of the Korean Won (KRW) against the US dollar from 1,326 to 1,222.5 (a gain of approximately 8.5% for the period). KOL now accounts for approximately 91% of the total shareholders' funds as at 30 September 2002. The remaining Group assets comprise the technology investments of US\$4 million and other corporate investments of US\$5 million.



As mentioned in the Group's annual report and financial statements for the year ended 31 March 2002, 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 period.

The borrowings of the Group amounting to US\$428,000 at 31 March 2002 were limited to those of bigsave Holdings plc. The Group has no borrowings at 30 September 2002, which is in keeping with the Directors' stated policy.

## **FUTURE FUNDING**

As at 30 September 2002, the Group had US\$5.3 million net cash or 6% of its total shareholders' funds of which US\$5 million formed part of "head office" funding. 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 KOL was responsible for approximately 91% of the total shareholders' funds as at 30 September 2002, the Company is exposed to the fluctuations in the equity values of KOL. The exposure is to the Korean economy, and its credit and equity markets. The responsibility for management of these risks rests with the KOL 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 and on a speculative basis. Speculative investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.



In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 September 2002, the amount of these margin deposits was US\$69,000 (2001: US\$146,000).

## CONTINGENT LIABILITIES

Shareholders will be aware that the Company (acting together with The State of Wisconsin Investment Board) commenced legal proceedings in the Cayman Islands on 2 August 2002 against KoreaOnline Limited to compel the convening of an extraordinary general meeting ("EGM") of KOL to be held on a date earlier than 10 January 2003. Those proceedings were dismissed by consent on 16 October 2002 consequent upon a subsequent decision by the board of KOL to convene the EGM on 14 October 2002. However, on 11 October 2002, Peter Everington, a former director of KOL, initiated proceedings in the Cayman Islands against, amongst others, KOL and the Company to prevent that EGM from being held. At a hearing on 17 October 2002, and after considering the merits, the court dismissed in its entirety Peter Everington's application to prevent the EGM from taking place and ordered that Peter Everington bear the costs of that application. The proceedings commenced by Peter Everington were discontinued on 8 November 2002.

Save as noted above, the Group was not involved in any material litigation or disputes during the six months ended 30 September 2002.

No other material changes were noted during the six months ended 30 September 2002 from the information disclosed in the published annual report for the year ended 31 March 2002.

## DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

As at 30 September 2002, the beneficial interests of the Directors in the securities of the Company or of any of its associated corporations (within the meaning of the Securities (Disclosure of Interests) Ordinance (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

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

### B. WARRANTS 2003 (Note G)

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



## 2. SECURITIES OF ASSOCIATED CORPORATIONS (Note H)

Name of Director	Note	Number of shares in the respective associated corporations		
		AstroEast.com Limited	bigsave Holdings plc	Techpursuit.com Holdings Limited
James Mellon		—	—	—
Anthony Baillieu	C	95,560	100,000	40,000
Mark Child		—	—	—
Jamie Gibson		225,000	131,579	—
Julian Mayo		75,000	200,050	—
<i>(alternate to James Mellon)</i>				
David McMahon		—	174,000	—
Karin Schulte		—	—	—
Mark Searle		—	—	—
Jayne Sutcliffe	F	150,000	350,000	—
Anderson Whamond		150,000	350,000	—

### 3. OPTIONS OF THE COMPANY

Please refer to note 13 to the above interim financial statements as to details of the share option schemes of the Company.

As at 30 September 2002, 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 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
Mark Child	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
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
Julian Mayo	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 six-month period ended 30 September 2002, 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.



#### 4. OPTIONS OF KOREAONLINE LIMITED

As at 30 September 2002, the following Director of the Company had a personal interest in an option granted under the employee share option scheme of KoreaOnline Limited, entitling him to subscribe for shares of US\$0.10 each in the capital of KoreaOnline Limited 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
Julian Mayo	10 May 2000	18 May 2000	156,000	US\$13.000	18 May 2001 - 17 May 2005	HK\$10.00

During the six-month period ended 30 September 2002, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the scheme and subscribed for shares in KoreaOnline Limited.

*Notes:*

- A. 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.
- B. 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 A 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 13 to the above interim financial statements.
- C. 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 Techpursuit.com Holdings Limited (representing 40% of its total issued share capital as at 30 September 2002) 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 Techpursuit.com Holdings Limited on 6 November 2002, the interests held by Anthony Baillieu and Associates Limited in Techpursuit.com Holdings Limited were diluted to 16%.
- D. The 5,000,000 shares in the Company under “other interests” are held by a pension fund, of which David McMahon is the sole beneficiary.
- E. 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.

F. 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.

G. Details of the Warrants 2003 are set out in note 13 to the above interim financial statements.

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

Techpursuit.com Holdings Limited is a joint venture established in the Cayman Islands with limited liability, of which the Company had an indirect 20% interest as at 30 September 2002. Upon further issue and allotment of new shares by Techpursuit.com Holdings Limited on 6 November 2002 referred to in note C above, the indirect interests held by the Company in Techpursuit.com Holdings Limited were diluted to 8%. Accordingly, Techpursuit.com 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 Techpursuit.com Holdings Limited.

Save as disclosed herein, as at 30 September 2002 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.

## **SUBSTANTIAL SHAREHOLDERS**

As at 30 September 2002, James Mellon, the 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 under the section headed “Directors’ Interests in Securities and Options” in this interim report.

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 30 September 2002 as recorded in the register required to be kept under Section 16(1) of the SDI Ordinance.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

No shares in the Company or Warrants 2003 were repurchased by the Company during the six months ended 30 September 2002, either on the HK Stock Exchange or otherwise.



## REVIEW BY THE AUDIT COMMITTEE

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

The interim financial statements of the Company for the six months ended 30 September 2002 have been reviewed by the Audit Committee.

## COMPLIANCE OF THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not, or was not during the six months ended 30 September 2002, in compliance with The Code of Best Practice as set out in Appendix 14 to the HK Listing Rules.

## PUBLICATION ON WEBSITES

This interim financial report will be published on the websites of the Company ([www.regentpac.com](http://www.regentpac.com)) and the HK Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) in due course.

On behalf of the Board of  
**Regent Pacific Group Limited**

**James Mellon**  
*Chairman*

Hong Kong, 17 December 2002